

# **WEST VIRGINIA LEGISLATURE**

## **2016 REGULAR SESSION**

**Introduced**

### **Senate Bill 527**

**FISCAL  
NOTE**

BY SENATOR BLAIR

[Introduced February 5, 2016;

Referred to the Committee on Government Organization.]

1 A BILL to repeal §5A-3-37 of the Code of West Virginia, 1931, as amended; and to amend and  
 2 reenact §18B-5-4 of said code, relating generally to eliminating preference for resident  
 3 vendors bidding on state contracts for commodities or printing.

*Be it enacted by the Legislature of West Virginia:*

1 That §5A-3-37 of the Code of West Virginia, 1931, as amended, be repealed; and that  
 2 §18B-5-4 of said code be amended and reenacted to read as follows:

**ARTICLE 5. HIGHER EDUCATION BUDGETS AND EXPENDITURES.**

**§18B-5-4. Purchase or acquisition of materials, supplies, equipment, services and printing.**

1 (a) The council, commission and each governing board shall purchase or acquire all  
 2 materials, supplies, equipment, services and printing required for that governing board or the  
 3 council or commission, as appropriate, and the state institutions of higher education under their  
 4 jurisdiction, except the governing boards of Marshall University and West Virginia University,  
 5 respectively, are subject to subsection (d) of this section.

6 (b) The commission and council jointly shall adopt rules governing and controlling  
 7 acquisitions and purchases in accordance with this section. The rules shall ensure that the  
 8 following procedures are followed:

9 (1) No person is precluded from participating and making sales thereof to the council,  
 10 commission or governing board except as otherwise provided in section five of this article.  
 11 Providing consulting services such as strategic planning services does not preclude or inhibit the  
 12 governing boards, council or commission from considering a qualified bid or response for delivery  
 13 of a product or a commodity from the individual providing the services;

14 (2) Specifications are established and prescribed for materials, supplies, equipment,  
 15 services and printing to be purchased;

16 (3) Purchase order, requisition or other forms as may be required are adopted and  
 17 prescribed;

18 (4) Purchases and acquisitions in such quantities, at such times and under contract, are

19 negotiated for and made in the open market or through other accepted methods of governmental  
20 purchasing as may be practicable in accordance with general law;

21 (5) Bids are advertised on all purchases exceeding \$50,000 and made by means of sealed  
22 or electronically submitted bids and competitive bidding or advantageous purchases effected  
23 through other accepted governmental methods and practices. Competitive bids are not required  
24 for purchases of \$50,000 or less.

25 (6) Notices for acquisitions and purchases for which competitive bids are being solicited  
26 are posted either in the purchasing office of the specified institution involved in the purchase or  
27 by electronic means available to the public at least five days prior to making the purchases. The  
28 rules shall ensure that the notice is available to the public during business hours;

29 (7) Purchases are made in the open market;

30 (8) Vendors are notified of bid solicitation and emergency purchasing; and

31 (9) No fewer than three bids are obtained when bidding is required, except if fewer than  
32 three bids are submitted, an award may be made from among those received.

33 (c) When a state institution of higher education submits a contract, agreement or other  
34 document to the Attorney General for approval as to form as required by this chapter, the following  
35 conditions apply:

36 (1) "Form" means compliance with the Constitution and statutes of the State of West  
37 Virginia;

38 (2) The Attorney General does not have the authority to reject a contract, agreement or  
39 other document based on the substantive provisions in the contract, agreement or document or  
40 any extrinsic matter as long as it complies with the Constitution and statutes of this state;

41 (3) Within fifteen days of receipt, the Attorney General shall notify the appropriate state  
42 institution of higher education in writing that the contract, agreement or other document is  
43 approved or disapproved as to form. If the contract, agreement or other document is disapproved  
44 as to form, the notice of disapproval shall identify each defect that supports the disapproval; and

45           (4) If the state institution elects to challenge the disapproval by filing a writ of mandamus  
46 or other action and prevails, then the Attorney General shall pay reasonable attorney fees and  
47 costs incurred.

48           (d) Pursuant to this subsection, the governing boards of Marshall University and West  
49 Virginia University, respectively, may carry out the following actions:

50           (1) Purchase or acquire all materials, supplies, equipment, services and printing required  
51 for the governing board without approval from the commission or the Vice Chancellor for  
52 Administration and may issue checks in advance to cover postage as provided in subsection (f)  
53 of this section;

54           (2) Purchase from cooperative buying groups, consortia, the federal government or from  
55 federal government contracts if the materials, supplies, services, equipment or printing to be  
56 purchased is available from these groups and if this would be the most financially advantageous  
57 manner of making the purchase;

58           (3) Select and acquire by contract or lease all grounds, buildings, office space or other  
59 space, and capital improvements, including equipment, if the rental is necessarily required by the  
60 governing board; and

61           (4) Use purchase cards under terms approved for the commission, the council and  
62 governing boards of state institutions of higher education and participate in any expanded  
63 program of use as provided in subsection (u) of this section.

64           (e) The governing boards shall adopt sufficient accounting and auditing procedures and  
65 promulgate and adopt appropriate rules subject to section six, article one of this chapter to govern  
66 and control acquisitions, purchases, leases and other instruments for grounds, buildings, office  
67 or other space, and capital improvements, including equipment, or lease-purchase agreements.

68           (f) The council, commission or each governing board may issue a check in advance to a  
69 company supplying postage meters for postage used by that board, the council or commission  
70 and by the state institutions of higher education under their jurisdiction.

71 (g) When a purchase is to be made by bid, any or all bids may be rejected. However, all  
72 purchases based on advertised bid requests shall be awarded to the lowest responsible bidder  
73 taking into consideration the qualities of the articles to be supplied, their conformity with  
74 specifications, their suitability to the requirements of the governing boards, council or commission  
75 and delivery terms. ~~The preference for resident vendors as provided in section thirty-seven, article~~  
76 ~~three, chapter five-a of this code applies to the competitive bids made pursuant to this section.~~

77 (h) The governing boards, council and commission shall maintain a purchase file, which  
78 shall be a public record and open for public inspection.

79 (1) After the award of the order or contract, the governing boards, council and commission  
80 shall indicate upon the successful bid the following information:

81 (A) Designation as the successful bid;

82 (B) The reason any bids were rejected; and

83 (C) The reason for rejection, if the mathematical low vendor was not awarded the order or  
84 contract.

85 (2) A record in the purchase file may not be destroyed without the written consent of the  
86 Legislative Auditor. Those files in which the original documentation has been held for at least one  
87 year and in which the original documents have been reproduced and archived on microfilm or  
88 other equivalent method of duplication may be destroyed without the written consent of the  
89 Legislative Auditor.

90 (3) All files, no matter the storage method, shall be open for inspection by the Legislative  
91 Auditor upon request.

92 (i) The commission and council, also jointly, shall promulgate rules to prescribe  
93 qualifications to be met by any person who is to be employed as a buyer pursuant to this section.  
94 These rules shall require that a person may not be employed as a buyer unless that person, at  
95 the time of employment, has one of the following qualifications:

96 (1) Is a graduate of an accredited college or university; or

97           (2) Has at least four years' experience in purchasing for any unit of government or for any  
98 business, commercial or industrial enterprise.

99           (j) Any person making purchases and acquisitions pursuant to this section shall execute  
100 a bond in the penalty of \$50,000, payable to the State of West Virginia, with a corporate bonding  
101 or surety company authorized to do business in this state as surety thereon, in form prescribed  
102 by the Attorney General and conditioned upon the faithful performance of all duties in accordance  
103 with this section and sections five through eight, inclusive, of this article and the rules of the  
104 governing board and the council and commission. In lieu of separate bonds for these buyers, a  
105 blanket surety bond may be obtained. The bond shall be filed with the Secretary of State and the  
106 cost of the bond shall be paid from funds appropriated to the applicable governing board or the  
107 council or commission.

108           (k) All purchases and acquisitions shall be made in consideration and within limits of  
109 available appropriations and funds and in accordance with applicable provisions of article two,  
110 chapter five-a of this code relating to expenditure schedules and quarterly allotments of funds.  
111 Notwithstanding any other provision of this code to the contrary, only those purchases exceeding  
112 the dollar amount for competitive sealed bids in this section are required to be encumbered. Such  
113 purchases may be entered into the state's centralized accounting system by the staff of the  
114 commission, council or governing boards to satisfy the requirements of article two, chapter five-a  
115 of this code to determine whether the amount of the purchase is within the quarterly allotment of  
116 the commission, council or governing board, is in accordance with the approved expenditure  
117 schedule and otherwise conforms to the article: *Provided*, That, notwithstanding the foregoing  
118 provisions of this subsection or any other provision of this code to the contrary, purchases by  
119 Marshall University or West Virginia University are not required to be encumbered.

120           (l) The governing boards, council and commission may make requisitions upon the State  
121 Auditor for a sum to be known as an advance allowance account, not to exceed five percent of  
122 the total of the appropriations for the governing board, council or commission, and the State

123 Auditor shall draw a warrant upon the Treasurer for those accounts. All advance allowance  
124 accounts shall be accounted for by the applicable governing board or the council or commission  
125 once every thirty days or more often if required by the State Auditor.

126 (m) Contracts entered into pursuant to this section shall be signed by the applicable  
127 governing board or the council or commission in the name of the state and shall be approved as  
128 to form by the Attorney General. A contract which requires approval as to form by the Attorney  
129 General is considered approved if the Attorney General has not responded within fifteen days of  
130 presentation of the contract. A contract or a change order for that contract and notwithstanding  
131 any other provision of this code to the contrary, associated documents such as performance and  
132 labor/material payments, bonds and certificates of insurance which use terms and conditions or  
133 standardized forms previously approved by the Attorney General and do not make substantive  
134 changes in the terms and conditions of the contract do not require approval as to form by the  
135 Attorney General. The Attorney General shall make a list of those changes which he or she  
136 considers to be substantive and the list, and any changes to the list, shall be published in the  
137 State Register. A contract that exceeds the dollar amount requiring competitive sealed bids in this  
138 section shall be filed with the State Auditor. If requested to do so, the governing boards, council  
139 or commission shall make all contracts available for inspection by the State Auditor. The  
140 governing board, council or commission, as appropriate, shall prescribe the amount of deposit or  
141 bond to be submitted with a bid or contract, if any, and the amount of deposit or bond to be given  
142 for the faithful performance of a contract.

143 (n) If the governing board, council or commission purchases or contracts for materials,  
144 supplies, equipment, services and printing contrary to sections four through seven, inclusive, of  
145 this article or the rules pursuant to this article, the purchase or contract is void and of no effect.

146 (o) A governing board or the council or commission, as appropriate, may request the  
147 director of purchasing to make available the facilities and services of that department to the  
148 governing boards, council or commission in the purchase and acquisition of materials, supplies,

149 equipment, services and printing. The director of purchasing shall cooperate with that governing  
150 board, council or commission, as appropriate, in all such purchases and acquisitions upon that  
151 request.

152 (p) Each governing board or the council or commission, as appropriate, may permit private  
153 institutions of higher education to join as purchasers on purchase contracts for materials, supplies,  
154 services and equipment entered into by that governing board or the council or commission. A  
155 private institution desiring to join as purchaser on purchase contracts shall file with that governing  
156 board or the council or commission, as appropriate, an affidavit signed by the president or  
157 designee of the private institution requesting that it be authorized to join as purchaser on purchase  
158 contracts of that governing board or the council or commission, as appropriate. The private  
159 institution shall agree that it is bound by such terms and conditions as that governing board or the  
160 council or commission may prescribe and that it will be responsible for payment directly to the  
161 vendor under each purchase contract.

162 (q) Notwithstanding any other provision of this code to the contrary, the governing boards,  
163 council and commission, as appropriate, may make purchases from cooperative buying groups,  
164 consortia, the federal government or from federal government contracts if the materials, supplies,  
165 services, equipment or printing to be purchased is available from that source, and purchasing  
166 from that source would be the most financially advantageous manner of making the purchase.

167 (r) An independent performance audit of all purchasing functions and duties which are  
168 performed at any state institution of higher education shall be performed at least once in each  
169 three-year period. The Joint Committee on Government and Finance shall conduct the  
170 performance audit and the governing boards, council and commission, as appropriate, are  
171 responsible for paying the cost of the audit from funds appropriated to the governing boards,  
172 council or commission.

173 (1) The governing board shall provide for independent performance audits of all  
174 purchasing functions and duties on its campus at least once in each three-year period.



175 (2) Each audit shall be inclusive of the entire time period that has elapsed since the date  
176 of the preceding audit.

177 (3) Copies of all appropriate documents relating to any audit performed by a governing  
178 board shall be furnished to the Joint Committee on Government and Finance and the Legislative  
179 Oversight Commission on Education Accountability within thirty days of the date the audit report  
180 is completed.

181 (s) The governing boards shall require each institution under their respective jurisdictions  
182 to notify and inform every vendor doing business with that institution of section fifty-four, article  
183 three, chapter five-a of this code, also known as the Prompt Pay Act of 1990.

184 (t) Consultant services, such as strategic planning services, do not preclude or inhibit the  
185 governing boards, council or commission from considering any qualified bid or response for  
186 delivery of a product or a commodity because of the rendering of those consultant services.

187 (u) Purchasing card use may be expanded by the council, commission and state  
188 institutions of higher education pursuant to this subsection.

189 (1) The council and commission jointly shall establish procedures to be implemented by  
190 the council, commission and any institution under their respective jurisdictions using purchasing  
191 cards. The procedures shall ensure that each meets the following conditions:

192 (A) Appropriate use of the purchasing card system;

193 (B) Full compliance with article three, chapter twelve of this code relating to the purchasing  
194 card program; and

195 (C) Sufficient accounting and auditing procedures for all purchasing card transactions.

196 (2) Notwithstanding any other provision of this code to the contrary, the council,  
197 commission and any institution authorized pursuant to subdivision (3) of this subsection may use  
198 purchasing cards for the following purposes:

199 (A) Payment of travel expenses directly related to the job duties of the traveling employee,  
200 including, but not limited to, fuel and food; and

201 (B) Payment of any routine, regularly scheduled payment, including, but not limited to,  
202 utility payments and real property rental fees.

203 (3) The commission and council each shall evaluate the capacity of each institution under  
204 its jurisdiction for complying with the procedures established pursuant to subdivision (2) of this  
205 subsection. The commission and council each shall authorize expanded use of purchasing cards  
206 pursuant to that subdivision for any institution it determines has the capacity to comply.

NOTE: The purpose of this bill is to eliminate the 5% bidders preference for in-state vendors on state contracts.

Strike-throughs indicate language that would be stricken from a heading or the present law, and underscoring indicates new language that would be added.