

Purchasing Performance Audit

WEST VIRGINIA UNIVERSITY



March 29, 2018

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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. 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, 2013 through June 30, 2016.

This audit focused primarily on completing the review necessary to evaluate compliance requirements outlined in the above referenced West Virginia Code, and to determine whether purchasing and payments are conducted in accordance with established policy.

Specific tasks included in the review included, but were not limited to, the following areas:

- Evaluating 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.
- Assessing whether professional procurement procedures are established and maintained within the University.
- Determining whether the CPO is performing the CPO’s responsibilities, duties and remedies outlined in the West Virginia University Board of Governors Policy and duly adopted Purchasing Manual.
- Assessing whether the provisions of the West Virginia University Board of Governor’s Policy and duly adopted Purchasing Manual are specifically being followed for purchases in the following categories:
 - Purchases not requiring competitive bidding (\$25,000 and below until 7/1/15, \$50,000 and below on 7/1/15 and thereafter)
 - Purchases requiring competitive bidding (those exceeding the above-listed thresholds)
- Examining whether the requirements of the Governing Boards Purchasing procedures manual are being followed.

- Determining if the Purchasing Card Program is being managed by the institutions in conformance with West Virginia code Section 12-3-10a and Title 148CSR7.
- Identifying “Best Business Practices” at WVU, from other states or the private sector that the audit firm would recommend be adopted by the institutions to improve efficiency and performance.

Each of these areas were evaluated and items of note are outlined in the following sections of the report. The report chapters have been developed to provide in Section 2 an overall assessment of all best management practices related to procurement operations, and in Section 3 an overall assessment of compliance with required statutes and regulations. Items recommended in Section 2 are those that the project team have identified as opportunities to enhance or improve services, but they are not indicative of non-compliance with established regulation or statutory requirements. Any non-compliance is addressed in Section 3 of this report.

OVERALL ASSESSMENT

The project team’s evaluation resulted in no material findings of deficiency in the performance audit of the WVU procurement or p-card practices or areas of non-compliance with state and university laws and regulations. The University’s procurement operation is being handled in compliance with the applicable regulations and statutory requirements. Several strengths were identified as part of the best practices assessment and are detailed in Section 2 of this report. At the same time, several opportunities for improvement were noted and are also contained within Section 2 of this report. The final section provides a more detailed analysis and discussion of the procedures utilized to evaluate compliance with established statutory and regulatory requirements.

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 prior audits have either been implemented or are under consideration / development. Additionally, over the last several years the Department has implemented many improvements that have had significant impact on improving operations including:

- Establishment of more master contracts for use by the University community to gain cost savings and procurement efficiency.

- Implementation of Mountaineer Marketplace. This portal now accounts of over 35% of procurement transactions – improving efficiency and effectiveness of the procurement process.
- Increasing requirements that university staff must utilize establish contracts that exist (rather than their use being optional – as was the case during the timeframes of prior audits). This has resulted in significant savings overall.
- More effective utilization of purchase orders for procurement activities – reducing the spend on p-cards during this time period.
- The Department has developed a plan for implementation of an automated system for p-card reconciliation that will greatly expand capabilities to automate the process and move to an electronic versus paper-based system.
- A travel booking tool has been implemented that has improved efficiency, effectiveness and cost control related to travel planning for university staff.

These efforts, and others undertaken by the Department continue to improve the professionalism and effectiveness of operations.

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.

The recommendations from the previous audit are outlined in the table below:

PREVIOUS AUDIT (2010-2013) RECOMMENDATIONS	CURRENT STATUS
Training of staff and user departments should remain a priority to ensure full understanding of existing policies and procedures, and to increase compliance.	Staff training has been a priority – all staff are familiar with policies and procedures, and they seek full compliance in procurement operations.

PREVIOUS AUDIT (2010-2013) RECOMMENDATIONS	CURRENT STATUS
A how to do business guide should be developed and posted on the website.	The website includes useful information for vendors, but not a compiled guide of required steps for doing business with the University.
A customer survey should be conducted annually.	Periodic customer satisfaction evaluations are conducted including through regular meetings with departmental procurement staff throughout the University.
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.	While not formalized, Category Managers and Analysts utilize a spend analytics system (Spend Radar) to review vendor spend and identify strategic sourcing opportunities. With change in thresholds during the last several years, the threshold should be changed to \$50,000 rather than \$25,000.
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.	Conducted informally to ensure only appropriate non-competitive awards are granted.
An annual spend analysis report should be conducted to determine future potential for expanding number and types of established contracts.	Spend analysis is utilized to identify new contracts for establishment to achieve cost savings for the University.
A standard report should be implemented that will flag vendors who received multiple awards / purchase orders that exceed pre-determined threshold levels.	No standard report has yet been implemented to address this issue.
An annual report should be developed summarizing sole source purchase activity to enhance business intelligence.	An annual report has not been developed; however, sole source activities are routinely monitored and utilized only when appropriate.
The University should continue efforts to "encourage" if not require use of established contracts to increase utilization levels and reduce total costs of acquisition.	The CPO has continued to encourage the use of established contracts.
A vendor evaluation process should be established.	Vendor performance is evaluated on each contract, and the department has recently implemented vendor scorecards on select strategic vendors. The department should continue this practice and look to expand its use.
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.	Spend analysis is conducted to determine new contracts for good and services to be implemented. This has resulted in significant savings during the last several years.

PREVIOUS AUDIT (2010-2013) RECOMMENDATIONS	CURRENT STATUS
Additional training efforts should be undertaken to inform departments of established contracts and the availability of cooperative purchasing schedules available for use.	The CPO has worked to enhance the awareness of other departments to use established contracts when purchasing. Current technology approaches have driven procurement buy to established contracts.
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 CPO's staff have performed regular transaction audits, including sample periods covering extended periods of time.
The P-card administration staff should continue a formal audit program that outlines the process for auditing transactions and clearly delineates departmental responsibilities and responsibilities of WVU Procurement staff.	A more defined audit program should be established that covers a larger percentage of p-card transactions. However, planned modifications in the program will be addressing this in the near future as all documentation will be online enabling more comprehensive visibility and review of p-card activity by Purchasing staff.
Procurement Services should continue 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.	This has been accomplished for many of the service areas listed most notably for those related to travel.
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.	Staff conduct periodic audits to ensure procurement card transactions are appropriate.

Significant changes in procurement practices, both related to p-card and purchase order transactions, have been implemented that increase compliance with established University procurement policies, reduce overall costs of procuring goods and services, and implementing more effective technology utilization to automate procedures. The implementation of Mountaineer Marketplace is a notable improvement in the overall purchasing process since the prior assessment.

2. BEST MANAGEMENT PRACTICES ASSESSMENT

A significant evaluative component of the prior purchasing performance audits was the evaluation of existing practices against “best management practices”. While the primary focus of this current audit was only on evaluating the compliance of the University as required under state statute, the project team did complete a cursory review and updated the prior best practices assessment to acknowledge changes that had been implemented and provide some input regarding additional improvement opportunities that exist for implementation.

The best practices 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.

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.		

Performance Target	Strengths	Potential Improvements	Recommendation
The procurement policy has been reviewed and revised within the last three years.	The procurement manual has been updated and made available online for easy access by staff and vendors.		
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.		Training of staff and user departments should remain a priority to ensure full understanding of existing policies and procedures, and to increase compliance.
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.		
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 occurs with vendors to acquaint them with the University's requirements.		

Performance Target	Strengths	Potential Improvements	Recommendation
<p>A customer survey has been conducted within the last three years to elicit feedback regarding WVU service levels and practices.</p>		<p>Periodic user surveys should be implemented to enable the Chief Procurement Officer to know customer perceptions regarding service levels and timeliness.</p>	<p>A customer survey should be conducted annually.</p>
<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>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>		

Performance Target	Strengths	Potential Improvements	Recommendation
Utilization of p-cards is well defined regarding the types and number of services that may be paid for through the p-cards.	The University's policy provides clear guidance on the services that may be paid through p-cards.		
Procurement Services maintains a master listing of authorized purchasers for each department with designated authority level.	Procurement staff maintains a comprehensive listing of authorized users.		
All changes in designated users (addition of new staff, termination of existing staff) are communicated within 24 hours to Procurement by the appropriate department.	Departments are responsible for notifying procurement staff of all changes in designated users for p-cards and for approval / authorization of purchase requisitions.		
Guidelines have been developed to limit the number and dollar amount of non-competitively bid contracts that can be awarded to a single vendor.	Procurement has access to information regarding all contracts awarded to enable periodic review and analysis.	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.	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.
A written appeal procedure is in place for non-selected vendors.	The procurement manual provides direction and guidance regarding the filing and processing of appeals in Section 7.		

Performance Target	Strengths	Potential Improvements	Recommendation
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.	Clear compliance guidelines are provided in the manual outlining the basis on which decisions to award should be made.		
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.	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 policies and procedures.		
Procurement Services is responsible for maintaining a centralized listing of registered vendors.	Vendor registration is available online and the University maintains a centralized registry of registered vendors.		
The WVU utilizes a common procurement software system across all departments.	A common procurement software is utilized across the university.		
Staff involved with procurement is able to view historical purchases online to evaluate current bids, proposals, and quotations against prior purchase experience.	Buyers have access to a full complement of historical information for use in evaluating current bids, proposals and quotations on current bids.		
Access to vendor maintenance files is limited to designated procurement staff.	Vendor management is assigned to specific individuals within the Department.		

Performance Target	Strengths	Potential Improvements	Recommendation
<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. • 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. 	<p>Analysis of spend has enabled the Department to implement new master contracts to direct spend to established vendors and achieve more cost-effective pricing.</p> <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.</p> <p>Contract amendments and change orders are reviewed individually for each contract to determine appropriateness.</p>	<p>Continued efforts to further identify additional master contracts should continue</p>	<p>Continue to expand the number of master contracts to direct additional percentage of annual spend to pre-established contracts for good and services.</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.</p>		
<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>		

Performance Target	Strengths	Potential Improvements	Recommendation
There is a clear policy in place for addressing violations of the sole source contract policy, including disciplinary actions.	The policy outlines actions to be taken when violations occur.		
There is a standard form utilized by departments for requesting sole source contract approval.	A single sole source purchase form has been developed by the Procurement Division for use by all departments.		
All sole source purchases are reviewed by Procurement Services Division and approved prior to entering into a purchase agreement.	The Chief Procurement Officer, or his designee, must sign all sole source forms prior to the issuance of a purchase order.		
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.)	Case files reviewed generally indicated that departments provide sufficiently detailed backup documentation to support the sole source request. All sole source purchases are approved by Purchasing staff.		
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.)	Research is conducted based upon time and resource availability and the nature and size of the purchase.		
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.		

Performance Target	Strengths	Potential Improvements	Recommendation
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 \$50,000 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.		
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.		

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 has implemented many new university-wide contracts to cover certain services and commodities of general use within the University to direct spend toward established contracts. Additionally, since the prior audit, the University has made use of many of these contracts required – achieving cost savings.</p>		
<p>A master contract approach is utilized for pre-qualifying firms able to provide construction, engineering and design services.</p>	<p>The University has historically utilized a good master contracting approach. 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>
<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>		

Performance Target	Strengths	Potential Improvements	Recommendation
<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. Managers are responsible for ensure purchasing agents are in compliance with documentation requirements and conduct periodic audits of documentation.</p>		
<p>Procurement staff conduct periodic spend analysis to determine commodity areas where group purchasing would be more effective.</p>	<p>Staff have conducted various spend analysis reports and implemented new master contracts for frequently utilized and high dollar volume goods and services.</p>		
<p>The Procurement Division has established ID/IQ (indefinite demand / indefinite quantity) contracts on a qualification basis to increase purchasing speed and effectiveness.</p>	<p>The procurement unit is utilizing a variety of ID/IQ contracts within limitations imposed by procurement regulations.</p>		
<p>The Procurement Division identifies and makes users aware of available cooperative purchasing agreements and GSA-like/State schedules available for direct purchases.</p>	<p>The Procurement staff has the ability to and utilize a variety of cooperative and GSA-like purchasing schedules where appropriate.</p>		

Performance Target	Strengths	Potential Improvements	Recommendation
<p>The Procurement Division has a defined compliance function with defined tasks, duties, and required reviews.</p>	<p>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.</p>		

3. COMPLIANCE REVIEW

This chapter summarizes the project team's findings related to the major areas of compliance inquiry required under the State statutes, which was the primary focus of this purchasing performance audit.

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 THAT UNIVERSITY POLICIES COMPLY WITH STATE REQUIREMENTS.

The following table shows the sampling approach utilized during the project team's file review of selected purchase orders, invoices, and procurement card transactions for the fiscal years under review. The categories of files are shown, along with the number of each file type examined and the results or findings in each category. As part of the field work, 362 transaction files were sampled and analyzed for compliance with policy and regulation. Files chosen for examination were randomly selected by the project team using a random number generator from the entire universe of transactions for the time period under review.

- **Purchase Orders Not Exceeding Threshold for Competitive Bidding:** 16,095 such transactions were provided to the project team for the three fiscal years under review. A total of 62 were selected by the project team and all documentation for these transactions were requested from staff for in-depth review.
- **Purchase Orders Exceeding Threshold for Competitive Bidding:** 1,998 such transactions were provided to the project team for the three fiscal years under review. A total of 82 were selected by the project team and all documentation for these transactions were requested from staff for in-depth review.
- **WVU Invoices:** 301,447 invoices were provided to the project team for the three fiscal years under review. A total of 105 were selected by the project team and all documentation for these transactions were requested from staff for in-depth review.

- **WVURC Invoices:** 53,807 invoices were provided to the project team for the three fiscal years under review. A total of 60 were selected by the project team and all documentation for these transactions were requested from staff for in-depth review.
- **Procurement Card Transactions:** 586,140 transactions were provided to the project team for the three fiscal years under review. A total of 56 were selected by the project team and all documentation for these transactions were requested from staff for in-depth review. Additionally, the project team conducted analysis on the entire universe of p-card to identify potential stringing violations (by evaluating purchases made on the same or consecutive days with the same vendor) by p-card users. Finally, the project team reviewed prior audit documentation conducted by WVU staff related to p-card audits conducted internally.

Because sole source purchases are not flagged in the system in a manner that enables these transactions to be pulled independently, a specific testing of sole source purchases could not be conducted.

The project team compared the listing of vendors who are disbarred from doing business with the State of West Virginia against the transaction data provided by WVU for invoices, p-cards and purchase orders to ensure that the University was not conducting business with vendors on this listing. No violations were noted.

File Category	Count and Description	Result / Finding
Purchase Orders Not Exceeding Threshold for Competitive Bidding	Sampled 61 purchase orders for compliance with required procedures for adopted thresholds in place at the time, including required signatures and signed terms and conditions. Files included transactions from each fiscal year under review. 62 purchase orders were requested, but one was unavailable.	Substantial compliance with procurement procedures and requirements. Two issues noted: One instance where full documentation was unavailable. One instance where signed terms and conditions are not attached.

File Category	Count and Description	Result / Finding
Purchase Orders Exceeding Threshold for Competitive Bidding	Sampled 82 purchase orders for compliance with required procedures for adopted thresholds in place at the time, including evidence of a competitive procurement process. Files included transactions from each fiscal year under review.	<p>Substantial compliance with procurement procedures and requirements.</p> <p>Three minor issues noted:</p> <p>Two instances where full documentation was unavailable.</p> <p>One instance where no evidence of competitive bidding was available.</p>
WVU Invoices	Sampled 103 invoices for compliance with required procedures. Files included invoices from each fiscal year under review. 105 invoices were requested, but 2 were missing.	<p>Substantial compliance with invoice payment procedures and requirements.</p> <p>One issue noted:</p> <p>One instance of partial payment without documentation of reason. Amount within total authorization so no issue related to compliance.</p>
WVURC Invoices	Sampled 60 invoices for compliance with required procedures. Files included invoices from each fiscal year under review.	No findings.
Procurement Card Transactions	<p>Sampled 56 procurement card transactions for compliance with required procedures. Files included all documentation related to the p-card transaction.</p> <p>Additionally, all transactions were analyzed to review potential stringing issues from purchases made on the same or consecutive days with the same vendor.</p>	<p>No findings of significant non-compliance.</p> <p>One instance noted where transaction paperwork does not match the recorded amount.</p> <p>No evidence of stringing violations noted.</p>

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.

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.	<p>No findings noted.</p> <p>Procedures tested were in compliance with both state law and adopted West Virginia Board of Governors Policy.</p>
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.	<p>No findings noted.</p> <p>The University is in full compliance with professional procurement procedures and the requirements adopted by the State. No findings identified where practice deviated from adopted requirements.</p>
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.	<p>Reviewed WVU purchasing manual adopted by the Board of Governors and implemented by the CPO.</p> <p>Reviewed procurement practices in place at WVU for conformance to adopted rules / regulations.</p> <p>Reviewed documentation outlining CPO designation and filing of designation with appropriate entities.</p>	<p>No findings noted.</p> <p>Designation and performance of assigned duties were in compliance with requirements.</p>

Compliance Issue	Process Utilized	Result / Finding
Review of delegated authority to Buyers by CPO.	Reviewed delegation of authority documentation.	No findings noted.
Review of buyer's minimum qualifications.	Reviewed buyer qualifications.	No findings noted.
Are requirements of the Governing Boards Purchasing Manual being followed.	Reviewed selected purchasing orders, direct pays, and p-card transactions (as outlined earlier in this report) for compliance with purchasing manual requirements.	No findings noted.
Review selected purchase order files for compliance with purchasing manual requirements and appropriate documentation.	Reviewed selected purchasing order files to evaluate documentation maintained.	<p>Substantial compliance with procurement procedures and requirements.</p> <p>In very limited instances (2% of sampled transactions), the documentation provided was not sufficient to determine compliance with the requirements of the purchasing manual.</p>

As illustrated in the preceding table, the University's procurement policies are in full compliance with State requirements. The documentation reviewed regarding specific transactions, indicate that the department is in substantial compliance with the purchasing requirements outlined in the adopted policies. A few minor deviations from documentation requirements (as noted above) were noted during the transactional testing.