



EARL RAY TOMBLIN
GOVERNOR

STATE OF WEST VIRGINIA
DEPARTMENT OF ADMINISTRATION
Purchasing Division
2019 WASHINGTON STREET, EAST
P.O. BOX 50130
CHARLESTON, WEST VIRGINIA 25305-0130

ROBERT W. FERGUSON, JR.
CABINET SECRETARY

DAVID TINCHER
DIRECTOR

July 6, 2011

The Honorable Earl Ray Tomblin
President of the State Senate
Room 227M, Building 1
State Capitol Complex
Charleston, WV 25305

The Honorable Rick Thompson
Speaker of the House
Room 234M, Building 1
State Capitol Complex
Charleston, WV 25305

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

Dear Sirs:

In accordance with **West Virginia Code** §5A-3-10(b), 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 \$25,000.

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.

(b) The director shall solicit sealed bids for the purchase of commodities and printing which is estimated to exceed twenty-five thousand dollars. No spending unit shall issue a series of requisitions or divide or plan procurements to circumvent this twenty-five thousand dollar threshold or otherwise avoid the use of sealed bids. Any spending unit which awards multiple contracts for the same or similar

Senator Tomblin and Delegate Thompson
July 6, 2011
Page Two

commodity or service to an individual vendor over any twelve-month period, the total value of which exceeds twenty-five thousand dollars, shall file copies of all contracts awarded to the vendor within the twelve preceding months with the director immediately upon exceeding the twenty-five thousand dollar limit, along with a statement explaining how the multiple contract awards do not circumvent the twenty-five thousand dollar threshold. If the spending unit does not immediately report to the director, the director may suspend the purchasing authority of the spending unit until the spending unit complies with the reporting requirement of this subsection. The director may conduct a review of any spending unit to ensure compliance with this subsection. Following a review, 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 the first day of January and July of each year the spending units which have reported under this subsection and the findings of the director.

For the period of January 1, 2011 through June 30, 2011, there were no state agencies that reported to our division the award of any multiple contracts for “the same or similar commodity or service to an individual vendor over any 12-month period, the total value of which exceeds twenty-five thousand dollars.”

Additionally, our division inspectors discovered findings relating to five different spending units during their reviews as stipulated in this section of the Code. The spending units were Department of Administration - Public Employees Insurance Agency; Division of Highways – Equipment Division and Districts 1, 3, 4, 5, 6, 7, 8, 9 and 10; Department of Military Affairs and Public Safety – State Police; Department of Military Affairs and Public Safety – Regional Jail and Correctional Facility Authority; and Department of Education. A summary of all of the findings is attached.

Pursuant to this requirement, my next report will be submitted to you in January of 2012. Should you have any questions regarding this correspondence, please feel free to contact me at your convenience at (304) 558-2538 or via e-mail at **David.Tincher@wv.gov**.

Sincerely,



David Tincher, Director
West Virginia Purchasing Division

DT:dmh

cc: Aaron Allred, Legislative Auditor
Robert W. Ferguson, Jr., Cabinet Secretary of Administration

Attachment

State of West Virginia
Purchasing Division

SUMMARY OF STRINGING ACTIVITIES
(January 1, 2011 – June 30, 2011)

DEPARTMENT OF ADMINISTRATION

Public Employees Insurance Agency:

- 1) During the fiscal year 2010, PEIA spent a total of \$28,906.43 in (12) procurements for printing services from Printing Press, LTD. In response to the inspection report, the agency stated:

There was no intention on PEIA's part to circumvent bidding. All of the (12) purchases...were performed through competitive bidding. This was simply a matter of one vendor consistently providing the most competitive bid for different printing projects.

DEPARTMENT OF TRANSPORTATION:

Division of Highways - Equipment Division:

- 1) During the fiscal year 2009, the Equipment Division spent a total of \$44,243.54 in (40) transactions for hydraulic parts and repairs. In response to the inspection report, the agency stated:

The Equipment Division is currently working with the Purchasing Division to develop a hydraulic contract which will eliminate [aggregated purchases] exceeding the bid limit of \$25,000.00.

- 2) During the fiscal year 2009, the agency spent a total of \$25,751.59 in (4) transactions for services provided by Micro Logic. In response to the inspection report, the agency stated:

As a result of service needed from Micro Logic, the Equipment Division has established a contract with the [vendor] for future services.

- 3) During the fiscal year 2009, the agency spent a total of \$39,889.49 in (16) purchases for equipment restoration services provided by Rick's Rod Restoration. In response to the inspection report, the agency stated:

The Equipment Division is working to develop a contract for equipment restoration services.

- 4) During the fiscal year 2009, the Equipment Division spent a total of \$60,330.56 for auto parts. These expenditures include the following vendors:
- a. \$26,124.82 with Fisher Auto.
 - b. \$34,205.74 with Morgan Auto Parts.

In response to the inspection report, the agency stated:

Auto parts are essential to maintain and repair the Division's fleet of vehicles. [The DOH understands] that the Purchasing Division is currently working on the development of a statewide auto parts contract.

Division of Highways - District 1:

- 1) During the fiscal year 2009, District 1 spent a total of \$168,110.90 for auto parts from (7) different vendors. These expenditures include the following vendors:
- a. \$26,600.79 with Advanced Auto,
 - b. \$1,964.58 with Auto Value,
 - c. \$2,022.18 with Auto Zone,
 - d. \$9,905.37 with Clay Auto Parts,
 - e. \$1,733.32 with Clendenin Auto Parts,
 - f. \$21,560.81 with Fisher Auto Parts,
 - g. \$104,323.85 with NAPA Auto Parts.

In response to the inspection report, the agency stated:

Auto part purchases were necessary to maintain and repair of the District 1 fleet, which is necessary for DOH to maintain safe roads and bridges. Currently, there is not a statewide contract available for auto part purchases. District 1, did not intentionally string purchases with these vendors.

- 2) During the fiscal year 2009, the agency spent a total of \$153,416.55 in (61) transactions for heating/cooling services provided by Carrier Commercial Services. In response to the inspection report, the agency stated:

Carrier Commercial Services provided services to maintain the heating and cooling system for the District 1 Headquarters and the East/West bound I-64 rest areas. While there was a contract with the vendor and District 1, the costs exceeded the agency delegated authority and the contract should have been bid by the Purchasing Division. There was no intent to circumvent the purchasing procedures or string purchases.

- 3) During the fiscal year 2009, the agency spent a total of \$78,646.26 in (321) purchases for International parts from BWAB. In response to the inspection report, the agency stated:

District 1 has a large fleet of International brand vehicles. Replacement and repair parts were necessary to maintain [the safe operation] of these vehicles. There was no intent to string purchases or circumvent the purchasing process.

- 4) During the fiscal 2009, the agency spent a total of \$112,491.15 with Electronic Specialty in (24) transactions for maintenance and expansion of the security system located in the District 1. In response to the inspection report, the agency indicated:

Purchases from Electronic Specialty, included routine maintenance, installation of new services and modification of existing services. The purchases were the result of an error. There was no intent to circumvent the established purchasing procedures or to string purchases.

- 5) During the fiscal year 2009, the agency spent a total of \$64,466.92 in (262) purchases with General Truck for parts to maintain equipment located in District 1. In response to the inspection report, the agency stated:

Purchases from General Truck were for manufacturer's parts required to maintain heavy equipment vehicles. The District is required to maintain vehicles in a manner that complies with warranty specifications and safe operation. There was no intent by District 1 personnel, to circumvent established purchasing procedures or the stringing of purchases.

- 6) During the fiscal year 2009, the agency spent a total of \$60,688.22 in (50) purchases with Industrial Supply Solutions for tools and supplies. In response to the inspection report, the agency indicated:

Industrial Supply Solutions offers a variety of tools and supplies needed by personnel [to complete work performed by the DOH]. There was no intent to string these purchases.

- 7) During the fiscal year 2009, the agency spent a total of \$25,081.18 in (12) transactions with JM Auto Repair for auto body repairs to vehicles maintained by the District. In response to the inspection report, the agency indicated:

JM Auto Repair was utilized to provide auto body repairs for the District's fleet. In general, individual transactions were less than \$2,500. There was no intent to circumvent the purchasing procedures.

- 8) During the fiscal year 2009, the agency spent a total of \$25,255.60 in (22) transactions with Joyce's Auto Detail for auto body repairs. In response to the inspection report, the agency stated:

Joyce's Auto Detail was utilized to provide auto body repairs to vehicles maintained in the District's fleet. There was no intent to circumvent purchasing procedures.

- 9) During the fiscal year 2009, the agency spent a total of \$26,861.59 in (36) purchases from West Virginia Spring for parts and specialty services. In response to the inspection report, the agency stated:

West Virginia Spring is used for the purchase of parts and specialty services, such as the rebuilding of springs for heavy equipment. There was no intent to circumvent purchasing procedures or string purchases

Division of Highways - District 3:

- 1) During the fiscal year 2009, District 3 spent a total of \$118,137.70 for auto parts purchases from (6) different vendors. These expenditures include the following vendors:
- a. \$8,950.03 with Advanced Auto,
 - b. \$9,213.64 with Autozone,
 - c. \$18,529.94 with Carquest,
 - d. \$61,691.16 with NAPA Auto Parts,
 - e. \$6,729.17 with Parkersburg Auto,
 - f. \$13,023.76 with Auto Fleet.

In response to the inspection report, the agency stated:

District 3 is comprised of seven counties, many of which are in rural locations. The agency's mission requires an operating equipment fleet, available daily to [meet the public's needs]. It is not cost effective for our employees to travel long distances to purchase parts and the stockpiling of parts has been discouraged by management. The agency plans to use the WSCA and NJPA piggyback auto part contracts when they become available. The agency does not believe that it was the intent of any employee to circumvent the purchasing procedure by making these purchases.

- 2) During the fiscal year 2009, the agency spent a total of \$39,215.44 in (311) purchases from CM&I for hydraulic parts. In response to the inspection report, the agency indicated:

CM&I is used to purchase supplies, hydraulic parts and service for equipment necessary to ensure the safety of the traveling public. Purchases are on an as needed basis and it is difficult to estimate the needs from this vendor. The agency does not believe it was the intent of any employee to circumvent the purchasing procedure by making purchases which may be construed as stringing.

- 3) During the fiscal year 2009, the agency spent a total of \$30,502.32 in (277) transactions with Fleetpride to purchase for parts for District 3 large vehicles. In response to the inspection report, the agency stated:

Fleetpride has been used by District 3 because they stock many parts that other auto parts vendors in the area do not. Specifically, they carry items like brakes and air brake components for large trucks. Particularly during times of inclement weather

DOH must response quickly to keep its fleet operational. The agency does not believe it was the intent of any employee to circumvent the purchasing procedure by making purchases which may be construed as stringing.

- 4) During the fiscal year 2009, the agency spent a total of \$33,958.00 in (3) purchases with Lang for concrete walls and floors. In response to the inspection report, the agency indicated:

There was a misunderstanding of the Purchasing rules by a District 3 Manager. The individual mistakenly thought that he could obtain three bids and make the award to the lowest vendor, which is how the project was handled. The purchase was not intentionally meant to circumvent the Purchasing Rules or procedures.

- 5) During the fiscal year 2009 review, the agency spent a total of \$50,791.32 in (309) transactions with Marietta Truck to purchase manufacturer's parts for equipment maintained by District 3. In response to the inspection report, the agency stated:

Marietta Truck is used to purchase OEM parts for large equipment [needed to maintain the roads and bridges]. Much of the time, these purchases are warranty related and the purchasing card is credited once the part is determined to be covered under warranty. Rather than leave the equipment out of commission for as much as two weeks, the part is purchased and the equipment is repaired. The agency does not believe it was the intent of any employee to circumvent the purchasing procedure by making purchases which may be construed as stringing.

- 6) During the fiscal year 2009, the agency spent a total of \$57,540.56 in (70) transactions with Mountaineer Hydraulics for equipment repairs. In response to the inspection report, the agency stated:

Mountaineer Hydraulics is used for hydraulic equipment repairs [as needed to cover the agency's mission]. This vendor provides excellent customer service and works quickly. The agency does not believe it was the intent of any employee to circumvent the purchasing procedure by making purchases which may be construed as stringing.

Division of Highways - District 4:

- 1) During the fiscal year 2009, the agency spent a total of \$38,106.27 in (131) purchases from Air Brakes for auto parts. In response to the inspection report, the agency stated:

District 4 has a large fleet of trucks and other equipment. The purchases of replacement parts comprise a very large percentage of the Division's procurements. The District must maintain the assigned fleets units to accomplish the mission of the DOH. A statewide contract with this vendor, for various parts required by the District, would be an option. The agency does not believe it was the intent of any employee to circumvent the purchasing procedure by making purchases which may be construed as stringing.

- 2) During the fiscal year 2009, the agency spent a total of \$45,720.29 in (265) transactions with Airgas Mid America for welding supplies. In response to the inspection report, the agency indicated:

District 4 purchased various welding supplies from Airgas Mid America. The agency does not believe it was the intent of any employee to circumvent the purchasing procedure by making purchases which may be construed as stringing.

- 3) During the fiscal year 2009, the agency spent a total of \$28,575.00 in (29) transactions with Custom Tree Trimming & Removal for tree removal services. In response to the inspection report, the agency stated:

Circumventing the purchasing procedures was not the intent of District 4 employees. The District will make every effort to comply with the policies and procedures of the Purchasing Division.

- 4) During the fiscal year 2009, the agency spent a total of \$26,021.17 in (122) purchases for supplies from Garrett Mine Supply. In response to the inspection report, the agency stated that:

Circumventing the purchasing procedures was not the intent of District 4 employees. The District will make every effort to comply with the policies and procedures of the Purchasing Division.

- 5) During the fiscal year 2009, the agency spent a total of \$29,941.24 in (36) transactions with Mountaineer Hydraulics for hydraulic parts and services. In response to the inspection report, the agency stated that:

District 4 will investigate the possibility of using the DOH Equipment Division's hydraulic contract for future hydraulic repairs. Circumventing the Purchasing Procedures was not the intent of District 4 employees. The District will make every effort to comply with the policies and procedures of the Purchasing Division.

- 6) During the fiscal year 2009, District 4 spent a total of \$158,279.51 for auto parts purchased from (10) different vendors. These expenditures include the following vendors:

- a. \$7,472.13 with Country Club Chrysler,
- b. \$5,157.82 with Advanced Auto Parts,
- c. \$6,143.15 with Bob Trickett Pontiac,
- d. \$18,633.06 with Fisher Auto Parts,
- e. \$3,370.97 with Fraley Motor Company, Inc.,
- f. \$9,379.81 with Freys Auto Supply,
- g. \$3,175.43 with Jenkins Auto Parts,
- h. \$40,908.48 with Morgan Auto Parts,
- i. \$52,313.40 with NAPA Auto Parts of Bridgeport,
- j. \$11,725.26 with Preston Auto Parts.

In response to the inspection report, the agency stated:

District 4 must keep all equipment in the assigned fleet in safe operating condition and equipment downtime a major concern. Statewide contracts with multiple part vendors would be a helpful and that arrangement would solve many of these procurement issues. Circumventing the purchasing procedures was not the intent of District 4 employees.

- 7) During the fiscal year 2009, the agency spent a total of \$36,142.25 in (32) purchases for concrete forms from Wolford Contractors. In response to the inspection report, the agency indicated:

Circumventing the purchasing procedures was not the intent of District 4 employees. The District will make every effort to comply with the policies and procedures of the Purchasing Division.

Division of Highways - District 5:

- 1) During the fiscal year under review, District 5 spent a total of \$182,001.80 on auto parts from (15) different vendors. These expenditures include the following vendors:
- a. \$3,025.35 with Advanced Auto Parts,
 - b. \$5,302.84 with Kidwell Auto Parts,
 - c. \$2,969.22 with Markwood Automotive,
 - d. \$13,378.69 with Martinsburg Auto Parts,
 - e. \$4,607.91 with Mayhew Chevrolet,
 - f. \$29,329.68 with Miller Auto Parts,
 - g. \$4,167.79 with Morgan Auto Parts,
 - h. \$10,019.83 with Mountain Top Auto,
 - i. \$9,240.31 with Petersburg Auto Parts,
 - j. \$5,302.21 with Potomac Berkley,
 - k. \$12,386.83 with Jenkins Chrysler,
 - l. \$10,257.17 with Smith's Auto Parts,
 - m. \$40,561.44 with Sunrise Carquest Auto,
 - n. \$9,222.21 with Timbrook Chevrolet,
 - o. \$16,841.33 with Timbrook Ford,
 - p. \$5,388.84 with Williams Motor Parts.

In response to the inspection report, the agency stated:

District 5 is comprised of seven counties and two interstate organizations. Parts are needed for repairs to keep the fleet operational. Proper maintenance of equipment is paramount to the District's success in completing the agency's mission. Due to the size and rural location of these organizations, the number of auto parts stores is often limited. It is not cost effective for employees to travel long distances to purchase auto

parts, this would result in unproductive time. The stockpiling of parts is discouraged and is not cost effective. A statewide contract with various parts suppliers would be beneficial. It was not the intent of any employee to circumvent the purchasing process by making purchases which may be construed as stringing.

- 2) During the fiscal year 2009, the agency spent a total of \$28,065.99 with J&S Hydraulics for (36) purchases of hydraulic parts and services. In response to the inspection report, the agency stated:

J&S Hydraulics is the only vendor near District 5 that supplies hydraulic parts and rebuilt components. District 5 intends to develop a contract for hydraulic parts and services. It was not the intent of any employee to circumvent the purchasing process by making purchases which may be construed as stringing.

- 3) During the fiscal year 2009, the agency spent a total of \$58,243.71 in (194) purchases from Newlons International brand parts and repairs. In response to the inspection report, the agency indicated:

Newlons is used to purchase of parts and repairs for International brand equipment. This is the only vendor located in District 5 that is able to supply brand specific parts. It was not the intent of any employee to circumvent the Purchasing Process by making purchases which may be construed as stringing.

Division of Highways - District 6:

- 1) During the fiscal year 2009, District 6 spent a total of \$124,479.77 with (7) different vendors for auto parts. These expenditures include the following vendors:
- a. \$21,107.84 with Advanced Auto Parts,
 - b. \$15,112.38 with Auto Zone,
 - c. \$13,147.46 with Bridgeport Auto,
 - d. \$9,514.68 with ER Auto Parts,
 - e. \$17,093.00 with Morgan Auto Parts,
 - f. \$32,640.19 with Valley Auto Parts,
 - g. \$15,864.22 with Wellsburg Auto Parts.

In response to the inspection report, the agency stated:

District 6 is comprised of six county organizations and one interstate auto parts are needed to complete repairs for the agency's fleet. Proper maintenance of the equipment fleet is paramount to the district successfully completing the agency mission. A statewide contract with various parts suppliers would be beneficial. Circumventing the purchasing procedures was not the intent of District 6 employees.

- 2) During the fiscal year 2009, the agency spent a total of \$45,440.53 in (60) transactions with Contractors Supply for various construction materials. In response to the inspection report, the agency stated:

Supplies purchased from Contractors Supply include gabion baskets, snap ties, tamping bars, rebar, brine tanks and other items. Circumventing the Purchasing Procedures was not the intent of District 6 employees.

- 3) During the fiscal year 2009, the agency spent a total of \$56,077.71 in (147) purchases from Specialty Supply for various safety and construction items. In response to the inspection report, the agency indicated:

District 6 Construction and Bridge Sections completed a majority of the purchases for items such as safety harnesses, safety lanyards, gas cans and water coolers. Circumventing the purchasing procedures was not the intent of District 6 employees.

- 4) During the fiscal year 2009, the agency spent a total of \$35,301.21 with Wheeling Truck for (157) purchases of various GMC truck parts. In response to the inspection report, the agency stated:

Wheeling Truck is a local vendor for GMC truck parts. The items purchased from this vendor include clutches, injectors, turbos etc, and are specialty and warranty related parts. The only other vendor for these parts is more than two hours away, in Parkersburg, WV. It is not cost effective to send personnel a great distance away when a local vendor is nearby. It is possible that a contract with this vendor will be required to support the District 6 fleet. Circumventing the purchasing procedures was not the intent of District 6 employees.

- 5) During the fiscal year 2009, the agency spent a total of \$30,909.82 with WV-OH Motor for (86) purchases of various Mack truck parts. In response to the inspection report, the agency stated:

District 6 purchases truck parts, clutches, injectors, and turbo components from WV-OH Motor. The closest vendor is located in Jane Lew. It is not cost effective to send personnel more than 2 hours away for parts when a local vendor is nearby. The vendor provides specialty and warranty related parts which are not available in general auto part stores. It is possible that a contract with this vendor will be required to support District 6. Circumventing the purchasing procedures was not the intent of District 6 employees.

Division of Highways - District 7:

- 1) During the fiscal year 2009, District 7 spent a total of \$199,886.62 with (11) different vendors for auto parts. These expenditures include the following vendors:

- a. \$4,424.89 with Adkins Auto Parts,

- b. \$1,945.91 with Advanced Auto Parts,
- c. \$19,187.86 with Ballard's Chevrolet,
- d. \$1,648.15 with Bill Kelly Chevrolet,
- e. \$7,221.19 with Burnsville Auto Parts,
- f. \$29,497.68 with Fisher Auto Parts,
- g. \$27,114.02 with Morgan Auto Parts,
- h. \$55,471.13 with NAPA Auto Parts,
- i. \$22,656.48 with Rastle Auto Parts,
- j. \$23,820.56 with Sutton Auto Parts,
- k. \$6,898.75 with Webster NAPA Auto Parts.

In response to the inspection report, the agency stated that:

District 7 is comprised of six counties which are mostly in rural locations without a large city in the county. Due to the size and rural location of these counties, the number of auto parts stores is often limited. It is the goal of the agency to maintain an operating equipment fleet which is available daily to respond to issues. It is not cost efficient for our employees to travel long distances to purchase parts and would result in increased non-productive time for employees and equipment. The stockpiling of parts is also discouraged. If the WSCA and NJPA piggyback contracts with AutoZone and NAPA Auto Parts become available this would help to alleviate the problem. We do not believe that it was the intent of any employee to circumvent the purchasing procedure by making purchases, which might be construed as stringing.

- 2) During the fiscal year 2009, the agency spent a total of \$28,995.54 in (2) purchases from Barco Products. In response to the inspection report, the agency indicated:

Barco Products was the lowest bidder when bids were obtained for maintenance free outdoor furniture for the Burnsville Rest Areas. The Rest Areas were constructed in 2009 and when bids were initially obtained the purchase totaled \$10,934.48. Additional items were needed and bids were obtained, again Barco Products was the low bidder for products totaling \$18,061.06. District 7 does not believe that it was the intent of any employee to intentionally circumvent the purchasing procedure by making purchases which might be construed as stringing.

- 3) During the fiscal year 2009, the agency spent a total of \$43,201.93 in (103) transactions with Butcher Layfield for building maintenance supplies. In response to the inspection report, the agency stated:

Butcher Layfield is a hardware store located in Weston that carries a variety of supplies used for repairs and maintenance. This is the only hardware store is located in the Weston area. District 7 does not believe that it was the intent of any employee to intentionally circumvent the purchasing procedure by making purchases which might be construed as stringing.

- 4) During the fiscal year 2009, the agency spent a total of \$67,307.69 in (172) transactions with J&S Hydraulics for parts and equipment. In response to the inspection report, the agency indicated:

J&S Hydraulics is one of only two hydraulic vendors located near District 7. The vendor is located in Flatwoods which is convenient for employees to drop off hydraulic repairs. District 7 does not believe that it was the intent of any employee to intentionally circumvent the purchasing procedure by making purchases which might be construed as stringing.

- 5) During the fiscal year 2009, the agency spent a total of \$31,462.05 in (6) purchases from Jefferds Corporation for a crane and accessories. In response to the inspection report, the agency stated:

Bids were collected for a jib crane to be purchased for the District 7 Equipment Shop. Jefferds Corporation was the lowest bidder for the crane. After installation, it was decided that a chain hoist was also needed. Bids were again collected and Jefferds was again the low bidder. District 7 does not believe that it was the intent of any employee to intentionally circumvent the purchasing procedure by making purchases which might be construed as stringing.

- 6) During the fiscal year 2009, the agency spent a total of \$33,596.44 in (68) transactions with McMaster-Carr for welding supplies. In response to the inspection report, the agency indicated:

McMaster-Carr provides a variety of items such as, welding supplies, brass tags, flags, clamps, brass fittings, ladders, and small tools. Many of the purchases from this vendor were made by the District 7 Materials and Equipment Storerooms. Both organizations tried to use a multiple vendors for these types of purchases and rotate between McMaster-Carr and Grainger. The addition of the Grainger statewide contract will help alleviate this issue. District 7 does not believe that it was the intent of any employee to intentionally circumvent the purchasing procedure by making purchases which might be construed as stringing.

- 7) During the fiscal year 2009, the agency spent a total of \$33,909.02 in (41) transactions with Mountaineer Hydraulics for hydraulic parts and repairs. In the response to the inspection report, the agency stated:

Mountaineer Hydraulics is a hydraulic repair vendor in Shinston, WV. In addition to hydraulic repairs, they are also a distributor for Myer Snow Plow Parts. District 7 does not believe that it was the intent of any employee to intentionally circumvent the purchasing procedure by making purchases which might be construed as stringing.

- 8) During the fiscal year 2009, the agency spent a total of \$113,295.77 in (431) with Newlons International for International truck parts. In response to the inspection report, the agency indicated:

Newlons International, located in Elkins WV, provides International brand truck parts needed for maintenance and repair. A contract for International Truck parts is needed. District 7 does not believe that it was the intent of any employee to intentionally circumvent the purchasing procedure by making purchases which might be construed as stringing.

Division of Highways - District 8:

- 1) During the fiscal year 2009, District 8 spent a total of \$191,807.58 with (8) different vendors for auto parts. These expenditures include the following vendors:
 - a. \$2,184.04 with Advanced Auto Parts,
 - b. \$13,971.26 with Elkins Fordland,
 - c. \$61,392.97 with Fisher Auto Parts,
 - d. \$21,834.43 with Kelly Motors,
 - e. \$13,314.09 with Kidwell Auto Parts,
 - f. \$2,529.92 with Mitchell Chevrolet,
 - g. \$60,095.57 with Morgan Auto Parts,
 - h. \$16,485.29 with Sites Auto Parts.

In response to the inspection report, the agency indicated:

District 8 is located entirely within the mountainous, snow belt section of West Virginia and there is constant demand for our equipment. It is a rural area with limited availability of parts vendors and a significant geographic separation from cities where larger chain type vendors exist. Management has discouraged maintaining large parts inventories. It is not cost effective for our employees to travel long distances to purchase parts and would result in increased non-productive time for employees and equipment. The DOH will establish parts contracts where possible; many of the small local vendors are not willing or able to bid on statewide or even district wide contracts. District 8 does not believe that it was the intent of any employee to intentionally circumvent the purchasing procedure by making purchases which might be construed as stringing.

- 2) During the fiscal year 2009, the agency spent a total of \$28,399.22 in (133) material purchases from Fastenal. In response to the inspection report, the agency stated:

District 8 continued to use Fastenal for needed fastener purchases due to the poor performance of the existing statewide contract vendor, Grayson Industries. It was not the intent of any employee to circumvent the purchasing procedure by making purchases which might be construed as stringing.

- 3) During the fiscal year 2009, the agency spent a total of \$27,947.99 in (118) transactions for supplies from McMaster-Carr. In response to the inspection report, the agency stated:

District 8 organizations utilized this vendor to purchase a variety of hard to find specialized tools, hand tools, hydraulic parts, small equipment and small equipment parts. The DOH now has a tool contract with Grainger Industrial Supply which should accommodate a

majority of these needs. It was not the intent of any employee to circumvent the purchasing procedure by making purchases which might be construed as stringing.

- 4) During the fiscal year 2009, the agency spent a total of \$38,562.57 in (37) transactions for hydraulic repairs and part purchases from Mountaineer Hydraulics. In response to the inspection report, the agency indicated:

Mountaineer Hydraulics was utilized because they provide exceptional, quick service on all hydraulic parts and repair needs. District 8 will utilize the hydraulics contract recently established by the DOH Equipment Division. It was not the intent of any employee to circumvent the purchasing procedure by making purchases which might be construed as stringing.

- 5) During the fiscal year 2009, the agency spent a total of \$95,546.54 in (335) purchases for International brand truck parts from Newlons International. In response to the inspection report, the agency stated:

Newlons International is a local vendor that maintains a comprehensive stock of International Truck parts. These parts are necessary to maintain the operability of the DOH fleet. It was not the intent of any employee to circumvent the purchasing procedure by making purchases which might be construed as stringing.

Division of Highways - District 9:

- 1) During the fiscal year 2009, District 9 spent a total of \$150,700.20 with (11) different vendors for auto parts. These expenditures include the following vendors:

- a. \$38,500.00 with Adkins Auto Parts,
- b. \$6,033.01 with Advanced Auto Parts,
- c. \$8,560.23 with Bill Lewis Motors,
- d. \$6,628.57 with Colonial Ford,
- e. \$14,980.26 with Fisher Auto Parts,
- f. \$8,739.85 with Greenbrier Motor,
- g. \$2,558.00 with Jims Auto Parts,
- h. \$2,353.68 with NAPA Auto Parts,
- i. \$24,752.82 with Steve Louisos,
- j. \$5,822.12 with Wholesale Auto Parts,
- k. \$31,771.61 with Wilsons Brothers Auto.

In response to the inspection report, the agency stated:

District 9 is comprised of nine counties with limited numbers of auto parts vendors near the headquarters location. Employees often choose the closest vendor to their shop to eliminate excessive down time and travel. With a fleet of 170 vehicles assigned to the District, it is essential to the agency mission that we keep the vehicles on the road and eliminate as much down time as possible. It was not the intent of any employee to

circumvent the purchasing procedure by making purchases which might be construed as stringing.

- 2) During the fiscal year 2009, the agency spent a total of \$118,706.27 in (542) purchases BWAB for International brand parts. In response to the inspection report, the agency indicated:

BWAB is a vendor that supplies International parts for large equipment operated by the District. When a piece of equipment is out of commission, obtaining parts quickly is essential. BWAB normally has same day or next day service with no freight charges. It was not the intent of any employee to circumvent the purchasing procedure by making purchases which might be construed as stringing.

- 3) During the fiscal year 2009, the agency spent a total of \$40,584.84 in (62) purchases with J&S Hydraulics for hydraulic parts and repairs. In the response to the inspection report, the agency stated:

J&S Hydraulics delivers hydraulic parts and repairs hydraulic components weekly. Their work is impeccable and service is excellent. This vendor is one of the vendors, recently awarded an open end contract for hydraulic work; District 9 plans to use this piggyback contract for future work. It was not the intent of any employee to circumvent the purchasing procedure by making purchases which might be construed as stringing.

Division of Highways - District 10:

- 1) During the fiscal year 2009, District 10 spent a total of \$126,161.00 with (6) different vendors for auto parts. These expenditures include the following vendors:

- a. \$17,619.12 with Advanced Auto Parts,
- b. \$21,997.42 with Auto Zone,
- c. \$3,169.99 with Davis Auto Parts,
- d. \$7,845.98 with Fisher Auto Parts,
- e. \$34,118.57 with Harvey's Auto Parts,
- f. \$41,409.92 with NAPA Auto Parts.

In response to the inspection report, the agency stated:

Over the past few years there has been an emphasis to purchase auto parts and supplies on an as needed basis. Since these are purchased on an individual basis, from a number of locations, the District has no viable method by which to track these purchases. It is now our understanding that an auto parts contract is being developed, this should eliminate this issue. It was not the intent of any employee to circumvent the purchasing procedure by making purchases which might be construed as stringing.

- 2) During the fiscal year 2009, the agency spent a total of \$63,753.34 in (315) with BWAB for International brand truck parts. In response to the inspection report, the agency stated:

District 10's fleet of dump trucks, mostly International brand, and are valuable pieces of equipment. While there is a contract for International parts, the vendor is located on the opposite end of the state and was intended for the Equipment Division. Fortunately, BWAB is local and able to provide parts on an as needed basis. It is our hope that this vendor will be included in future contracts. It was not the intent of any employee to circumvent the purchasing procedure by making purchases which might be construed as stringing.

- 3) During the fiscal year 2009, the agency spent a total of \$25,868.68 in (166) transactions with Cole Truck Parts for auto parts. In response to the inspection report, the agency indicated:

For a number of years, Cole's has been on a statewide contract for Motor Vehicles. Subsequently, they maintain a large parts inventory for a number of vehicles maintained in the District 10 fleet. We do not believe that it was the intent of any employee to circumvent the purchasing process by making purchases which may be construed as stringing.

- 4) During the fiscal year 2009, the agency spent a total of \$32,326.25 in (72) transactions with DK Enterprises. In response to the inspection report, the agency stated:

DK Enterprises is a local company which carries parts for electric tarps. They also carry a number of obscure parts for our older equipment. We do not believe that it was the intent of any employee to circumvent the purchasing process by making purchases which may be construed as stringing.

- 5) During the fiscal year 2009, the agency spent a total of \$76,690.76 in (17) transactions with Highland Propane. In response to the inspection report, the agency stated that

It was the understanding that propane was excluded from the bidding process since it was used for heat and any change in vendor would have required the removal and installation of new tanks. For years this was paid under the object code for utilities and later the energy expense utility, and based on our Operating Procedures, included "any other substance used for heating". Only recently was there any distinction made in our procedures, relative to propane and coal. We do not believe it was the intent of any employee to circumvent the purchasing procedures by making purchases which might be construed as stringing.

DEPARTMENT OF MILITARY AFFAIRS AND PUBLIC SAFETY

State Police:

- 1) During the fiscal year 2009, State Police spent a total of \$252,407.67 for auto parts and OEM auto parts from (17) different vendors. These expenditures include the following vendors:
- a. \$51,626.02 with Advanced Auto Parts,
 - b. \$6,878.22 with Auto Body Paint Supply,
 - c. \$6,140.71 with Auto Zone,
 - d. \$28,351.62 with Earls Auto Parts,
 - e. \$35,081.41 with Fisher Auto Parts,

- f. \$18,199.79 with Morgan Auto Parts,
- g. \$7,172.54 with NAPA Auto Parts,
- h. \$4,162.42 with Willard C. Starcher,
- i. \$2,542.87 with Williams Motor Parts,
- j. \$17,781.37 with Bert Wolfe Ford,
- k. \$16,648.30 with Courts Motors,
- l. \$2,891.73 with Elkins Fordland,
- m. \$13,732.57 with Joe Holland Chevrolet,
- n. \$2,542.87 with Lewis Chevrolet,
- o. \$33,114.87 with Midway Ford,
- p. \$5,540.35 with Thomassen Ford.

In response to the inspection report, the agency stated:

Currently we purchase everything we can from state contracts (tires, batteries, oil, transmission fluid and filters). We also obtain permission from State Surplus Property to cannibalize old high mileage or wrecked cars to repair newer, lower mileage vehicles. Since the purchasing audit we have obtained agency contracts for brake parts and windshields and have been using the Grainger piggyback contract for windshield wiper fluid...State Police is very interested in using the new piggy back contracts with NAPA and Auto Zone. State Police will make every attempt to obtain bids on items not on contract to keep emergency response vehicles operating in a safe manner.

- 2) During the fiscal year 2009, agency spent a total of \$34,427.83 in (65) transactions to purchase produce from Black Diamond Produce. In response to the inspection report, the agency indicated:

The staff at the WV State Police Academy was purchasing produce for the Academy cafeteria without obtaining bids and was not utilizing the existing produce contract. State Police procurement personnel were unaware. Academy staff was informed of the existing contract for produce and directed not to purchase off contract.

- 3) During the fiscal year 2009, agency spent a total of \$87,879.11 for (141) purchases of electrical supplies and from State Electric. In response to the inspection report, the agency stated:

State Electric is located throughout the state and is used by State Police maintenance personnel, computer and radio technicians. Items are purchased to provide various electrical repairs to our facilities. State Police has explored the possibility of obtaining an agency contract for electric supplies; however due to the wide array of items needed, it would be hard to cover everything under one contract. We have been attempting to use the Grainger contract and obtain bids for items that are not available.

- 4) During the fiscal year 2009, agency spent a total of \$25,700.00 in (2) purchases for surveillance equipment from LCEO, LLC. In response to the inspection report, the agency stated:

During the period under review, one binocular kit and one surveillance kit was purchased at different intervals. Bids were obtained for each individual purchase; the winning vendor on both occasions was LCEO, LLC. It was not the intent of the agency to circumvent the purchasing process by stringing.

- 5) During the fiscal year 2009, agency spent a total of \$26,283.64 in (3) transactions to purchase fuel from Quarels Fuel Network. In response to the inspection report, the agency indicated:

Quarels Fuel Network was under contract to provide fuel in the Eastern Panhandle. The station is unmanned and fuel is purchased by swiping a fuel card at the pumps. The agency failed to accurately monitor the fuel usage with this vendor. Currently, the agency is purchasing fuel either at State Police controlled facilities, Department of Highways or retail with ARI state contract fuel cards. In the future, this will not be an issue.

- 6) During the fiscal year 2009, agency spent a total of \$33,101.79 in (54) transactions to purchase office supplies from SYX Tigerdirect.com. In response to the inspection report, the agency indicated:

Individuals within our agency were purchasing items such as office supplies with their P-cards instead of obtaining them through existing contracts. The agency has relieved several individuals of their P-cards which should eliminate this from occurring in the future.

- 7) During the fiscal year 2009, agency spent a total of \$40,701.01 in (46) purchases for communication equipment and repairs from Tessco Technologies. In response to the inspection report, the agency stated:

Tessco Technologies was utilized by the Communications Section of the State Police to purchase antennas and repair items for the agency's radios. There was no contract in place and the section was making purchases without the knowledge of the Procurement section. Our Communications Director has been informed that future must be in compliance with purchasing guidelines and legislative rule.

Regional Jail & Correctional Facility Authority:

- 1) During the fiscal year 2010, Regional Jails spent a total of \$231,029.37 in (175) purchases for inmate hygiene supplies from Bob Barker Company.
- 2) During the fiscal year 2010, the agency spent a total of \$109,151.26 in (106) purchases for inmate hygiene supplies from BWB of West Virginia.

- 3) During the fiscal year 2010, agency spent a total of \$35,816.37 with Cook's Direct, Inc. for (40) transactions to purchase kitchen utensils for various facilities.
- 4) During the fiscal year 2010, the agency spent a total of \$89,934.34 with Hajoca of Charleston in (30) transactions for plumbing supplies for various facilities.
- 5) During the fiscal year 2010, the agency spent a total of \$32,848.55 in (41) purchases for plumbing supplies from Mark's Plumbing Parts.
- 6) During the fiscal year 2010, the agency spent a total of \$31,207.15 (31) transactions for kitchen equipment repairs purchased from Statewide Service.
- 8) During the fiscal year 2010, the agency spent a total of \$57,074.33 for food service equipment from (3) different vendors. These expenditures include the following vendors:
 - a. \$20,977.82 with Andrews Food Equipment,
 - b. \$12,812.75 with Colonial Food Service,
 - c. \$23,283.00 with Hobart.
- 9) During the fiscal year 2010, Regional Jails spent a total of \$43,508.21 for filters from (3) different vendors. These expenditures include the following vendors:
 - a. \$15,623.91 with Charleston Filter Service,
 - b. \$9,105.00 with FSI Mid State Division,
 - c. \$18,779.30 with Filter Source, Inc.
- 10) During the fiscal year 2010, the agency spent a total of \$130,075.20 with (13) different barbers/beauticians for inmate haircuts. These expenditures include the following vendors:
 - a. \$6,024.00 with Beauty Within,
 - b. \$10,087.50 with Arnetta M. Bennett,
 - c. \$700.00 with Misty D. Bennett,
 - d. \$13,059.00 with Linda L. Bush-Ellyson,
 - e. \$11,688.00 with Laura Irene Cupp,
 - f. \$12,148.00 with East Side Cuts,
 - g. \$2,282.00 with Rachel Layne Franks,
 - h. \$5,118.75 with Guyan Barber Shop,
 - i. \$18,834.90 with Lucas W. Keesee,
 - j. \$3,129.00 with Randy's Barber & Styling,
 - k. \$11,840.55 with Susan D. Robert,
 - l. \$7,408.00 with Jason Shelton,
 - m. \$27,755.50 with Tony R. William.

In response to the inspection report, the agency issued one comment for the above listed findings:

The Regional Jail and Correctional Authority has carefully reviewed the purchasing audit report...be assured we always endeavor to utilize the best accounting practices and controls. However, because the West Virginia Regional Jail and Correctional Authority is not a state spending unit, and has specific statutory authority to make contracts of every kind and nature, buy and sell real and personal property and conducts its fiscal affairs in a manner most efficient for the operation of the public cooperation, it is exempt from purchasing guidelines and requirements.

DEPARTMENT OF EDUCATION

- 1) During the fiscal year 2009, the Department of Education spent a total of \$45,750.00 in (3) purchases for training and consulting services from Steven W. Edwards. In response to the inspection report, the agency indicated:

It remains the position of the agency that this procurement was exempt under the Section 9 exemption for training activities where competition is not available. Education has consistently treated these types of facilitator/training situations in this manner and if the application of these section 9 exemptions is incorrect we welcome the input of the Purchasing Division in assisting us in determining each of these situations when they arise.

- 2) During the fiscal year 2009, the agency spent a total of \$87,550.58 in (33) transactions for conference calling services from Arkandin. In response to the inspection report, the agency stated:

Department of Education contacted IS&C regarding conference calling services and were pointed to several vendors, the vendor with the lowest price was selected. We have attempted to determine if these services were to be appended to the State's long distance services contract. During the upcoming fiscal year, we will initiate steps to have these services contracted under an agency wide contract. Historically, the services provided by this vendor have not exceeded the \$25,000.00 agency delegated limit.

- 3) During the fiscal year 2009, the agency spent a total of \$29,800.00 in (3) purchases from Quinn Educational Consulting. In response to the inspection report, the agency indicated:

It remains the position of the agency that this procurement was exempt under the Section 9 exemption for training activities where competition is not available. Education has consistently treated these types of facilitator/training situations in this manner and if the application of these section 9 exemptions is incorrect we welcome the input of the Purchasing Division in assisting us in determining each of these situations when they arise.

- 4) During the fiscal year 2009, the agency spent a total of \$32,500.00 in (1) purchase from Solution Tree for training and consulting services. In response to the inspection report, the agency stated:

It remains the position of the agency that this procurement was exempt under the Section 9 exemption for training activities where competition is not available. Education has consistently treated these types of facilitator/training situations in this manner and if the application of these section 9 exemptions is incorrect we welcome the input of the Purchasing Division in assisting us in determining each of these situations when they arise.

- 5) During the fiscal year 2009, the agency spent a total of \$32,319.15 in (6) purchases from Edvantia for educational services. In response to the inspection report, the agency indicated:

Education issued three separate purchase orders, all of which were bid individually, for different projects. The agency failed to self-report the contracts which exceeded the \$25,000 limit.

- 6) During the fiscal year 2009, the agency spent a total of \$37,810.00 in (3) transactions with Avatar International for survey services. In response to the inspection report, the agency stated:

The purchase order in question was initially issued under agency delegated authority at a maximum annual cost of \$20,905.00 for the term commencing 5/1/2006 renewable for six years. After the first year, decreases \$18,905.00, representing the initial cost less start up and operational costs. Under delegated authority, the purchase order was issued as a sole source due to the fact that the survey instrument is copyrighted and owned by the vendor. Use of the [survey] instrument is mandated by the Federal Government and for statistical purposes must remain in place during the term of the grant funding. The appearance that the cost is in excess of \$25,000, is only due to the fact that the prior year's payment was not made in a timely manner and overlapped the succeeding year. During the audit period in question, two payments totaling \$37,810 (one for school year 2008-2009 and one for 2009-2010) were processed. The annual value of the services rendered was only \$18,905 which remains below the annual limit of \$25,000.