



MARK D. SCOTT
CABINET SECRETARY

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

W. MICHAEL SHEETS
DIRECTOR

January 1, 2023

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

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

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

Dear Sirs:

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

This section of the Code reads:

§5A-3-10. Competitive bids; publication of solicitations for sealed bids; purchase of products of nonprofit workshops; employee to assist in dealings with nonprofit workshops; continuing procurements over \$1 million.

(c) Spending units shall not make an individual purchase in excess of the delegated procurement limit established in subsection (b) of this section, issue a series of requisitions for the same or similar commodity or service or divide or plan procurements with the intention to circumvent the delegated procurement limit established in subsection (b), or otherwise avoid the use of sealed bids. Any spending unit that discovers it has awarded multiple contracts for the same or similar commodity or service to an individual vendor over any 12-month period shall file copies of all contracts awarded or orders placed for the commodity, service, or printing in question within the 12 preceding months with the director upon exceeding the delegated limit, along with a statement explaining how either the multiple contract

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awards or orders do not circumvent the delegated procurement limit, or how the contracts or orders were not intended to circumvent the delegated limit. If the spending unit does not report to the director within a reasonable period, the director shall contact the spending unit to request such statement and may suspend the purchasing authority of the spending unit until the spending unit complies with the reporting requirement of this subsection, as determined appropriate. The director may conduct a review of any spending unit to ensure compliance with this subsection. Following a review, in consultation with the relevant spending unit, the director shall complete a report summarizing his or her findings and forward the report to the spending unit. In addition, the director shall report to the Joint Committee on Government and Finance on January 1 and July 1 of each year the spending units which have reported under this subsection and the findings of the director.

For the period of July 1, 2022, through December 31, 2022, there were no spending units that reported to our division the award of multiple contracts for the same or similar commodity or service to an individual vendor over any 12-month period where the total value exceeded \$25,000. However, the Purchasing Division inspectors discovered five cases of stringing related to three spending units as part of their inspections during this period.

The spending units with a finding of stringing included the Dept. of Veterans Assistance (one case totaling \$25,852.00) and the Dept. of Transportation's District 1 (three cases totaling \$206,738.60) and Highways' District 6 (one case totaling \$37,572.14). A summary of these findings is attached.

Pursuant to this requirement, my next report will be submitted to you in July of 2023. Should you have any questions regarding this correspondence, please feel free to contact me at your convenience at (304) 558-0492 or via email at ***William.M.Sheets@wv.gov***.

Sincerely,



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

WMS:ssk

**West Virginia Purchasing Division
SUMMARY OF STRINGING ACTIVITIES
(JULY 1, 2022- DECEMBER 31, 2022)**

Department of Veterans Assistance, Veterans Nursing Facility:

1. During the fiscal year under review, the West Virginia Department of Veterans Assistance, Veterans Nursing Facility spent a total of \$25,852.00 in 12 transactions for Dietician Consulting from Janet I. Bennett.

In the agency's response to the inspection report, the Department of Veterans Assistance, Veterans Nursing Facility, stated that:

The WV Veterans Nursing Facility understands that we went over the allowed limit with our dietitian services. We intend on using the threshold box in the Oasis system, which will keep us from going over the allowed amount for the total spend with a vendor.

We will run the BI report AP-055I monthly as a second check for the total spent to ensure that we will comply with the purchasing rules and regulations.

Department of Transportation, Division of Highways, District 1:

1. During the fiscal year under review, Division of Highways, District 1 spent a total of \$77,906.68 in 89 transactions for truck tarps with Baker Truck Equipment.
2. During the fiscal year under review, Division of Highways, District 1 spent a total of \$83,290.21 in 118 transactions for vehicle services with SQ Electronic Services.
3. During the fiscal year under review, Division of Highways, District 1 spent a total of \$45,541.71 in 46 transactions for radiators with WV Spring & Radiator.

In the agency's response to the inspection report, the Division of Highways, District 6 stated that:

District One will work to track potential expenditures for vendors that work to establish contracts if purchasing limits will be exceeded.

In the Purchasing Division's response to the agency comments, the Purchasing Division referenced the ***West Virginia Purchasing Procedures Handbook***:

No agency is permitted to issue a series of requisitions to circumvent the Delegated wvOASIS Solicitation threshold (normally \$25,000 but up to \$100,000 if delegated limits are increased) or the Verbal Bid or No Bid thresholds. Violation of the Delegated wvOASIS Solicitation threshold is commonly referred to as "stringing" and must be reported to the Legislature.

Department of Transportation, Division of Highways, District 6:

1. During the fiscal year under review, Division of Highways, District 6 spent a total of \$37,572.14 in 146 transactions for truck parts with Hill International.

In the agency's response to the inspection report, the Division of Highways, District 6 stated that:

Although we have a certain central contract for the purchasing of international truck and equipment parts, there are times during a snowstorm or other emergency when a part on a truck needs to be replaced immediately to allow that truck to continue operation and clear the roadways for the traveling public. There were also times during the subject time period when, due to COVID supply issues, the contract vendor did not have the requested part in stock and would have to wait several days to receive it and Hill international had the requested part in stock. Our district equipment storeroom is putting a better system in place to track any off-contract purchases to make sure that they follow the appropriate guidelines.

In the Purchasing Division's response to the agency comments, the Purchasing Division referenced the ***West Virginia Purchasing Procedures Handbook***:

No agency is permitted to issue a series of requisitions to circumvent the Delegated wvOASIS Solicitation threshold (normally \$25,000 but up to \$100,000 if delegated limits are increased) or the Verbal Bid or No Bid thresholds. Violation of the Delegated wvOASIS Solicitation threshold is commonly referred to as "stringing" and must be reported to the Legislature.