

Purchasing Performance Audit

WEST VIRGINIA UNIVERSITY

Final Report

matrix 
consulting group

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May 12, 2011

TABLE OF CONTENTS

1.	INTRODUCTION AND EXECUTIVE SUMMARY	1
2.	USER SATISFACTION ASSESSMENT	11
3.	COMPARISON TO BEST MANAGEMENT PRACTICES	30
4.	OVERALL COMPLIANCE REVIEW	62

1. INTRODUCTION AND EXECUTIVE SUMMARY

1. INTRODUCTION AND EXECUTIVE SUMMARY

This report presents the results and findings of the purchasing performance audit conducted for West Virginia University by the Matrix Consulting Group.

A. AUDIT SCOPE AND OBJECTIVES.

The purpose of the purchasing performance audit was to conduct an “independent performance audit of all purchasing functions and duties” pursuant to West Virginia Code Sections 18B-5-4. This review is required to be conducted every three years and to cover the time period that had elapsed from the preceding audit. For this study, the time period covered was July 1, 2007 through June 30, 2010. This review was conducted in accordance with GAGAS for performance audits.

Specific tasks requested in the scope of services contained within the request for proposal included:

- Compliance with state law, the rules, policies, procedures of the West Virginia University Board of Governors as they apply to purchasing, receiving, supplies and equipment.
- in general, are professional procurement procedures established and maintained within the institution.
- In general is the CPO performing the CPO’s responsibilities, duties and remedies outlined in the West Virginia University Board of Governors Policy and duly adopted Purchasing Manual.
- Specifically, are the provisions of the West Virginia University Board of Governor’s Policy and duly adopted Purchasing Manual being followed for purchases in the following categories:
 - Purchases not exceeding \$5,000;
 - Purchases greater than \$5,000 but not exceeding \$25,000; and
 - Purchases greater than \$25,000.
- Have institutional guidelines and procedures for purchases of \$5,000 and less been established, approved and filed by the CPO as required by the West

Virginia University Board of Governors Policy and duly adopted Purchasing Manual.

- Are the requirements of the Governing Boards Purchasing procedures manual being followed?
- Determine if the Purchasing Card Program is being managed by the institutions in conformance with West Virginia code Section 12-3-10a and Title 148CSR7.
- Identify “Best Business Practices” at WVU and its regional campuses, from other states or the private sector that the audit firm would recommend be adopted by the institutions to improve efficiency and performance.
- Evaluate purchasing staff levels and activity at the institutions and compare them to staffing and purchasing activities for other public entities and private industry.
- Make recommendations that the audit firm believes would improve efficiency and accountability at the institution level and system-wide, including combining some or all purchasing functions.
- Identify factors inhibiting satisfactory performance and identify ways of making purchasing work better at both the system and institution levels.
- Recommendations on utilizing bulk purchasing, reverse bidding, electronic marketplace, etc. to take advantage of economies of scale and efficient operations.
- Recommendations on additional flexibility in purchasing rules, policies, procedures and state law that would improve efficiency and execution.
- Identify internal controls that should be implemented at the institutions and at the system level by the Commission.

Each of these areas have been evaluated and items of note are outlined in the following sections of the report. The report chapters have been developed to provide in Section 3 an overall assessment of all best management practices related to staffing, operations, and procedures and in Section 4 an overall assessment of compliance with required statutes and regulations. Items recommended in Section 3 are those that the project team have identifies as opportunities to enhance or improve services but are not indicative of non-compliance with established regulation or statutory requirements. Any

non-compliance is addressed in Section 4 of this report.

B. OVERALL ASSESSMENT.

The project teams evaluation noted no material findings of deficiency in the performance audit of the WVU procurement practices and compliance with state and university laws and regulations. Several strengths were identified and are detailed in Section 3 of this report. At the same time, several opportunities for improvement were noted and are contained within Section 3 of this report. Section 4 of this report provides a more detailed analysis and discussion of the procedures utilized to evaluate compliance with established statutory and regulatory requirements as required under the West Virginia Code Section 18B-5-4.

The Procurement Staff have identified and are currently pursuing the implementation of several items that will greatly increase the effectiveness and efficiency of the procurement function at WVU. Many of the items noted for improvement in the last audit have either been implemented or are under consideration / development.

C. STATUS OF PRIOR AUDIT RECOMMENDATIONS.

The project team evaluated the progress made by the West Virginia University Office of Purchasing, Contracts and Payments Services in implementing recommendations from the prior performance audit over the last three years. This quick overview provides a useful snapshot of changes and progress made over the last three years. The majority of the recommendations made in the prior audit can be classified as “service enhancement” recommendations (i.e. – designed to improve services to the users, enhance internal operations) rather than issues related to critical compliance

issues. The following table provides a brief summary overview of the status of implementation of individual recommendations.

#	Recommendation (from Prior Audit)	Status
1.	The WVU website should be expanded to provide greater purchasing information and functionality.	Some improvements made. Additional actions remain to be implemented to improve functionality / information provided on website.
2.	The legal authority and precedence of the WVU Board of Governors purchasing manual must be clarified.	Completed.
3.	The purchasing manual should be updated over the next year to eighteen months.	Many policies revised and updated.
4.	An on-going staff development program should be implemented.	Not conducted.
5.	Specific procurement staff should be assigned as liaisons to individual user departments to provide a single point of contact with purchasing staff.	In process of being implemented.
6.	A "How to Do Business" Manual should be developed for WVU and posted on the website.	Not developed.
7.	Additional vendor training programs should be implemented to assist small and local vendors navigate the procurement process.	Some additional vendor training sessions have been conducted.
8.	An on-going vendor survey should be implemented.	Not implemented.
9.	A vendor evaluation system should be developed and implemented to track vendor performance.	Not implemented.
10.	The weekly and monthly p-card reports should be more effectively utilized.	Implemented. Staff fully utilizing and following up on items identified in these reports.
11.	P-card utilization should be limited in certain areas (inter-departmental transfers and large recurring payments).	Not implemented.
12.	A coordinating mechanism should be put into place to enable procurement staff to identify and manage the contracts awarded to vendor in a non-competitive basis to reduce likelihood of compliance issues with the \$25,000 bidding threshold.	Not implemented.

**WEST VIRGINIA UNIVERSITY
PURCHASING PERFORMANCE AUDIT**

#	Recommendation (from Prior Audit)	Status
13.	Efforts should be explored to implement electronic purchase orders.	Not implemented. Limited by software / state requirements.
14.	On-line services should be enhance to provide access to the purchasing manual, enable electronic bidding opportunities, and enable full implementation of Sci-Quest. Electronic signature authority should be sought.	Partially implemented online access to purchasing manual. Other items not implemented including: SciQuest has not been fully implemented, electronic signature authority not obtained, and no expansion of electronic bidding opportunities.
15.	Additional efforts should be placed on finalizing development of the project dashboard.	This effort has been stopped. Support from Information Technology not available to maintain / expand project dashboard project.
16.	Procurement staff should conduct periodic spend analysis and procurement reports to identify additional opportunities for implementing university-wide contracts.	Not implemented.
17.	Departments should provide, as part of their submission of sole source documentation, copies of relevant sections of research grants and contracts.	Implemented.
18.	WVU should implement a "best pricing" clause in all sole source purchases.	Implemented. Staff must also conduct "price reasonableness" as part of their evaluation of sole source purchases.
19.	A vendor evaluation system for construction contractors should be implemented.	Not implemented.
20.	A comprehensive listing of university-wide contracts, as well as cooperative purchasing opportunities, should be developed and posted on the website for departmental use.	Website provides access to all contracts. Additional information regarding other available "cooperative" purchasing sources should also be documented for use by departments.
21.	Additional clerical staff support should be provided to buyers to provide more time for them to focus on "higher value" procurement functions.	Not implemented.

**WEST VIRGINIA UNIVERSITY
PURCHASING PERFORMANCE AUDIT**

#	Recommendation (from Prior Audit)	Status
22.	All documentation supporting sole source purchases should be maintained in the purchase order file.	Implemented.
23.	Practices related to date and time stamping of bids received should be slightly modified to improve compliance.	Implemented.
24.	P-card administration staff should continue to perform transactions audits on an ongoing basis and should also expand the sample period of transactions to identify patterns over longer periods of time, including monthly, quarterly and annually. This will better enable staff to determine patterns of use, misuse and abuse in the procurement card program.	Partially implemented.
25.	The P-card administration staff should develop a formal, written policy and audit program that outlines the process for auditing transactions and clearly delineates departmental responsibilities and responsibilities of WVU Procurement staff.	In progress.
26.	Procurement Services should develop a process by which transactions flagged for noncompliance are investigated. Results of each investigation should be thoroughly documented, including findings, resulting consequences and actions.	Implemented.
27.	P-Card Administration should also develop performance reports to be provided to the Unit's supervisor, as well as Procurement Services management team.	Partially implemented.
28.	Procurement Services should create and conduct ongoing spend analyses to ensure that the University is maximizing competitive bidding opportunities	Partially implemented. P-Card Services has implemented a quarterly spend analysis report. Procurement Services has not yet conducted spend analysis.
29.	Procurement Services should develop policies to promote the use of negotiated contracts on items such as travel (e.g., hotel brands, rental car agencies, etc.), office supplies, hardware supplies, cell phones, etc.	Not implemented.

#	Recommendation (from Prior Audit)	Status
30.	Procurement Services should expand the procurement card audit function to include periodic audits of transactions to ensure use of negotiated contracts and relevant discounts, including State negotiated rates, etc.	Partially implemented.
31.	Procurement Services should develop a policy governing the use of blanket purchase orders for frequently used vendors (e.g., office supplies stores, book stores, food / beverage vendors) and / or routine payments, such as utility bills, cell phones, newspaper subscriptions, etc.	Not implemented.
32.	Procurement Services should reduce the use of procurement cards for intra-University transactions and establish intra-University fund transactions and / or internal blanket purchase orders.	Not implemented.

As shown, there are many items that have been implemented, or are in the process of being implemented. Others, while not implemented, remain either under review or under consideration for implementation based upon timing and resource issues. A couple recommendations may no longer be feasible or appropriate given changes in policy and/or available financial resources.

D. LISTING OF RECOMMENDATIONS.

The following table is provided for ease of reference as a summary of the major recommendations contained within the report. Because no critical compliance issues were found to exist in operations, the vast majority of these recommendations, similar to the prior audit, are focused on additional opportunities to enhance overall services to the University community and/or increase the efficiency / effectiveness of staff.

The following table summarizes the major improvement opportunities contained within the report. Most are derived from the best management practices assessment and analysis conducted in Section 3.

**WEST VIRGINIA UNIVERSITY
PURCHASING PERFORMANCE AUDIT**

Recommendation # / (Section / Page #)	Recommendation
1. (3.3 / pg.35)	Enhanced staff training, especially for Procurement Services staff, should be implemented to ensure all procurement staff are following the same procedures in a consistent fashion.
2. (3.3 / pg. 35)	The procurement policy should be comprehensively reviewed at least one every three years for necessary revisions / updates. Ideally, this would occur the year prior to scheduled performance audit.
3. (3.3 / pg. 35)	A formal training program for all procurement staff should be implemented in the next year.
4. (3.3 / pg. 35)	At least an annual training session should be provided to all users.
5. (3.3 / pg. 36)	A how to do business guide should be developed and posted on the website.
6. (3.3 / pg. 36)	An effective vendor feedback system should be implemented that provides for both on-going feedback (through a "feedback" link on the website) and an annual survey of vendors to monitor service provision.
7. (3.3 / pg. 36)	An on-going vendor evaluation system should be established for all contracts awarded in excess of \$25,000. This could be phased in initially for contracts exceeding \$100,000.
8. (3.3 / pg. 38)	Additional efforts should be made to eliminate the use of purchase orders for small purchases (those under \$5,000) by increasing use of p-cards. This may entail issuance of additional cards to departmental users and/or require Buyers to return requisitions to departments with notification to procure directly on their p-card.
9. (3.3 / pg. 39)	Annual evaluation of vendor awards should be conducted to assess extent / level of risk associated with this. Staff should work with information technology staff to determine if automated solution exists to identify when vendors are receiving multiple "non-competitive" awards that would exceed threshold.
10. (3.3 / pg. 42)	<p>The effort to implement SciQuest should continue to be given high priority. However, absent a "requirement" that University staff utilize SciQuest, it is unlikely that cost-savings will be sufficient to cover the cost of implementation and on-going maintenance costs. This concern is somewhat mitigated by recent decision for the state to cover annual maintenance costs associated with Sci-Quest software.</p> <p>The University should continue to evaluate whether implementation of Sci-Quest makes operational sense given policy decision not to require use of it by operating departments.</p>
11. (3.3 / pg. 43)	Implement on-line submission of electronic bid and RFP responses.

Recommendation # / (Section / Page #)	Recommendation
12. (3.3 / pg. 43)	All final award notifications for bids and RFPs should be posted on-line.
13. (3.3 / pg. 43)	An annual spend analysis report should be conducted to determine future potential for expanding number and types of established contracts.
14. (3.3 / pg. 44)	Implement standard report that will flag vendors who received multiple awards / purchase orders that exceed pre-determined threshold levels.
15. (3.3 / pg. 45)	The sole source policy should clearly outline actions to be taken for violation of sole source policy.
16 (3.3 / pg. 47)	An annual report should be developed summarizing sole source purchase activity to enhance business intelligence
17. (3.3 / pg. 48)	A master database / report of all sole source purchases should be developed and maintained to enhance business intelligence and for evaluative purposes.
18. (3.3 / pg. 50)	The University should continue efforts to “encourage” if not require use of established contracts to increase utilization levels and reduce total costs of acquisition.
19. (3.3 / pg. 50)	A vendor evaluation process should be established.
20. (3.3 / pg. 52)	Standard reports should be established to enable procurement staff to identify high-utilization vendors and/or commodities (especially those utilized by multi-departments) that are suitable for placement on contract to reduce costs and/or increase procurement process.
21. (3.3 / pg. 53)	An annual spend analysis report should be conducted to identify additional goods, services or commodities areas that should be placed on contract, or procured cooperatively among departments.
22. (3.3 / pg. 53)	Additional training efforts should be undertaken to inform departments of established contracts and the availability of cooperative purchasing schedules available for use.
23. (3.4.B / pg. 57)	P-card administration staff should continue to perform transaction audits on an ongoing basis and should also expand the sample period of transactions to identify patterns over longer periods of time, including monthly, quarterly and annually. This will better enable staff to determine patterns of use, misuse and abuse in the procurement card program.
24. (3.4.B / pg. 57)	The P-card administration staff should develop a formal, written policy and audit program that outlines the process for auditing transactions and clearly delineates departmental responsibilities and responsibilities of WVU Procurement staff.

Recommendation # / (Section / Page #)	Recommendation
25. (3.4.B / pg. 57)	The P-card administration staff should develop a formal, written policy and audit program that outlines the process for auditing transactions and clearly delineates departmental responsibilities and responsibilities of WVU Procurement staff.
26. (3.4.B / pg. 57)	P-Card Administration should also develop performance reports to be provided to the Unit's supervisor, as well as Procurement Services management team.
27. (3.4.B / pg. 57)	Procurement Services should further develop policies to promote the use of negotiated contracts on items such as travel (e.g., hotel brands, rental car agencies, etc.), office supplies, hardware supplies, cell phones, etc.
28. (3.4.B / pg. 57)	Procurement Services should continue to expand the procurement card audit function to include periodic audits of transactions to ensure use of negotiated contracts and relevant discounts, including State negotiated rates, etc.
28. (3.4.B / pg. 57)	Procurement Services should reduce the use of procurement cards for intra-University transactions and establish intra-University fund transactions and / or internal blanket purchase orders.
29. (3.5 / pg. 61)	The website for the Office of Purchasing, Contracts and Payment Services should continue to be enhanced to improve the availability of information to site visitors, and increase the services provided to users. Specific items that should be added / improved include: FAQ section, training session information, vendor evaluation tools, and online submission of bid and RFP responses.
30. (4.2 / pg. 67)	All contested invoices should be centrally logged noting deficiency of the invoice and the action taken. Vendors should be promptly notified of the deficiency or cause of delay in processing to prevent concerns relative to compliance with the Prompt Payment Act. Departments purchasing supplies should be contacted to assist in the prompt resolution of disputed or contested invoices.
31. (4.2 / pg. 67)	Additional efforts should be made to ensure that all supporting sole source documentation (specifically relative to the evaluation conducted by purchasing staff prior to recommendation for approval) is filed in the purchasing order file.

More detailed discussion and background on these recommendations is contained in the following sections.

2. USER SATISFACTION SURVEY

2. SUMMARY OF USER SATISFACTION SURVEY

As part of the evaluation of customer satisfaction, the project team conducted interviews and an on-line survey with primary customers (defined as those that routinely utilize the services) of the West Virginia University's Purchasing, Contracts and Payment Services Division. The interviews and the online survey were conducted to assess the level of customer satisfaction and the level of support provided to users by the Purchasing, Contracts and Payment Services staff. The survey was distributed to all CBOs throughout the university and also to their support staff and was conducted in a confidential and anonymous manner to foster open feedback.

1. Respondent Demographics, Frequency and Type of Interaction with the Office.

As shown in the following table, there were a total of forty-two individuals that provided feedback to the project team through the survey instrument. Twenty-eight or 73.7% of the respondents indicated they held an administrator or manager position, and ten individuals indicated they held an office worker or support staff position.

What is your position?		
Answer Options	Response Percent	Response Count
Administrator / Manager	73.7%	28
Office Worker / Support Staff	26.3%	10
<i>answered question</i>		38
<i>skipped question</i>		3

Of the survey participants, the majority of respondents (over 64%) indicated that they had at least weekly interaction with the Office of Purchasing, Contracts, and Payment Services. This is important as it indicates that they are frequent customers and routinely interact and depend upon the services provided by this Office and are

therefore in the best position to provide insightful feedback and input. The remaining 36% of participants had either monthly or less than monthly interaction with the Office. The following table summarizes the frequency of interaction for the participants.

How frequently do you interact with the Office of Purchasing, Contracts, and Payment Services?		
Answer Options	Response Percent	Response Count
Daily	28.2%	11
Weekly	35.9%	14
Monthly	15.4%	6
Less than once per month	20.5%	8
<i>answered question</i>		39
<i>skipped question</i>		2

Finally, we asked the participants to indicate the service area where they had the greatest level of interaction with the Office of Purchasing, Contracts, and Payment Services. Participants were asked to choose between three choices: Purchasing, Payments, or P-Card Services. As shown in the following table, the major user contacts were related to either Purchasing related or P-Card Services – with each receiving 41% responses from the participants.

Thinking about your interactions with the Office of Purchasing, Contract, and Payment Services over the last year, which of the following areas best reflects the majority of your interactions with the Office?		
Answer Options	Response Percent	Response Count
Purchasing Related	41.0%	16
Payments	17.9%	7
P-Card Services	41.0%	16
<i>answered question</i>		39
<i>skipped question</i>		2

Since the majority of users appear to be interacting with staff related to purchasing or p-card services, these are the two areas where the greatest focus on customer service and training should be focused.

2. Evaluation of the Customer’s Needs from Purchasing Staff.

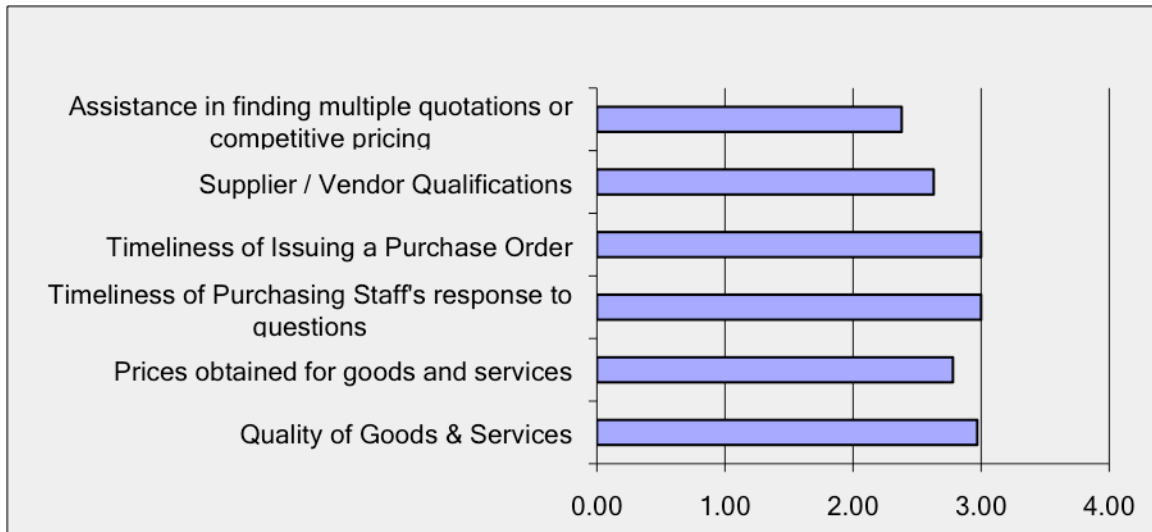
The survey participants were next asked to indicate the level of importance to them of several key “performance criteria” including: quality of goods and services; pricing obtained on goods and services; timeliness of staff response to questions, timeliness of issuing purchase orders; qualifications of vendors/suppliers; and staff provision of assistance in getting multiple quotations or competitive pricing.

Respondents generally indicated that all of these factors are important to them. The three highest rated “performance criteria” were: Quality of Goods & Services; Timeliness of Staff’s response to questions, and Timeliness of Issuing Purchase Orders. The following table summarizes all of the responses received for this series of questions.

For purchases made on your behalf by the Office of Purchasing, Contracts, and Payment Services, Please rank the following performance criteria by level of importance.					
Answer Options	Very Important	Somewhat Important	Not Important at All	Rating Average	Response Count
Quality of Goods & Services	31	1	0	2.97	32
Prices obtained for goods and services	25	7	0	2.78	32
Timeliness of Purchasing Staff's response to questions	32	0	0	3.00	32
Timeliness of Issuing a Purchase Order	32	0	0	3.00	32
Supplier / Vendor Qualifications	21	10	1	2.63	32
Assistance in finding multiple quotations or competitive pricing	15	14	3	2.38	32
<i>answered question</i>					32
<i>skipped question</i>					9

All responses of “very important” were assigned a rating factor of 3, responses of “somewhat important” were assigned a rating factor of 2, and responses of “not important at all” were assigned a rating factor of 1. Therefore, the closer the overall

“Rating Average” approaches 3, the greater the importance placed on this factor by the customer. The following table summarizes the rating averages for each of these performance criteria.



As shown, all five of these criteria are rated between “somewhat important” and “very important”. Given this importance to the customers, these should be areas monitored by management to evaluate overall performance and service provided by staff.

3. The Customer’s Perception of Purchasing Staff Customer Service.

In the next question, the survey asked the participating customer’s to evaluate their experience over the last year with the staff assigned to the purchasing function. Areas evaluated for purchasing staff included their: expertise and knowledge, communication skills, professionalism, accessibility, training provided to users, and general assistance provided to customers. The following scale was utilized for assigning points to the responses: Excellent – 5; Good – 4; Adequate – 3; Fair – 2; and Poor – 1. Therefore, a rating above 3.0 represents positive feedback regarding the

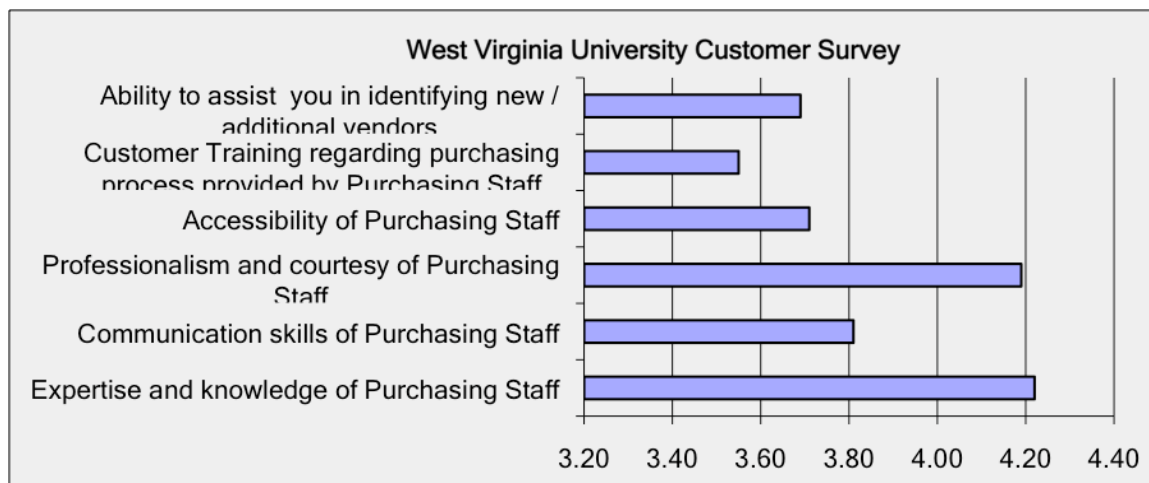
service provided by staff to their customers. The following table summarizes the ratings assigned for each of the criteria listed.

For each criteria listed below, please rate your experience with the Purchasing Staff (Buyers) in the Office of Purchasing, Contracts, and Payment Services for the past twelve months.							
Answer Options	Excellent	Good	Adequate	Fair	Poor	Rating Average	Response Count
Expertise and knowledge of Purchasing Staff	11	17	4	0	0	4.22	32
Communication skills of Purchasing Staff	10	13	3	5	1	3.81	32
Professionalism and courtesy of Purchasing Staff	13	14	1	3	0	4.19	31
Accessibility of Purchasing Staff	7	14	6	2	2	3.71	31
Customer Training regarding purchasing process provided by Purchasing Staff	7	10	9	3	2	3.55	31
Ability to assist you in identifying new / additional vendors	7	9	10	3	0	3.69	29
<i>answered question</i>							32
<i>skipped question</i>							9

As shown in the table, all of the individual areas were rated above 3.0 representing that customers overall felt that they received “good” or better service and resources on each of the criteria. The highest rated area (with a rating of 4.22) was the expertise and knowledge of purchasing staff. The lowest rated area (with a rating of 3.55) was customer training regarding the purchasing process.

For future improvement, staff should focus on those areas where there were multiple ratings of “fair” or “poor” to identify improvement opportunities for the office. These included: communication skills, accessibility of staff, and customer training on the purchasing process. My minimizing the number of ratings of “poor” or “fair”, the Office can improve the overall ratings in these areas.

The following chart summarizes the overall ratings for each of the criteria evaluated:



3. The Customer’s Perception of Payment Staff Customer Service.

In the next question, the survey asked the participating customer’s to evaluate their experience over the last year with the staff assigned to the payment function. Areas evaluated for payment staff included their: expertise and knowledge, communication skills, professionalism, accessibility, ability to resolve payment issues, and timeliness of payment processing. The following scale was utilized for assigning points to the responses: Excellent – 5; Good – 4; Adequate – 3; Fair – 2; and Poor – 1. Therefore, a rating above 3.0 represents positive feedback regarding the service provided by staff to their customers. The following table summarizes the ratings assigned for each of the criteria listed.

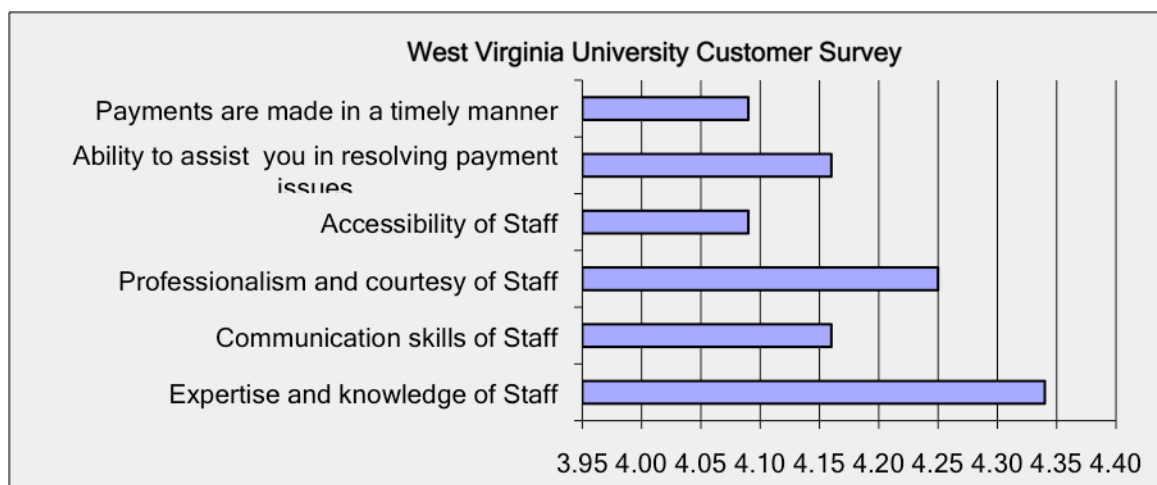
For each criteria listed below, please rate your experience with the Payment Staff in the Office of Purchasing, Contracts, and Payment Services for the past twelve months.							
Answer Options	Excellent	Good	Adequate	Fair	Poor	Rating Average	Response Count
Expertise and knowledge of Staff	12	19	1	0	0	4.34	32
Communication skills of Staff	11	16	4	1	0	4.16	32

**WEST VIRGINIA UNIVERSITY
PURCHASING PERFORMANCE AUDIT**

For each criteria listed below, please rate your experience with the Payment Staff in the Office of Purchasing, Contracts, and Payment Services for the past twelve months.							
Answer Options	Excellent	Good	Adequate	Fair	Poor	Rating Average	Response Count
Professionalism and courtesy of Staff	14	13	4	1	0	4.25	32
Accessibility of Staff	12	12	7	1	0	4.09	32
Ability to assist you in resolving payment issues	12	15	4	0	1	4.16	32
Payments are made in a timely manner	12	15	2	2	1	4.09	32
<i>answered question</i>							32
<i>skipped question</i>							9

The overall ratings for each of these criteria exceeded 4.0 representing an overall evaluation rating of “good” or better. Overall, the ratings for payment staff were slightly higher than those received by the purchasing staff. The highest rated criteria, was “expertise and knowledge of staff” with a rating average of 4.34. The lowest rated criteria, with a rating of 4.09, were “accessibility of staff” and “payments are made in a timely manner”. While the lowest rated, these both received good overall ratings from users.

The following chart summarizes the overall ratings received on each of the criteria:



4. The Customer’s Perception of P-Card Staff Customer Service.

In the next question, the survey asked the participating customer’s to evaluate their experience over the last year with the staff assigned to the p-card function. Areas evaluated for p-card staff included their: expertise and knowledge, communication skills, professionalism and courtesy, accessibility, and ability to resolve p-card issues. The following scale was utilized for assigning points to the responses: Excellent – 5; Good – 4; Adequate – 3; Fair – 2; and Poor – 1. Therefore, a rating above 3.0 represents positive feedback regarding the service provided by staff to their customers.

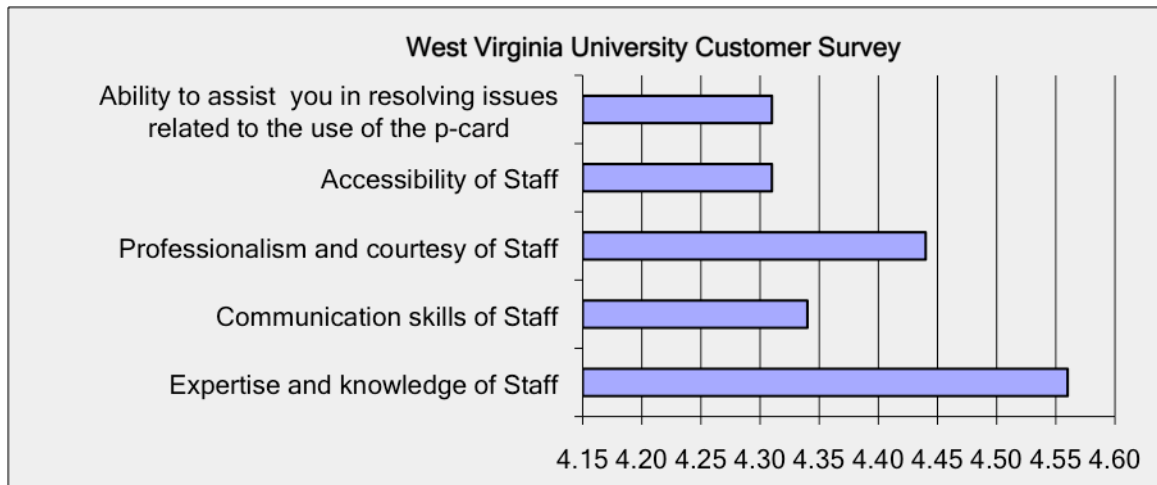
The following table summarizes the ratings assigned for each of the criteria listed.

For each criteria listed below, please rate your experience with the P-Card Staff in the Office of Purchasing, Contracts, and Payment Services for the past twelve months.							
Answer Options	Excellent	Good	Adequate	Fair	Poor	Rating Average	Response Count
Expertise and knowledge of Staff	19	12	1	0	0	4.56	32
Communication skills of Staff	15	14	2	1	0	4.34	32
Professionalism and courtesy of Staff	16	14	2	0	0	4.44	32
Accessibility of Staff	13	17	1	1	0	4.31	32
Ability to assist you in resolving issues related to the use of the p-card	14	15	2	1	0	4.31	32
<i>answered question</i>							32
<i>skipped question</i>							9

The overall ratings for each of these criteria significantly exceeded 4.0 representing an overall evaluation rating of “good” or better. Overall, the ratings for p-card staff were the highest for the three functional areas of the Office of Purchasing, Contracts and Payment Services. The highest rated criteria, was “expertise and knowledge of staff” with a rating average of 4.56. The lowest rated criteria, with a rating of 4.31, were “accessibility of staff” and “ability to assist you in resolving issues related

to the use of the p-card”. While the lowest rated, these both received high overall ratings from users.

The following chart summarizes the overall ratings received on each of the criteria:



5. The Customer’s Perception of the Office’s Performance on selected Operational Issues / Practices.

In the next section, participants in the survey were asked to rate their level of agreement with a series of statements relating to operational practices, policies, and service levels. The following table shows the responses received for each statement and the overall rating average. Numerical values were allocated to the individual responses as follows in determining the overall rating average: Strongly Agree – 5; Agree – 4; Neutral – 3, Disagree – 2; and Strongly Disagree – 1. Therefore, a rating average above 3.0 represents an overall level of agreement with the statement; and a rating below 3.0 indicates an overall level of disagreement.

**WEST VIRGINIA UNIVERSITY
PURCHASING PERFORMANCE AUDIT**

For each of the criteria listed below, please choose the response that most closely reflects your experience with the Staff of the Office of Purchasing, Contracts, and Payment Services over the last twelve months.

Answer Options	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Rating Average	Response Count
The West Virginia University procurement process is open, fair and equitable.	9	16	7	1	0	4.00	33
The Office of Purchasing, Contracts, and Payment Services provides consistent interpretation of policies and procedures.	7	12	8	5	1	3.58	33
The Office of Purchasing, Contracts, and Payment Services provides services within the time promised.	6	18	7	2	0	3.85	33
The Office of Purchasing, Contracts, and Payment Services provides service right the first time.	6	14	12	1	0	3.76	33
The Office of Purchasing, Contracts, and Payment Services understand my specific needs.	5	13	7	7	1	3.42	33
The Office of Purchasing, Contracts, and Payment Services notifies me promptly of delays.	5	10	7	8	2	3.25	32

**WEST VIRGINIA UNIVERSITY
PURCHASING PERFORMANCE AUDIT**

For each of the criteria listed below, please choose the response that most closely reflects your experience with the Staff of the Office of Purchasing, Contracts, and Payment Services over the last twelve months.							
Answer Options	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Rating Average	Response Count
The Office of Purchasing, Contracts, and Payment Services processes emergency orders quickly.	9	15	7	0	1	3.97	32
The Office of Purchasing, Contracts, and Payment Services effectively resolves vendor performance issues.	3	11	15	1	0	3.53	30
The Office of Purchasing effectively represents us in disputes with vendors.	5	9	14	1	0	3.62	29
The Office of Purchasing, Contracts, and Payment Services adds value to the procurement process.	7	12	11	1	0	3.81	31
When there is a procurement related problem or issue, possible solutions are clearly communicated to me.	7	7	14	3	1	3.50	32

As shown in the table, participants in the survey indicated an overall level of agreement with each of the individual statements. None of the statements posted had an overall level of “disagreement”. This is a positive result and demonstrates a positive

focus / level of service provided to customers and good operational practices and policies that are in place.

The four highest rated areas (based upon level of agreement) were:

- “The WVU procurement process is open, fair and equitable” with an overall rating of 4.0;
- “The Office of Purchasing, Contracts, and Payment Services processes emergency orders quickly” with an average rating of 3.97;
- “The Office of Purchasing, Contracts and Payment Services provides services within the time promised” with an average rating of 3.85; and
- “The Office of Purchasing, Contracts and Payment Services adds value to the procurement process” with an average rating of 3.81.

The four lowest rated areas (based upon level of agreement) were:

- “The Office of Purchasing, Contracts, and Payment Services notifies me promptly of delays” with an average rating of 3.25;
- “The Office of Purchasing, Contracts and Payment Services understand my specific needs” with an average rating of 3.42;
- “When there is a procurement related problem or issue, possible solutions are clearly communicated to me” with an average rating of 3.50; and
- “The Office of Purchasing, Contracts, and Payment Services effectively resolves vendor performance issues” with an average rating of 3.53.

While all of the ratings were positive (in that any rating above 3.0 reflects general agreement with the statement, the Office should strive for average ratings at least at the 4.0 (Agree) rating level. Those areas with the lowest overall ratings should be focus areas for improvement over the next year as they represent the greatest opportunity for the staff to improve the perception of the value they add to the process.

6. The Customer’s Awareness and Understanding of Key Policies and Procedures.

The final forced choice question where the survey participants were asked to indicate their agreement with a series of statements, focused on users understanding of key policies, procedures, and operational requirements. The project team wanted to assess users understanding of key issues that can impact performance and service.

The following table summarizes the responses received for each of the statements:

Please indicate whether you agree or disagree with each of the following statements:			
Answer Options	Agree	Disagree	Response Count
I know when to utilize my p-card versus submitting a purchase requisition.	32	0	32
I am aware of the existing contracts that are available for my use in procuring goods / services.	24	8	32
I understand when I must solicit quotations.	29	3	32
I understand when a requisition is subject to formal bidding or receipt of request for proposals.	28	4	32
I understand the process to follow for single source or sole source purchases.	25	7	32
I have received enough training on the procurement process to feel comfortable in procuring goods and services.	26	6	32
The MAP/Oracle system is easy to utilize for entering and approving purchase requisitions.	15	12	27
<i>answered question</i>			32
<i>skipped question</i>			9

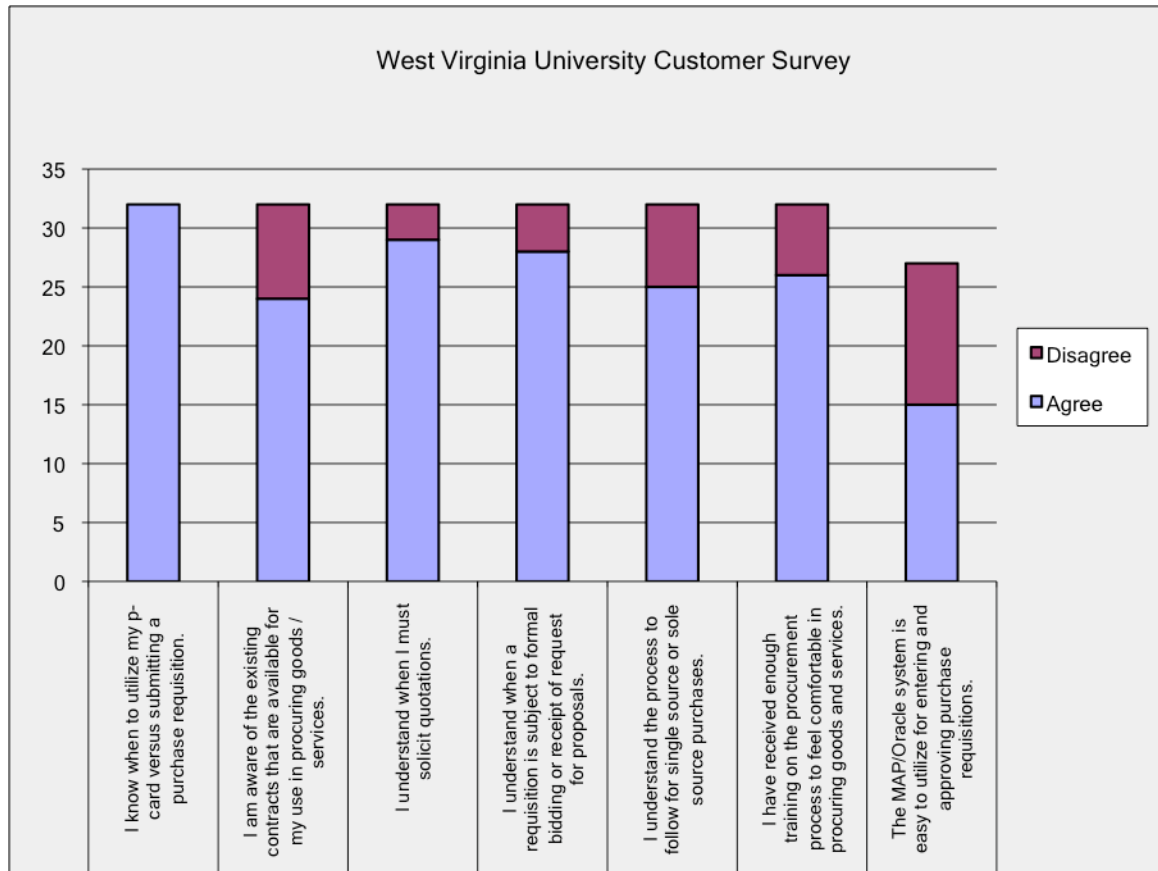
Overall, most respondents indicated that they agreed that they understood key policies and procedures to follow related to key p-card and purchasing requirements and when to utilize different procedures. Of most importance, are those areas where participants indicated some level of “disagreement”. While the overall percentage of “disagree” is

low (generally below 25% of respondents), there are several areas where the Office can improve services through enhanced education and training of users.

These include:

- **Awareness of existing contracts:** 25% of respondents were unaware of existing contracts available for their use in procuring goods and/or services.
- **Understanding of Sole Source / Single Source Procurement:** 21.8% of respondents indicated they did not understand the process to follow in making single source or sole source purchases.
- **Training on Procurement Process:** Almost 19% of respondents indicated that they do not receive enough training on the procurement process to feel comfortable in procuring goods and services.
- **Understanding when formal bidding or RFPs required:** 12.5% of respondents indicated that they do not understand when a requisition is subject to formal bidding or requires use of the request for proposal process.

It is also very important to note that forty-four percent (44%) of participants in the survey indicated that the existing MAP/Oracle system is not easy to utilize for entering and approving purchase requisitions. The following chart visually represents the “agree” and “disagree” responses for each of the statements posed.



7. Survey participants were asked to provide feedback regarding the Office of Purchasing, Contracts and Payment Services.

In concluding the survey, the participants were asked to provide narrative comments / feedback regarding the greatest strength of the Office, changes that should be made to improve the service levels provided to users, and any other feedback they wished to provide regarding the Office. The following sections summarize the feedback received to each of these three questions.

In response to the question “What is the greatest strength of the West Virginia University Office of Purchasing, Contract and Payment Services” the following comments were received:

Availability most of the time.
Longevity
Service provided

**WEST VIRGINIA UNIVERSITY
PURCHASING PERFORMANCE AUDIT**

Dealing with purchasing legalities/policies
The assistant directors
Knowledge of State buying and payment practices and how that needs to be incorporated into buying payment process
This group has a wealth of knowledge and experience that they are more than happy to share with you.
Being able to make it happen for us
Helpfulness and availability of staff
Strong knowledge of policies and procedures related to purchasing
Quality services
Knowledgeable Staff
Generally the necessary software and procedural infrastructure exists.
Paying in a timely manner once the purchase order is in place
Knowledge of procedures & policies
Payment Services and P-Card as a group
P-card and Contract negotiation.
Staff is always very helpful when problems arise.
Follow rules; run a tight ship; do competitive bids for us.
Automated System
Some of staff are knowledgeable & accessible.
Hard-working, professional.

In response to the question “Are there any changes that the Office of Purchasing, Contracts and Payment Services staff could implement to increase the level of service provided to you” the following comments were received:

Poll end-users for global contract decisions.
Much less paperwork.
Concentrate more on accomplishing goals rather than control
Less paperwork/demand on purchasers and vendors
Single point of contact - give consistent information
I believe they are understaffed with the amount of coverage they are asked to do.
Make the list of contacts easier to use (sortable, etc.)
Operate with more on a "must do now" attitude rather than "what gets done gets done and the rest can wait until tomorrow"
No communication when purchasing policies or forms change.
Open communication is key between departments and purchasing (unfortunately this does not happen). Timeliness is often key when a purchase is being requested (though it has not been uncommon for a purchase request to take an unreasonable 3 months). Clearing up those two issues would make a great deal of difference and produce a more efficient system and improved relationships campus-wide.
More buyers and more communication with buyers, the sole point of contact would work
Try to cut down on paperwork and requirements for small vendors. Small businesses can't afford to do business with us because of insurance requirements, getting a document notarized (which costs money, not to mention the hassle of tracking down a notary), etc. New rules regarding professional services - does someone who plays the trumpet for a college performance really need a \$1 million liability insurance?
Offer MAP training from time to time
More policy and rule changes, updates in writing
Begin to allow electronic submissions, payments and signatures

Finally, in response to the question “Are there any other comments, suggestions, or input that you would like to provide to the project team regarding the services provided by the West Virginia University Office of Purchasing, Contract and Payment Services or related to the procurement practices in general” the following comments were received (responses of “No” or “No additional feedback” were not listed):

WVU to keep FY record of vendor info packets (insurance/contractor licenses) so not to have make vendor re-submit it and have to have paperwork completed by notary for each and every job being completed with in the same FY.
Users are not procurement experts - we look to PC&PS
At times emails are not responded to - Req's are left hanging and no one is notified
Have always had a good relationship with the department. Some employees are more open to change. There is a progressive element and a status quo element in the department.
My experience is limited, but overall I am satisfied and can only compliment the numerous staff falling into this category.
As a research faculty member whose purchases are financed primarily by extramural grants, I find the purchasing department unresponsive to needs and deadlines of extramural funding agencies. Sometimes the Office provides a quick response, other times a slow response - just the luck of the draw.
Excellent and friendly staff
I have had excellent experiences with P-card. Not only is it an incredibly useful tool, but staff are friendly and prompt to reply when an issue arises.
Very easy to get answers when needed about various problems.
Still learning
We appreciate all of PCPS help. It is great to have the best practices of WVU as our guide and WVU as a partner. Dealings with WVU personnel have been courteous and professional.
Overall I think they do a nice job.
When rules are changed or updated, time lines are not consistent with the change. Example - mileage rate change - not notified until 21st when change was effective 15th, templates not ready until 28th and no mention of the change at the user group meeting on 18th.
I know the rules/systems are not fully theirs--state rules have a direct impact. still I think procedures are unduly complicated. if they have to be as is, I'd really like a manual or cheat sheet from them--not from my EBO.

8. Conclusion.

Generally, the users of the services provided by the Office of Purchasing, Contracts and Payments Services rated the staff and services provided favorably. The greatest number of user interactions occurred with Procurement Services and Payment Services staff. Customer satisfaction, while generally positive, was highest for staff in the P-Card Services Division and followed by Payment Services Staff. Staff in

Procurement Services were rated the lowest of the three Divisions of the Office, but still received an overall favorable review.

Notwithstanding the general overall favorable opinion, there was good feedback from users on additional services or assistance that could be provided to them to increase their satisfaction and provide greater assistance. These areas generally included enhanced accessibility to staff, greater guidance and direction, increased training, and technological support.

As part of the Office's current implementation of the "Client Based Model" for assigning procurement staff, the University should implement on-going and annual surveys of customer satisfaction in order to assess progress in meeting their customer's needs.

3. BEST MANAGEMENT PRACTICES

3. DIAGNOSTIC ASSESSMENT OF PROCUREMENT SERVICES

A significant evaluative component of the purchasing performance audit is the evaluation of existing practices against “best management practices”. In order to make the assessments of operational strengths and improvement opportunities, the project team developed a set of performance measures that we call “best management practices” against which to evaluate these processes. These performance measures comprise the main thrust of this diagnostic assessment.

The measures utilized have been derived from the project team's collective experience, standards or benchmarks utilized by professional purchasing associations, and measures representing progressive, well-developed and high-performing purchasing organizations. They represent ways to identify both departmental strengths as well as improvement opportunities:

- Statements of "effective practices" based on the study team's experience in evaluating operations in progressive procurement operations and / or “industry standards” from recognized procurement associations and research organizations.
- Identification of whether and how the procurement practices in place at West Virginia University meets the performance targets.

The purpose of the diagnostic assessment was to develop an overall assessment of the procurement policies and practices. The following points summarize the key findings of the project team relative to existing strengths and opportunities for improvement.

1. THERE WERE NUMEROUS STRENGTHS NOTED IN THE PURCHASING FUNCTIONS AT WVU.

The project team identified numerous positive aspects of the current procurement functions in place at WVU. The key strengths identified are summarized in the following points:

- A comprehensive purchasing manual has been adopted by the WVU Board of Governors to guide university purchasing practices. The manual has been updated within the last three years to enhance specific policies and contains clear delineation of authority levels and outlines ethical procurement practices. The manual outlines appropriate procurement methods for various types of purchases.
- Periodic procurement meetings are held with departments to make them aware of changes in procurement practices and to answer questions regarding compliance with procurement regulations.
- Periodic vendor training is provided to acquaint potential vendors on how to do business with the University. Procurement staff participates in regional small business meetings. The purchasing manual outlines procedures for vendors to utilize if they desire to file an appeal to a purchasing decision.
- All contracts entered into for purchasing goods and services are done on forms approved by legal counsel.
- A clear and defined policy is in place regarding p-card utilization and includes appropriate and inappropriate utilization practices. Purchasing cards activities are routinely audited by the State and by university staff.
- Vendor registration is available on-line through the WVU website.
- The University utilizes common and system-wide computer systems for conducting purchasing functions. User departments can inquire on the Oracle system to determine purchase requisition status.
- WVU has developed a “best of class” approach to conducting small construction purchases online. This system provides vendor pre-certification (master contracting), notification and dissemination of bidding opportunities electronically, the submission of bids electronically, and online notification of contract award.
- Appropriate internal controls are in place within the procurement and payment system to prevent payments from being made that would exceed authorized contract amounts.

- The University has developed a sole source policy and form to ensure the appropriate utilization of sole source purchasing. Sole source purchases must be approved by Procurement staff based upon established criteria.
- Procurement maintains all construction and service contracts in excess of \$25,000 and copies are provided to the State as required.
- Procurement files are maintained in a comprehensive and thorough manner.
- Procurement staff is involved in the development of university wide contracts to provide centralized access to commonly utilized services and goods. These efforts are undertaken to provide “best value” to the user departments.
- Procurement staff is in the process of implementing SciQuest a system that will make available, through a central source, purchasing of commodities off established contracts. This system will enable the reduction in utilization of purchasing cards, increase the availability of business intelligence, and enable payments to be made immediately upon receipting.
- The procurement staff utilize indefinite demand and indefinite quantity contracts on a qualification basis to increase purchasing speed and effectiveness for user departments.

These strengths provide a strong foundation for addressing the opportunity for improvements noted in the following section.

2. THE BEST MANAGEMENT PRACTICES REVIEW IDENTIFIED SEVERAL OPPORTUNITIES TO IMPROVE THE PROCUREMENT FUNCTIONS AT WVU.

The best management practices review, also identified several opportunities for improvement. Many of these are similar or identical to those identified in the prior audit. These are outlined in the following points:

- The purchasing manual should be reviewed and updated over the next year to eighteen months.
- An on-going staff development program for all procurement staff should be developed and implemented to provide skills enhancement.
- Procurement staff should be assigned as liaisons for specific departments to assist them with purchasing questions. Rather than having departments responsible for determining which buyer to contact (based upon the commodity

code of the purchase), they should have a single point of contact. This is in progress.

- A comprehensive “How To Do Business with WVU” guide should be developed and provided to potential vendors on the University’s website.
- An on-going vendor survey system should be developed and put into place to provide on-going feedback from vendors regarding satisfaction with procurement services.
- A vendor evaluation system should be developed and put into place to track vendor performance. Procurement staff should provide training and guidance to departmental staff on how to effectively evaluate and deal with problematic vendors.
- Efforts should be made to limit utilization of p-cards for certain transactions such as inter-departmental transfers and large recurring payments.
- A coordinating mechanism should be put into place to review non-competitively awarded contracts that are given to vendors in an effort to limit the number awarded to the same vendor from different departments. This is a critical issue to maintaining compliance with the State requirements that purchases in excess of \$25,000 should be competitively bid.
- While WVU has developed a “best of class” project management system for on-line and electronic management of construction projects, given recent changes the support provided for this effort from Information Technology has declined. This program may not continue without greater support and effort.
- The current software in place is not utilized for producing electronic purchasing orders or electronic payments. It is recognized that electronic payments is not controlled by WVU action.
- On-line services should be enhanced to include:
 - Access to the procurement manual.
 - Electronic submission of RFQ processes.
 - Full implementation of Sci-Quest to make available online established contracts for commodities.
 - Electronic signature authority should be developed and implemented to enable greater utilization of on-line services.
- SciQuest should either be more fully implemented or the effort discontinued. The current cost of maintaining the functionality, coupled with the limited usage of this system, is not cost effective. While this is mitigated by the acceptance of the annual software maintenance costs by the State Treasurer, the policy of “not requiring use” by end-users will limit return and cost savings realized.

- On-going spend analysis and procurement reports should be developed that enable staff to better evaluate procurement actions including identification of additional opportunities for developing university wide contracts, conducting spend analysis, and identification of potential purchase order stringing. Available business intelligence is limited to some extent due to high use of p-cards and the inability to retrieve purchase details from these transactions.
- The software should be modified to provide for easier and more detailed tracking of special procurement actions (such as sole source purchases, emergency purchases, etc.).
- Greater education of departmental staff should be conducted to make them aware of available cooperative purchasing opportunities.
- A more focused compliance monitoring function should be established within the Procurement Division with clearly assigned responsibility to a specific individual within the vendor relations unit.
- Additional staff support should be provided to those individuals in buyer functions to provide them additional time to spend on the “high value” procurement responsibilities rather than clerical functions. This is especially critical in the construction contracting arena.
- Staffing levels should be adjusted. The current level of procurement activity by buyers is low in comparison to industry benchmarks. On average, staff are handling only 3.1 purchase orders per work day with wide variations among staff. Levels of “managerial” staffing on the procurement side are high in comparison to staff workers and industry standards.

While several opportunities for improvement have been identified, the existing policies and practices coupled with the previously identified strengths provide a strong foundation for the Department to make necessary changes to implement these recommendations.

3. DETAILED ASSESSMENT OF BEST MANAGEMENT PRACTICES.

The following table contains a more detailed summary of the diagnostic assessment that was conducted of the procurement, payments and p-card functions of the West Virginia University’s Office of Purchasing, Contracts and Payment Services.

For each best practice, the project team has identified whether it is a current strength of the Office or an opportunity for improvement.

Performance Target	Strengths	Potential Improvements	Recommendation
A comprehensive procurement policy has been developed and distributed to all staff outlining required practices in procuring goods, services, and construction services.	WVU has developed and distributed a comprehensive procurement manual for use by staff and departments.	Some confusion remains, on the part of dedicated procurement staff, which rules are “controlling” or must be followed regarding certain limited number of procurement actions.	Enhanced staff training, especially for Procurement Services staff, should be implemented to ensure all procurement staff are following the same procedures in a consistent fashion.
The procurement policy has been reviewed and revised within the last three years.	The procurement manual was last comprehensively updated in April 2006; however, individual policies are updated on an as needed basis.	A comprehensive review should be conducted over the next year to ensure that current practices are incorporated and clarity of requirements is addressed.	The procurement policy should be comprehensively reviewed at least one every three years for necessary revisions / updates. Ideally, this would occur the year prior to scheduled performance audit.
All key staff in procurement functions has attended required training on the WVU Procurement Policy. All new staff assigned to procurement functions is required to receive, review and attend training on the University’s policy upon appointment.	Periodic procurement meetings are held with departments to update them on changes in procurement rules.	No on-going staff training and development program has been developed for procurement staff.	A formal training program for all procurement staff should be implemented in the next year. At least an annual training session should be provided to all users.
The procurement policy outlines procurement authority levels by position title with increasing levels of authority based upon position level.	The WVU manual provides clear delineation of authority levels by position and function.		
The procurement policy contains an ethics section governing staff and vendor actions.	WVU’s procurement manual contains a section outlining ethics in public procurement.		

**WEST VIRGINIA UNIVERSITY
PURCHASING PERFORMANCE AUDIT**

Performance Target	Strengths	Potential Improvements	Recommendation
The Procurement Division has published a "How To Do Business" Guide for vendors. The guide has been revised within the last three years.		No comprehensive how to guide is available on WVUs website for use by vendors in understanding how to provide good or services to the University.	A how to do business guide should be developed and posted on the website.
Formal vendor training is offered annually to acquaint potential vendors on the University's policies and procedures.	Periodic vendor training has occurred in the past with vendors, specifically local vendors, to acquaint them with the University's requirements.		
A customer survey has been conducted within the last three years to elicit feedback regarding WVU service levels and practices.		No on-going vendor feedback is solicited on performance and satisfaction with procurement services.	An effective vendor feedback system should be implemented that provides for both on-going feedback (through a "feedback" link on the website) and an annual survey of vendors to monitor service provision.
A policy is in place requiring periodic vendor evaluation and outlines criteria for designating a vendor as approved / disapproved regarding eligibility for continued business with the University.		No on-going vendor evaluation system is in place.	An on-going vendor evaluation system should be established for all contracts awarded in excess of \$25,000. This could be phased in initially for contracts exceeding \$100,000.

**WEST VIRGINIA UNIVERSITY
PURCHASING PERFORMANCE AUDIT**

Performance Target	Strengths	Potential Improvements	Recommendation
<p>Contracts entered into by WVU staff are either:</p> <ul style="list-style-type: none"> • Reviewed prior to signing by University legal staff; or • Within procedure guidelines where legal review is not conducted, based upon contract templates having received prior University legal approval. 	<p>All contracts are prepared on form approved by legal counsel (either University legal staff and/or the State Attorney General). All changes to standard terms and conditions must have prior legal approval.</p>	<p>Limitations imposed by the state on contract modifications may result in some contract terms or agreements including unnecessary language or language not in keeping with the best interests of the University. However, the time required for State review and approval limits changes that can be accomplished.</p>	
<p>The use of procurement cards is based upon a defined policy and procedure adopted by the University.</p>	<p>The University has a defined policy and procedure regarding procurement card utilization.</p>		
<p>Procurement card use is periodically audited by the University to ensure compliance with policies and procedures.</p>	<p>P-Card utilization is audited both by the State Auditor and by the University. Procurement staff who conduct on-going review, on a monthly basis, of all p-card transactions to identify problem areas (i.e. – stringing, misuse, attempt to exceed authority levels). Weekly and monthly reports are utilized to manage internal review. All items noted as “suspect” are fully examined and addressed. Improvement in this area noted since last audit.</p>		

**WEST VIRGINIA UNIVERSITY
PURCHASING PERFORMANCE AUDIT**

Performance Target	Strengths	Potential Improvements	Recommendation
<p>Utilization of p-cards is well defined regarding the types and number of services that may be paid for through the p-cards.</p>	<p>The University's policy provides clear guidance on the services that may be paid through p-cards.</p>	<p>The volume of purchasing processed on p-cards is a significant proportion of the total purchasing volume of the university (approximating 50%). There are many routine payments, invoices that could be handled through other payment methods.</p> <p>P-cards are often utilized to achieve a goal of "eliminating" paperwork associated with payments. In reality, the paperwork is shifted from one unit to another with a resulting potential internal control issue regarding documentation and oversight.</p>	<p>Additional efforts should be made to eliminate the use of purchase orders for small purchases (those under \$5,000) by increasing use of p-cards. This may entail issuance of additional cards to departmental users and/or require Buyers to return requisitions to departments with notification to procure directly on their p-card.</p>
<p>Procurement Services maintains a master listing of authorized purchasers for each department with designated authority level.</p>	<p>Procurement staff maintains a comprehensive listing of authorized users.</p>		
<p>All changes in designated users (addition of new staff, termination of existing staff) are communicated within 24 hours to Procurement by the appropriate department.</p>	<p>Departments are responsible for notifying procurement staff of all changes in designated users for p-cards and for approval / authorization of purchase requisitions.</p>	<p>While direct notification does not always occur by departments within specified time frame, alternative measures have been implemented to ensure authority levels and approval authority are promptly handled.</p>	

**WEST VIRGINIA UNIVERSITY
PURCHASING PERFORMANCE AUDIT**

Performance Target	Strengths	Potential Improvements	Recommendation
<p>Guidelines have been developed to limit the number and dollar amount of non-competitively bid contracts that can be awarded to a single vendor.</p>	<p>Procurement has access to information regarding all contracts awarded to enable periodic review and analysis.</p>	<p>No coordination mechanism is in place to provide a review of non-competitively awarded contracts to a single vendor. Given authority levels that can be approved at department level, multiple awards can be made to the same vendor.</p>	<p>Annual evaluation of vendor awards should be conducted to assess extent / level of risk associated with this. Staff should work with information technology staff to determine if automated solution exists to identify when vendors are receiving multiple "non-competitive" awards that would exceed threshold.</p>
<p>A written appeal procedure is in place for non-selected vendors.</p>	<p>The procurement manual provides direction and guidance regarding the filing and processing of appeals in Section 7.</p>		
<p>The University's policies and procedures outlines the process, guidelines and criteria to be utilized in making a determination regarding the appropriateness of executing a contract extension versus conducting a new solicitation.</p>	<p>Clear compliance guidelines are provided in the manual outlining the basis on which decisions to award should be made.</p>		
<p>The Procurement Division serves as the centralized procurement authority with responsibility and authority to oversee all University purchasing and review of compliance with established policies and procedures.</p>	<p>The University's Procurement Division serves as the centralized procurement entity and is charged with not only the processing of purchasing actions but the duty to ensure compliance with established polices and procedures.</p>		

**WEST VIRGINIA UNIVERSITY
PURCHASING PERFORMANCE AUDIT**

Performance Target	Strengths	Potential Improvements	Recommendation
<p>Procurement authority delegated to departments is audited annually by the Procurement Services Division to ensure compliance with University policies and procedures.</p>		<p>No ongoing procurement audit is done of delegated purchasing authority; however, p-card transactions are reviewed. Procurement services is involved in all purchase orders processed.</p>	
<p>Procurement Services is responsible for maintaining a centralized listing of registered vendors.</p>	<p>Vendor registration is available online and the University maintains a centralized registry of registered vendors.</p>		
<p>The WVU utilizes a common procurement software system across all departments.</p>	<p>The university utilizes common software systems for all component units and departments – MAP/Oracle.</p>	<p>Some functions performed by Procurement staff are duplicated in two systems – the University’s system and the State Financial Management Information system.</p>	
<p>The automated financial system utilized for procurement contains the following elements / functionality:</p> <ul style="list-style-type: none"> • Approved vendor database. • Ability to enter and approve purchase requisitions electronically. • Ability to issue electronic purchase orders. 	<p>Both systems maintain vendor data and information. The State system is utilized as the official vendor registration system. Purchase orders are entered and approved electronically.</p>	<p>The current system does not have electronic purchase order capabilities functioning.</p>	

**WEST VIRGINIA UNIVERSITY
PURCHASING PERFORMANCE AUDIT**

Performance Target	Strengths	Potential Improvements	Recommendation
<ul style="list-style-type: none"> • Ability to make electronic payments to vendors either directly or through an interface with the accounts payable module. • Ability for user agencies to query the system for up to the minute information regarding purchase requisition / purchase order status. • Ability for departments to electronically notate receipt of purchase goods and authorize payment. 	<p>User departments are able to query the procurement module to determine current status of the purchase requisition / order.</p> <p>All receipting is done electronically and must be completed prior to any payments being processed.</p>	<p>Electronic payments (other than p-card) are not permitted due to State requirements and the need to utilize the State Auditor's office for all payments.</p>	
<p>The WVU has utilized the internet homepage to provide the following services:</p> <ul style="list-style-type: none"> • Access to WVU procurement policy. • Online electronic vendor registration 	<p>The procurement manual is available online for review. Vendors are able to register to do business with the University online.</p>		

**WEST VIRGINIA UNIVERSITY
PURCHASING PERFORMANCE AUDIT**

Performance Target	Strengths	Potential Improvements	Recommendation
<ul style="list-style-type: none"> Online interactive request for quotation (REQ.) process. Online posting and distribution of formal solicitations (IFB, RFQ, RFPs) Email notification of posted formal solicitations to all registered vendors 	<p>Online posting of bid information is available to registered vendors.</p> <p>For registered vendors, selective email notification of purchasing opportunities is available.</p> <p>In the small construction contracting area, extensive utilization of email notification is conducted.</p>	<p>At the present time, electronic RFQ processes are not available.</p> <p>Plans continue to implement enhanced electronic purchasing efforts (SciQuest) that will enable user departments to query multiple contracts for pricing data and purchase of goods. This effort has been ongoing for multiple years and has recently moved to "pilot" phase. This effort should be either fully implemented, with some required usage, or the cost effectiveness will not be present to offset capital costs.</p> <p>Unless a vendor is registered, access to online information is limited.</p>	<p>The effort to implement SciQuest should continue to be given high priority. Absent a "requirement" that University staff utilize SciQuest, it is unlikely that cost-savings will be sufficient to cover the cost of implementation and on-going maintenance costs.</p> <p>This concern is somewhat mitigated by a recent decision for the state to cover annual maintenance costs associated with Sci-Quest software.</p> <p>The University should continue to evaluate whether implementation of Sci-Quest makes operational sense given policy decision not to require use of it by operating departments.</p>

**WEST VIRGINIA UNIVERSITY
PURCHASING PERFORMANCE AUDIT**

Performance Target	Strengths	Potential Improvements	Recommendation
<ul style="list-style-type: none"> • Receipt of formal bids & proposals electronically • Posting of bid tabulation results following opening • Posting of award notifications online. 	<p>In the small construction contracting area, formal bids and proposals are accepted, tabulated and processed entirely on-line.</p> <p>Bid tabulations are posted electronically following opening for all proposals.</p>	<p>Except as noted, formally bidding and proposals are not accepted electronically.</p> <p>Online posting of awards are not conducted.</p>	<p>Implement on-line submission of electronic bid and RFP responses.</p> <p>All final award notifications for bids and RFPs should be posted on-line.</p>
<p>Staff involved with procurement is able to view historical purchases online to evaluate current bids, proposals, and quotations against prior purchase experience.</p>	<p>Buyers have access to a full complement of historical information for use in evaluating current bids, proposals and quotations on current bids.</p>		
<p>Access to vendor maintenance files is limited to designated procurement staff.</p>	<p>Vendor management is assigned to specific individuals within the Department.</p>	<p>For the State FMIS system, vendor maintenance files are available to other user agencies in addition to WVU.</p>	
<p>Appropriate internal controls are in place within the procurement system to generate reports or flag actions where:</p> <ul style="list-style-type: none"> • Total purchase expenditures for common services and/or goods across multiple departments exceed established approval levels. 		<p>Currently reports are not generated to identify purchases that exceed pre-determined levels to identify potential opportunities for university wide contracts.</p>	<p>An annual spend analysis report should be conducted to determine future potential for expanding number and types of established contracts.</p>

**WEST VIRGINIA UNIVERSITY
PURCHASING PERFORMANCE AUDIT**

Performance Target	Strengths	Potential Improvements	Recommendation
<ul style="list-style-type: none"> • Identification of requested payments that would exceed authorized contract or purchase order limits. • Contract amendments or change orders exceed a pre-determined percentage of the original authorized amount. • Multiple stand-alone purchase orders with the same vendor are entered into by departments. 	<p>The invoice and payment reviews conducted prior to payment prevent payments from being processed that would exceed the authorized contract limits. Additionally, requests for payments received outside of the contract time period are not permitted without contract modification. Contract amendments and change orders are reviewed individually for each contract to determine appropriateness.</p>	<p>Current reports do not identify potential stringing issues with purchase orders.</p>	<p>Implement standard report that will flag vendors who received multiple awards / purchase orders that exceed pre-determined threshold levels.</p>
<p>A sole source policy has been developed and/or reviewed within the last three years.</p>	<p>The University has, within its purchasing manual, a defined sole source policy. The policy was updated during 2010 and includes requirements for “price reasonableness” evaluation.</p>		

**WEST VIRGINIA UNIVERSITY
PURCHASING PERFORMANCE AUDIT**

Performance Target	Strengths	Potential Improvements	Recommendation
<p>The sole source policy outlines the acceptable reasons for utilizing a sole source purchasing arrangement.</p>	<p>The following reasons are clearly outlined for approval of sole source purchases:</p> <ul style="list-style-type: none"> a. Where the compatibility of equipment, accessories, or replacement parts is the paramount consideration; b. The item cannot be obtained through ordinary purchasing procedures and methods; c. The item is available from a state spending unit or other institution with preference under the West Virginia Code; and d. Where specific and unique items are called for on a grant or contract. 		
<p>All departments are required to follow the University's approval for sole source contracts.</p>	<p>All university departments must follow the sole source requirements. The Chief Procurement Officer, or designee, must sign off on all forms prior to processing.</p>		
<p>There is a clear policy in place for addressing violations of the sole source contract policy, including disciplinary actions.</p>		<p>The policy does not provide a clear indication of the ramifications of violations of the sole source policy.</p>	<p>The sole source policy should clearly outline actions to be taken for violation of sole source policy.</p>

**WEST VIRGINIA UNIVERSITY
PURCHASING PERFORMANCE AUDIT**

Performance Target	Strengths	Potential Improvements	Recommendation
<p>There is a standard form utilized by departments for requesting sole source contract approval.</p>	<p>A single sole source purchase form has been developed by the Procurement Division for use by all departments.</p>		
<p>The sole source contract justification form asks for sufficient detail for Procurement Services Division to make an assessment of the justification. Questions are asked such as:</p> <ul style="list-style-type: none"> • How did you arrive at the conclusion this item represents your minimum need or requirement? Is this a "nice to have" with all the "bells and whistles" or does it really represent your requirement or minimum need? • How did you determine availability? Did you check on prior procurements for the same or similar items? • Are there other sources? Are they responsible? Are identical or compatible parts or equipment available from any other source? • Who prepared the specification or statement of work? Did a vendor or contractor assist? If so, will they benefit somehow by the decision to proceed with a sole source contract? 	<p>Sufficient detail is requested on the standard form to provide procurement staff with sufficient detail to evaluate the purchasers compliance with the sole source purchase guidelines.</p>		

**WEST VIRGINIA UNIVERSITY
PURCHASING PERFORMANCE AUDIT**

Performance Target	Strengths	Potential Improvements	Recommendation
<p>All sole source purchases are reviewed by Procurement Services Division and approved prior to entering into a purchase agreement.</p>	<p>The Chief Procurement Officer, or his designee, must sign all sole source forms prior to the issuance of a purchase order.</p>	<p>Methods should be established to increase tracking of sole source purchases, and denials, for business intelligence on purchasing practices to be developed.</p>	<p>An annual report should be developed summarizing sole source purchase activity to enhance business intelligence.</p>
<p>The Procurement Services Division has sufficient time and resources in reviewing sole source requests to ensure that other vendors and/or sources for the good/service are not available and/or that a level of standardization is required that prevents other suppliers from being utilized.</p>	<p>Copies of grant applications being used to “support” requests for sole source acquisition are required to be submitted to procurement staff for review and evaluation.</p>	<p>Depending upon the procurement, the level of information and technical knowledge required to evaluate the appropriateness of the sole source purchase is difficult for procurement staff.</p>	
<p>Departments provide research and backup documentation in writing justifying sole sourcing (e.g., letters from manufacturers about local distributors, solicitation of quotes from vendors, systems integration requirements, etc.)</p>	<p>Case files reviewed generally indicated that departments provide sufficiently detailed backup documentation to support the sole source request.</p>		
<p>Efforts are undertaken to ensure that competitive pricing is achieved from all vendors approved as sole source (i.e. – review of pricing provided to other municipalities, negotiation with vendor, etc.).</p>	<p>Procurement staff explore options regarding pricing as available and as provided.</p> <p>The recently revised sole source policy requires that staff conduct a “price reasonableness” evaluation on all sole source purchases.</p>		

**WEST VIRGINIA UNIVERSITY
PURCHASING PERFORMANCE AUDIT**

Performance Target	Strengths	Potential Improvements	Recommendation
For large contracts and / or random sample of small dollar contracts, Procurement Services Division conducts research to validation sole source justification (e.g., attempts to identify additional vendors, etc.)	<p>Research is conducted based upon time and resource availability and the nature and size of the purchase.</p> <p>The recently revised sole source policy requires that staff conduct a “price reasonableness” evaluation on all sole source purchases.</p>		
Procurement Services Division maintains a master database / report of all sole source purchases.	Sole source purchases can be identified, within limits, through the procurement module.	Additional efforts should be implemented to enhance the identification and tracking of sole source purchases, including denials, in the system.	A master database / report of all sole source purchases should be developed and maintained to enhance business intelligence and for evaluative purposes.
Appropriate procurement processes are utilized to achieve competitive pricing on service contracts not requiring formal bidding / RFPs.	The procurement manual outlines suggested methods for achieving competitive pricing where formal bidding is not required.		
Master databases are maintained of all service and construction contracts entered into by the WVU.	All construction and service contracts are maintained in Procurement and all contracts over \$25,000 are provided to the State Auditor.		
Contract amendments are reviewed by appropriate legal authority and/or the Procurement Services Division when the total dollar value of the amendment exceeds 25% of the original contract amount.	Procurement staff is involved in the review and approval of all contact amendments and change orders.		

**WEST VIRGINIA UNIVERSITY
PURCHASING PERFORMANCE AUDIT**

Performance Target	Strengths	Potential Improvements	Recommendation
Appropriate documentation is maintained supporting the selection decision reached by staff.	Selection processes are required, in accordance with the guidelines, to be maintained as part of the procurement file.		
Contracts for services exceeding a pre-determined threshold must receive authorization from Procurement Services Division prior to approval.	Procurement services is involved in the development and issuance of all contracts for service.		
All contracts entered into for service contracts are either based upon contracts approved by the WVU or if based upon a vendor supplied contract are reviewed by legal staff prior to signature.	All contracts are based upon forms approved by legal counsel and that incorporate all standard terms and conditions.		
Assistance by Procurement Services is provided to departments in negotiating pricing for service contracts. Prior contracts and external research is utilized for determining the appropriateness of consultant rates and fees.	Procurement staff provide assistance and historical information, as appropriate, to evaluate pricing rates provided on service contracts during the evaluation phase.		

**WEST VIRGINIA UNIVERSITY
PURCHASING PERFORMANCE AUDIT**

Performance Target	Strengths	Potential Improvements	Recommendation
<p>Services and commodities utilized by multiple departments are acquired through a joint effort coordinated by the Procurement Services Division to achieve best value for the University.</p>	<p>Procurement is involved in the development of university-wide contracts to cover certain services and commodities of general use within the University (such as car rental, shipping services, office supplies).</p> <p>Procurement is in the process of implementing through SciQuest a contract portal that will provide access to various established contracts for departments to purchase from through a coordinated system.</p>	<p>However, many of these contracts are not required use contracts and departments are free to utilize other service or commodity providers. There are additional opportunities, as identified by staff, to expand the utilization of university-wide contracts.</p>	<p>The University should continue efforts to “encourage” if not require use of established contracts to increase utilization levels and reduce total costs of acquisition.</p>
<p>A master contract approach is utilized for pre-qualifying firms able to provide construction, engineering and design services.</p>	<p>The University utilizes a good master contracting approach. The process for small projects is one of the more efficient and effective programs reviewed by the project team and is clearly a model approach for others to follow. The University should continue open end task order system for minor construction.</p>		
<p>Vendors are evaluated at the completion of the provision of design and engineering services. Those vendors not receiving a satisfactory rating are not eligible for continued placement on the master contract.</p>		<p>Formal evaluation mechanisms are not in place to evaluate specific performance.</p>	<p>A vendor evaluation process should be established.</p>

**WEST VIRGINIA UNIVERSITY
PURCHASING PERFORMANCE AUDIT**

Performance Target	Strengths	Potential Improvements	Recommendation
<p>A standard policy has been established across all departments outlining the process to be followed in evaluating and selecting vendors for service contracts (i.e. – numerical ratings, consensus selection, etc.).</p>	<p>Some flexibility is provided in vendor evaluations however; guidelines are outlined in the procurement manual regarding which measure (best value, lowest responsible bidder) must be utilized for specific types of procurements.</p>		
<p>Basic documentation on service contracts including RFPs/RFQs, vendor submissions, selection process, etc. is maintained by Procurement for all contracts.</p>	<p>Procurement services maintains files on each solicitation processed including bid responses and evaluations conducted.</p> <p>As part of monthly meeting of procurement management staff, sample files are audited for compliance with established procedures and to evaluate individual buyers.</p>		
<p>Project Managers are responsible for evaluating performance of vendors on construction contracts and documenting and approving the need for change orders.</p>	<p>Project managers perform these duties on an on-going basis.</p>		
<p>The procurement documentation file for all construction and service contracts contain the following information:</p> <ul style="list-style-type: none"> • Purchase requisition, planning information, and other pre-solicitation documents. • Evidence of availability of funds. 	<p>The file documentation for construction contracting found no problems. The purchase order files were thoroughly maintained and contained all necessary documents as outlined in the following points. Documentation maintained.</p> <p>Documentation maintained.</p>		

**WEST VIRGINIA UNIVERSITY
PURCHASING PERFORMANCE AUDIT**

Performance Target	Strengths	Potential Improvements	Recommendation
<ul style="list-style-type: none"> • Rationale for the method of procurement (negotiations, formal bidding, sole source, etc.) • List of sources solicited. • Independent cost estimate. • Statement of work / scope of services. • Copies of published notices. • Copy of the solicitation, all addenda and all amendments. • Summary of each offer, quote or proposal received. • Selection documentation. • Cost or pricing data. • Notice of award and notice of non-selection to unsuccessful bidders/offerors and records of any debriefing sessions. • Record of any protest. • Required bid, performance or other bond documents including insurance forms, if any. • Notice to proceed. 	<p>Documentation maintained.</p> <p>Documentation maintained.</p> <p>Documentation maintained.</p> <p>Documentation maintained.</p> <p>Documentation maintained.</p> <p>Documentation maintained.</p> <p>Documentation maintained.</p> <p>Documentation maintained.</p> <p>Documentation maintained.</p> <p>Documentation maintained.</p> <p>Documentation maintained.</p> <p>Documentation maintained.</p> <p>Documentation maintained.</p> <p>Documentation maintained.</p> <p>Documentation maintained.</p> <p>Documentation maintained.</p> <p>Documentation maintained.</p>		
<p>Quarterly reports are generated identifying major vendors with WVU that are doing business with more than one department to identify potential areas for joint purchasing efforts.</p>	<p>WVU procurement staff identify informally areas for further investigation of the benefits for joint purchasing efforts.</p>	<p>These reports are not currently being developed on an on-going basis.</p>	<p>Standard reports should be established to enable procurement staff to identify high-utilization vendors and/or commodities (especially those utilized by multi-departments) that are suitable for placement on contract to reduce costs and/or increase procurement process.</p>

**WEST VIRGINIA UNIVERSITY
PURCHASING PERFORMANCE AUDIT**

Performance Target	Strengths	Potential Improvements	Recommendation
A quarterly report is prepared describing each contract that is ending within the next six months and details the eligibility for contract extension (based upon original contract terms entered into).	All established contracts are listed on the website for the Office of Purchasing, Contracts and Payment Services.		
Procurement staff conduct periodic spend analysis to determine commodity areas where group purchasing would be more effective.	Areas for use of group purchasing efforts are evaluated and identified informally.	A routine spend analysis report is not generated.	An annual spend analysis report should be conducted to identify additional goods, services or commodities areas that should be placed on contract, or procured cooperatively among departments.
The Procurement Division has established ID/IQ (indefinite demand / indefinite quantity) contracts on a qualification basis to increase purchasing speed and effectiveness.	The procurement unit is utilizing a variety of ID/IQ contracts within limitations imposed by procurement regulations.		
The Procurement Division identifies and makes users aware of available cooperative purchasing agreements and GSA-like/State schedules available for direct purchases.	The Procurement staff has the ability to and do utilize a variety of cooperative and GSA-like purchasing schedules.	Additional efforts should be made to publicize available cooperative purchasing and "schedule" opportunities for departments. Staff should be trained in the appropriate utilization of these efforts to prevent them from being used for "convenience" when needs may be better met through other procurement methods.	Additional training efforts should be undertaken to inform departments of established contracts and the availability of cooperative purchasing schedules available for use.

Performance Target	Strengths	Potential Improvements	Recommendation
The Procurement Division has a defined compliance function with defined tasks, duties, and required reviews.	Individual staff members have been assigned compliance functions for their individual areas (purchase orders, payments, p-card). Individual buyers are periodically evaluated on compliance through formal reviews of actions.		

For each of the performance targets with a recommendation, the recommendations have been incorporated into the Executive Summary to provide an overall summary of recommended operational changes. It is important to note, that these recommendations are based upon our evaluation and analysis of opportunities to improve or enhance services but are not reflective or indicative of “non-compliance” with required state or university regulations. The project team, in Section 4 of this report, outline our findings regarding statutory and policy compliance.

4. REVIEW OF THE WEST VIRGINIA UNIVERSITY’S PROCUREMENT CARD PROGRAM

This section presents a review of the West Virginia University’s (WVU) procurement card program. The project team reviewed existing policies and procedures utilized by WVU with respect to procurement cards (p-cards), conducted an audit of the internal control procedures relating to ensuring compliance of use of p-cards, and reviewed a twelve month period of data to identify opportunities for improvement.

Given the high volume of funds processed through p-cards in a fairly decentralized approach, we have addressed this area separately from other compliance issues.

A. SUMMARY OF PROCUREMENT CARD POLICIES AND PROCEDURES.

This section provides a review of the West Virginia University's policies and procedures relating to the administration of the University's procurement card program.

The WVU has three staff assigned to the Procurement Card Administration unit. P-card Administration staff are responsible for the following:

- At the request of University Departments, receive and process new applications, including verify cardholder eligibility, ensure completion of online training, issue card, etc.
- Provides support to University Departments and staff serving as DCCs-personnel at the department level who coordinate p-cards for their departments.
- Ensures department transactions have been verified and approved by departments in sufficient time to upload data.
- Cancels and destroys procurement cards as appropriate.
- Processes requests for changes in daily and card limits.
- Troubleshoots problems, as well as works with credit card companies and departments to resolve issues.
- Conducts transaction audits to ensure compliance with procurement policies (e.g., dollar limits on transactions, no payment of sales tax, no inappropriate purchases, etc.)

The points, which follow, present the project team's observations of key elements of the WVU's p-card program developed from interviews with key personnel, as well as a review of WVU's policies and procedures.

- There are two fulltime equivalents assigned to administer the p-cards – one each assigned to the State and Research Corporation's p-card programs.
- There is one fulltime equivalent assigned to auditing p-card transactions on a weekly basis. Transaction audit results are provided to the Unit's supervisor for review.

- WVU has developed a p-card internal controls document, which presents the segregation of duties, roles and responsibilities of key personnel in WVU who monitor p-cards and ensure compliance.
- WVU's Procurement Services' Procurement Rules manual presents a brief discussion of p-cards as they relate to the procurement of goods or services in an emergency situation.
- University departments determine, who is eligible for a procurement card, as well as the employee's daily purchase and credit card limit.
- University departments can request temporary limit increases in order to pay specific bills. This sometimes occurs on a periodic basis (e.g., routine or repetitive payments).
- There is a significant number of transactions occurring on p-cards resulting in a high dollar volume (i.e., over \$60 million annually).
- P-cards are used to purchase small, one-time purchases, as well as to pay for essential services, purchase of goods and services for which there is an existing contract, on-going monthly payments, intra-University transactions, etc.

Overall, the West Virginia University extensively utilizes procurement cards for numerous transactions, resulting in significant dollar volumes on an annual basis.

B. KEY FINDINGS AND RECOMMENDATIONS REGARDING THE PROCUREMENT CARD PROGRAM.

This section summarizes the key findings and recommendations relative to West Virginia University's oversight and administration of the procurement card program. Overall, this program has greatly reduced the volume of purchase orders processed, and greatly enhanced the speed at which individual Departments are able procure commodities in a decentralized fashion. Many changes have occurred since the last audit to improve oversight and administration of this program including conducting spend analysis, increased reporting, and more detailed follow-up and investigation on potential violations.

The following table summarizes the recommendations that were developed to enhance the procurement card program administration and oversight:

PROCUREMENT CARD PROGRAM RECOMMENDATIONS:
P-card administration staff should continue to perform transaction audits on an ongoing basis and should also expand the sample period of transactions to identify patterns over longer periods of time, including monthly, quarterly and annually. This will better enable staff to determine patterns of use, misuse and abuse in the procurement card program.
The P-card administration staff should develop a formal, written policy and audit program that outlines the process for auditing transactions and clearly delineates departmental responsibilities and responsibilities of WVU Procurement staff.
P-Card Administration should also develop performance reports to be provided to the Unit's supervisor, as well as Procurement Services management team.
Procurement Services should further develop policies to promote the use of negotiated contracts on items such as travel (e.g., hotel brands, rental car agencies, etc.), office supplies, hardware supplies, cell phones, etc.
Procurement Services should continue to expand the procurement card audit function to include periodic audits of transactions to ensure use of negotiated contracts and relevant discounts, including State negotiated rates, etc.
Procurement Services should reduce the use of procurement cards for intra-University transactions and establish intra-University fund transactions and / or internal blanket purchase orders.

The implementation of these recommendations will provide an enhanced level of oversight on the procurement card program and provide a greater level of on-going compliance review. In the limited cases where recommendations are to limit the utilization of p-cards for payment, it is done with a focus on increasing the level of business intelligence, transferring recurring payments to purchase orders, and / or to eliminate the payment of transaction fees for internal payments.

5. COMPARISON OF THE WEST VIRGINIA UNIVERSITY'S OFFICE OF PURCHASING, CONTRACTS, AND PAYMENT SERVICES WEBSITE IN COMPARISON TO THOSE OF OTHER UNIVERSITY PURCHASING OFFICES.

To further evaluate the level of service provided to users, vendors and other customers, the project team conducted a comparison of the existing website of WVU's

Office of Purchasing, Contracts and Payment Services against those of other University Purchasing Offices. Key areas of focus assessed included type and amount of information contained on the website, usability, and availability of documents (procurement policies, informational guides, etc.).

The table below evaluates numerous university websites on a variety of features related to information availability and supporting documentation. West Virginia University's Purchasing and Procurement Department's website has many of the features that are offered at other universities allowing it to provide a greater level of functionality. The table, which follows, identifies each of those features that are present on purchasing websites.

Website Review and Analysis	WVU	Indiana	Iowa State	Ohio State	Illinois	Penn State	UCLA	Michigan	Nebraska	UNC	Pittsburgh	University of Virginia	Washington
Staff Contact Information	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Staff Responsibilities Listed	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Procurement Rules Posted	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Guidance on common procurement functions	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Listing on current open contracts	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	No	Yes	No	Yes	Yes
Vendor Registration can be completed on-line	Yes	No	Yes	Yes	No	No	No	No	Yes	Yes	No	Yes	Yes
Listing of current bids	Yes	No	Yes	Yes	No	No	Yes	No	Yes	Yes	No	Yes	Yes

**WEST VIRGINIA UNIVERSITY
PURCHASING PERFORMANCE AUDIT**

	WVU	Indiana	Iowa State	Ohio State	Illinois	Penn State	UCLA	Michigan	Nebraska	UNC	Pittsburgh	University of Virginia	Washington
Website Review and Analysis													
Listing of current RFP opportunities	Yes	No	Yes	Yes	No	No	Yes	No	Yes	Yes	No	Yes	Yes
Bids can be submitted electronically	No	No	No	No	No	No	No	No	Yes	No	No	No	No
Common Forms Available	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Vendor Evaluation Tools	No	No	No	No	No	No	No	No	No	No	No	No	Yes
Bid Tabulations / List of Respondents Posted on line	Yes	No	No	No	Yes	No	No	No	No	No	No	No	Yes
Newsletters / New Information posted for users	Yes	Yes	No	Yes	Yes	Yes	No	Yes	Yes	No	Yes	Yes	Yes
Training Sessions posted / noted	No	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	No	Yes	Yes	No
Information regarding p-card usage is available (when to use)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes
P-card policy is posted on the website	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes
Does the University have a link to SciQuest on Site	No	No	No	No	No	No	No	No	No	No	No	No	No
FAQs	No	Yes	Yes	Yes	Yes	Yes	No	No	No	Yes	Yes	No	No

Important points to note in the table, above, include:

- All of the websites evaluated provide staff contact information.
- A majority of websites evaluated, 92%, provide staff responsibilities.

- All of the websites evaluated include procurement rules.
- A majority of websites evaluated, 92%, include guidance on common procurement functions.
- Approximately three quarters of websites reviewed, 77%, include listings on current open contracts.
- A little over half, 54%, of the websites reviewed are set up for the completion of on-line vendor registration.
- A majority of websites reviewed, 62%, include a listing of current bids.
- A majority of websites reviewed, 62%, include a listing of current RFP opportunities.
- Only 8% of the websites reviewed allow for the electronic submission of bids.
- A vast majority of websites reviewed, 92%, make common forms available online.
- Only 8% of the websites reviewed contain vendor evaluation tools.
- About 23% of the websites reviewed post bid tabulations or a list of respondents.
- A significant majority, 77%, of websites reviewed have a newsletter or new information section posted for users.
- A slight majority, 69%, of websites reviewed have training sessions posted or noted.
- A vast majority of websites reviewed, 92%, have information regarding P-Card usage.
- A vast majority of websites reviewed, 92%, have P-Card policies posted.
- A little over half, 54%, of websites reviewed have FAQ's posted.

Based on the review of other websites, West Virginia University's Purchasing and Procurement Department's website provides a greater level of service to the vendor community than most of the websites surveyed. Some of the key services not being offered on the WVU website are a frequently asked questions section, information on

training sessions, and vendor evaluation tools and the addition of these, would not only improve the information available to users, but address several of the issues noted in the customer survey.

RECOMMENDATION: The website for the Office of Purchasing, Contracts and Payment Services should continue to be enhanced to improve the availability of information to site visitors, and increase the services provided to users. Specific items that should be added / improved include: FAQ section, training session information, vendor evaluation tools, and online submittal of bids and RFP responses.

4. SUMMARY OF COMPLIANCE REVIEW

4. SUMMARY OF COMPLIANCE REVIEW

This chapter summarizes the project teams findings relate to the major areas of compliance inquiry required under the State statutes and requested in the scope of services. Specific discussion and recommendations are contained in the sections following the initial summary on those areas where specific comments are noted.

The project team utilized various data sampling and file review methodologies in the development of the conclusions reached regarding compliance. The primary focus was to determine the University's compliance with established procedures and internal controls required within the procurement and payment function and as established by either State statute / regulation and/or University policy.

1. COMPLIANCE TESTING FOUND THE OFFICE IN GENERAL CONFORMANCE WITH ALL REQUIREMENTS IMPOSED BY EITHER STATE LAW AND/OR WVU PURCHASING MANUAL.

In recognition of the requirements placed upon the procurement department from state laws and regulations and WVU Board of Governor's policies, the project team reviewed various areas for internal compliance through several testing methodologies as further described in the following table. The specific process utilized was designed to fully test the University's conformance with the compliance issue noted. The final column of this table summarizes the project team's finding and provides explanatory notes as required.

**WEST VIRGINIA UNIVERSITY
PURCHASING PERFORMANCE AUDIT**

Compliance Issue	Process Utilized	Result / Finding
Determine compliance with state law, the rules, policies and procedures of the West Virginia Board of Governors as they apply to purchasing, supplies and equipment.	Evaluated existing practices of West Virginia University Purchasing operation against state law, and Board of Governors policy for purchasing, supplies and equipment.	No finding noted. Procedures tested were in compliance with state law, and adopted West Virginia Board of Governors Policy.
Determine whether professional procurement procedures are established and maintained within the University.	Evaluated the adopted purchasing manual against state law requirements, and industry best practices.	Determined West Virginia University is in general compliance with professional procurement procedures. No findings identified where practice deviated from adopted requirements. Some suggestions for enhancement contained in best practices evaluation section to enhance services provided to users.
CPO Designation and performance of assigned duties in accordance with the CPO's responsibilities as outlined in West Virginia University Board of Governor's adopted purchasing manual.	Reviewed WVU purchasing manual adopted by the Board of Governor's and implemented by the CPO. Reviewed procurement practices in place at WVU for conformance to adopted rules / regulations. Reviewed documentation outlining CPO designation and filing of designation with appropriate entities.	No relevant findings noted. Designation and performance of assigned duties were in compliance with requirements.
Review of delegated authority to Buyers by CPO.	Reviewed duties performed by buyers for conformance with responsibilities and duties defined in applicable regulations and purchasing manuals.	No relevant findings noted. Delegated authority to Buyers was found to be in compliance with the Board of Governors Policy and the adopted purchasing manual.
Review of buyer's minimum qualifications.	Reviewed educational background and experience of individuals assigned as buyers.	No relevant findings noted. Buyers possessed requisite education and/or years of experience for duties.

**WEST VIRGINIA UNIVERSITY
PURCHASING PERFORMANCE AUDIT**

Compliance Issue	Process Utilized	Result / Finding
Have institutional guidelines and procedures for purchases of \$5,000 and less been established as required by purchasing manual.	Reviewed policies and procedures established by the Board of Governor's and the Procurement staff relative to small purchases.	No relevant findings noted. A small purchases policy has been adopted and implemented. P-card use is given preference for use where possible.
Are requirements of the Governing Boards Purchasing Manual being followed	Reviewed selected purchasing orders, direct pays, and p-card transactions for compliance with purchasing manual requirements.	No relevant exceptions noted.
Review selected transactions for compliance with prompt payment act.	Reviewed selected invoice payments for compliance with the State of West Virginia's prompt payment act procedures. Received data extraction of all invoices processed during period of evaluation to determine compliance with prompt payment requirements.	No significant exceptions noted. The project team noted improvements in compliance and more timely payments during the period under review compared with the findings of the prior audit conducted.
Review selected purchase order file for compliance with purchasing manual requirements and appropriate documentation.	Reviewed selected purchasing order files.	No relevant exceptions noted.
Review selected purchase orders for construction contracts for compliance with purchasing manual requirements and appropriate documentation.	Reviewed selected construction contract purchase order files.	No relevant exceptions noted. Appropriate documentation and procedures followed for samples reviewed.
Review selected special purchase orders (i.e. – sole source) for compliance with purchasing manual requirements and appropriate documentation.	Reviewed selected sole source purchase order files.	No significant exceptions noted. However, some supporting documentation relative to the sole source decision was missing in a limited number of files. Information absent typically related to the lack of supporting documentation in the file though it was clear from notations that this was received and reviewed.

**WEST VIRGINIA UNIVERSITY
PURCHASING PERFORMANCE AUDIT**

Compliance Issue	Process Utilized	Result / Finding
Review of bid documentation for compliance with date and time stamping of received proposals.	Reviewed selected bid documentation files for necessary time stamps.	No relevant exceptions found. Improvement in documentation of the submission of proposals within established deadline noted from last audit.
Are the provisions of State Law, Board of Governor's Policy and adopted purchasing manual being followed for purchases in the following categories:	Sampled and reviewed purchase orders, and p-card transactions to determine compliance. Over 100 procurement transactions were sampled as part of the evaluation with approximately one-third from each of the years under review.	No relevant exceptions noted (other than those minor observations noted elsewhere in this report relative to sole source documentation and p-card transactions).
1. Under 5,000.	Sampled procurement files for purchases under \$5,000 for compliance with required procedures. Files included transactions from each fiscal year under review.	No significant exceptions noted. General compliance noted for sampled transactions.
2. Greater than \$5,000 but under \$25,000.	Sampled procurement files for purchases greater than \$5,000 buy under \$25,000 for compliance with established procedures. Files included transactions from each fiscal year under review.	No significant exceptions noted. Minor comments noted elsewhere in the report – principally best management assessment – regarding opportunities to enhance / strengthen procurement practices).
3. Greater than \$25,000.	Sampled procurement files for purchases in excess of \$25,000 for compliance with established procedures. Files included transactions from each fiscal year under review.	No significant exceptions noted. Minor comments noted elsewhere in the report – principally best management assessment – regarding opportunities to enhance / strengthen procurement practices).

Compliance Issue	Process Utilized	Result / Finding
4. Purchases made on P-Card.	Reviewed sampled data for procurement transactions to determine compliance with established procedures and / or potential violations such as stringing.	No relevant finding noted. Since the last audit, staff has significantly enhanced the review efforts placed on potentially “non-compliant” transactions and the follow-up conducted to determine compliance.

As noted in the table above, the WVU procurement practices and policies were found generally to be in substantial compliance with the requirements imposed on them by either state law and/or the purchasing manual adopted by the WVU Board of Governors.

2. WHILE NO FINDINGS NOTED IN THE COMPLIANCE REVIEW, THERE REMAIN SOME OPPORTUNITIES FOR MORE CONSISTENT APPLICATION OF EXISTING REQUIREMENTS / PROCESSES.

There remain some opportunities to improve service level sand service provided by the Office of Purchasing, Contracts and Payment Services. These are primarily noted in the section related to the diagnostic assessment and the best management practices evaluation. However, two that have the ability to impact future compliance are noted below:

- **Prompt Payment:** While no significant concerns were noted regarding compliance with the State of West Virginia’s prompt payment act, observed practices noted that some invoices held for clarification / resolution of invoice problems (i.e. - vendor name doesn’t match purchase order vendor name, quantities or shipping costs vary from purchase order amounts) are not pursued for resolution as vigorously as possible. While these issues were followed up on by procurement staff, in selected cases invoices should be returned to vendor for correction (or notification to vendor made) to ensure that vendor is aware of the reason for payment delay or supporting documentation / assistance is sought from the purchasing department / agency.
- **Sole Source Purchases:** A review of selected sole source purchases identified no significant non-compliance issues in terms of inappropriate utilization of sole

source purchases. In some limited number of cases, the analysis / determination by the purchasing staff in reviewing sole source documentation was not clearly documented or presented in the file. However, in all cases, sole source purchases were signed and approved by the appropriate individual(s).

Recommendation: All contested invoices should be centrally logged noting deficiency of the invoice and the action taken. Vendors should be promptly notified of the deficiency or cause of delay in processing to prevent concerns relative to compliance with the Prompt Payment Act. Departments purchasing supplies should be contacted to assist in the prompt resolution of disputed or contested invoices.

Recommendation: Additional efforts should be made to ensure that all supporting sole source documentation (specifically relative to the evaluation conducted by purchasing staff prior to recommendation for approval) is filed in the purchasing order file.