

## Performance Review:

Department of Administration, Purchasing Division

### Agency Purpose:

The Purchasing Division is the centralized unit of state government responsible for the procurement of goods and services for state agencies of the executive branch, except for higher education and the Division of Highways construction.

### What Did PERD Find?

- The new procurement requirements are bias towards large audit firms being eligible.
- The Purchasing Division developed the new requirements by considering the input of only three large accounting firms (one being out-of-state) that are ultimately unaffected by the new criteria.
- The Purchasing Division's new qualifications effectively ban, at a minimum, 97 auditing firms from bidding on audits of state agencies.
- The new requirements do not effectively address competency because the firm that made the costly mistakes was a relatively large firm.
- Rather than establishing subjective qualifications that penalize many accounting firms, the Purchasing Division could have addressed the vendor in question, and future problematic audit firms, by using the suspension or debarment process.

### PERD's Objectives:

The objective of this review was to determine if the Purchasing Division made changes to the minimum requirements for audits of public agencies in an objective and transparent manner to ensure minimal impact to West Virginia based accounting firms and state agencies impacted by the new requirements.

### Key Recommendations:

*The Legislative Auditor recommends the DOA convene a workgroup representing a cross section of the accounting industry and revisit the mandatory requirements to ensure they are reasonable and do not cause unintended consequences on state agencies and accounting firms.*

*The Legislative Auditor recommends the Purchasing Division initiate suspension and/or debarment procedures against the vendor that triggered the mandatory requirements and all such firms in the future.*

<b>Number of Licensees</b>	<b>In-State Firms</b>	<b>Out-Of-State Firms</b>
1-5	97	57
6-10	13	15
10+	10	82
<b>Total</b>	<b>120</b>	<b>154</b>

*Source: West Virginia Board of Accountancy.*