



JIM JUSTICE  
GOVERNOR

**STATE OF WEST VIRGINIA**  
**DEPARTMENT OF ADMINISTRATION**  
**Purchasing Division**  
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CHARLESTON, WEST VIRGINIA 25305-0130

JOHN A. MYERS  
CABINET SECRETARY

W. MICHAEL SHEETS  
ACTING DIRECTOR

July 1, 2017

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

The Honorable Tim Armstead  
Speaker of the House  
Room 228M, 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 acting 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 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*

**President Carmichael and Speaker Armstead**

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*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, 2017, through June 30, 2017, 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 of which exceeds twenty-five thousand dollars. However, the Purchasing Division inspectors discovered findings relating to five (5) different spending units during their reviews as stipulated in this section of the Code. The spending units were the Department of Military Affairs and Public Safety, State Police; West Virginia Board of Examiners for Registered Nurses; West Virginia Board of Pharmacy; West Virginia Racing Commission; West Virginia Department of Veterans Assistance; Department of Transportation, Division of Highways (District 5); Department of Transportation, Division of Highways (District 7); Department of Transportation, Division of Highways (District 8); Department of Transportation, Division of Highways (District 9); and Department of Transportation, Division of Highways (District 10). A summary of these findings is attached.

Pursuant to this requirement, my next report will be submitted to you in January of 2018. Should you have any questions regarding this correspondence, please feel free to contact me at your convenience at (304) 558-0492 or via e-mail at **William.M.Sheets@wv.gov**.

Sincerely,



W. Michael Sheets, Acting Director  
West Virginia Purchasing Division

WMS:dhb

**West Virginia Purchasing Division**  
**SUMMARY OF STRINGING ACTIVITIES**  
**(January 1, 2017- June 30, 2017)**

**Department of Military Affairs and Public Safety, West Virginia State Police:**

- 1) During the fiscal year under review, West Virginia State Police spent a total of \$33,950.00 in two transactions for fitness equipment with All Ways Fitness Equipment.
- 2) During the fiscal year under review, West Virginia State Police purchased floor covering with the two vendors listed below. Total expenditures with these two vendors indicate that a series of requisitions or purchase orders were issued for the same or similar commodity or service in the amount of \$52,369.35 in 10 transactions. These expenditures include the following vendors:
  - a. \$27,034.78 with Family Carpets Inc.
  - b. \$25,334.57 with Sonny's Carpet
- 3) During the fiscal year under review, West Virginia State Police spent a total of \$53,614.16 in eight transactions for fire protection with PASS Fire Protection Inc.
- 4) During the fiscal year under review, West Virginia State Police spent a total of \$27,942.49 in seventeen transactions for evidence bags with SIRCHE Finger Print Laboratories.
- 5) During the fiscal year under review, West Virginia State Police purchased auto parts with the five vendors listed below. Total expenditures with these five vendors indicate that a series of requisitions or purchase orders were issued for the same or similar commodity or service in the amount of \$212,371.58 in 823 transactions. These expenditures include the following vendors:
  - a. \$129,614.75 with Advance Stores Company
  - b. \$ 32,044.92 with AutoZone
  - c. \$ 16,697.10 with Fisher's Auto Parts Inc.
  - d. \$ 19,168.84 with Frey's Auto Supply
  - e. \$ 14,845.97 with NAPA Store
- 6) During the fiscal year under review, West Virginia State Police made thirteen purchases for HVAC services with Dennie Craddoc dba Rigney Building Services. Total expenditures with this vendor indicate that a series of requisitions or purchase orders were issued for the same or similar commodity or service in the amount of \$76,596.27 in 13 transactions.

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

*On the six (6) findings of stringing, we have purchases being made throughout the State at various Troop locations, the WV State Police Academy as well as here at Department Headquarters and are constantly striving against this issue. The stringing issue is also a part of our on-going education with our Troop Logistics Officers and purchasers. It is certainly not the intention of this agency to do anything that is improper, intentional or in violation of any purchasing guidelines or legislative rule.*

*I would like to specifically address Issue #31-Auto parts. The State Police currently have five (5) mechanics garages and a body shop that perform the majority of the maintenance to our vehicle fleet. Currently we purchase everything we can from statewide contract. We also obtain permission from State Surplus Property to cannibalize old high mileage or wrecked vehicles to repair newer lower mileage vehicles. We have made several unsuccessful attempts at obtaining a contract through Purchasing for auto parts. On one attempt, it was determined that it wasn't possible to make a fair evaluation or award. Another contract was awarded briefly but was protested and cancelled. Purchasing has made several attempts to obtain auto parts contracts with no success. I have spoken with Department of Highways on several occasions inquiring about them doing an auto parts contract. In the interim we make every attempt to obtain bids on items not on contract in order to keep our emergency response vehicle operating in a safe manner. When these vehicles come in for service/repair they can't be parked. Service/Repair must be done immediately so they can be put back on the road.*

*On Issue 32-HVAC, these were heating and cooling services that had to be dealt with in emergency situations at various locations throughout the State. We have since obtained two (2) HVAC contracts for maintenance and repair, one for Headquarters and the Academy and one for all the Troop Detachment locations.*

#### **West Virginia Board of Examiners for Registered Nurses:**

- 1) During the fiscal year under review, West Virginia Board of Examiners for Registered Nurses spent a total of \$54,804.99 in three transactions for the WV Restore Program with Intervention Project for Nurses. In their response to the inspection report, the agency stated that:

***Issue six** is the finding that caused the Board to lose 30 points, thus causing the "F" grade. The Summary in the reports states "Although the amount of the transaction is \$18,268.33, the aggregate amount spent from October 2015 to December 2015 is \$54,804.99. This time period was not covered by the emergency extension given by the Purchasing Division and no other extension was requested by the Agency. "The section title "Finding-A" states, "The pattern of transactions and amount spent with this vendor during the fiscal year **could be** construed as stringing. (Emphasis Added) The Board submits that it is clear that by the additional information provided that the Board was seeking another extension and the actions of the Board in relation to this vendor do not constitute "stringing." Stringing is defined in the Purchasing Division's Procedures Handbook a "issuing a series of requisitions or purchase orders to circumvent competitive bidding or to defeat the State purchasing limit". Therefore, the Board's actions fail to fall within the category of stringing on those basis. Proof of the Board's intent has already been shared with purchasing through various emails and communication that were occurring at the relevant time of these incidents. This proof will show that the Board was very transparent in its behaviors, it was seeking help and advice from purchasing throughout this process and it was attempting to resolve a situation in which it had been placed. The Board, through its Executive staff and counsel were in constant communication with purchasing during this time period. There is an email from Board's*

*counsel, Brian Helmick, dated September 24, 2015 stating that he had received information from the Department of Administration's counsel, Brian, indicating an extension had been granted until December 31, 2016. Even though the Board is unable to find a follow up email from purchasing, this information should not be ignored by purchasing as it reflects the true intent of the Board and the circumstances at the time. Aside from this email there are numerous emails showing that the Board was working with Purchasing to secure the extension. Additionally, it was only 2 months. This does not constitute a "series of requisitions or purchase orders".*

*The grade of "F" does not acknowledge the hard work and effort that this Board put into this process. The Board's actions do not fall into the "stringing" category. The report itself states "could be" considered stringing. Which seems to indicate the reviewers are not convinced it's stringing. Contrary to what the report states, the Board did seek another extension. The Board's position is that in light of the totality of the circumstances and in view of the information provided to purchasing evidencing the true behaviors of the Board and its understandings at the time, the "F" grade is fundamentally wrong and not reflective of the vital work performed by members of the Board's staff.*

#### **West Virginia Board of Pharmacy:**

- 1) During the fiscal year under review, West Virginia Board of Pharmacy spent a total of \$56,000.04 in twelve transactions for the substance abuse program with WV Pharmacy Recovery Network Corporation. This is not a Sole source and there is no evidence of an extension from the Purchasing Division to continue using this vendor. In their response to the inspection report, the agency stated that:

*This is in response of the March 6, 2017 Purchasing review letter for the Fiscal Year 2016. After reviewing the report the Board has moved forward in correcting the issues. As for the evidence of stringing, the memorandum attached to the GAX document explains the circumstances with this payment and other payments to WV Pharmacist Recovery Network which provided these services as a Sole-source for years. Then Purchasing informed the agency that it was not and had to be placed out for bid. A contract has been awarded and all future payments will be processed against the Purchase Order*

#### **West Virginia Racing Commission:**

- 1) During the fiscal year under review, West Virginia Racing Commission spent a total of \$34,385.00 in nine transactions for hearing examiner services with Carbone & Blades. In their response to the inspection report, the agency stated that:

*The West Virginia Racing Commission is in receipt of your report dated April 12, 2017 regarding the finding of our purchasing review. Please be advised that the Racing Commission has reviewed the findings and will take appropriate measures to address the recommendations.*

#### **West Virginia Department of Veterans Assistance:**

- 1) During the fiscal year under review, West Virginia Department of Veterans Assistance spent a total of \$31,335.94 in thirty-three transactions for phone system maintenance with Carl E. Short. In their response to the inspection report, the agency stated that:

*In response to your letter dated April 14<sup>th</sup> 2017, regarding the findings identified during the recent purchasing inspection, we would like to state that we agree with all recommendations and will work to improve each deficiency.*

*Specifically regarding **Issue 2 finding A**, we are also in agreement that the pattern of transactions and amounts spent with the identified vendor during the fiscal year in question could be construed as stringing. In an effort to mitigate this violation we have implemented an additional procedure for all unencumbered contracts containing "Not to Exceed Limits" requiring all Accounts Payable personnel to document the amount paid to date on the "Header" of OASIS GAX documents in the "Extended Description" field.*

#### **Department of Transportation, Division of Highways, District 5:**

- 1) During the fiscal year under review, Division of Highways, District 5 spent a total of \$26,047.94 in 90 transactions for equipment parts from Highway Motors.
- 2) During the fiscal year under review, Division of Highways, District 5 spent a total of \$59,874.20 in 47 transactions for hydraulic motor and replacement parts from J & S Hydraulics.
- 3) During the fiscal year under review, Division of Highways, District 5 spent a total of \$43,359.96 in 237 transactions for truck parts from Truck ENT Keyser.
- 4) During the fiscal year under review, Division of Highways, District 5 spent a total of \$26,117.95 in 39 transactions for truck and equipment parts from DK Enterprises.
- 5) During the fiscal year under review, Division of Highways, District 5 purchased auto parts with the sixteen vendors listed below. Total expenditures with these sixteen vendors indicate that a series of requisitions or purchase orders were issued for the same or similar commodity or service in the amount of \$197,793.22 in 1700 transactions. These expenditures include the following vendors:
  - a. \$ 5,879.93 with Advanced Auto
  - b. \$ 5,263.17 with Augusta Auto
  - c. \$16,467.74 with AutoZone
  - d. \$ 8,249.37 with Carquest
  - e. \$ 9,524.09 with Kent Parsons Ford
  - f. \$ 3,253.36 with Kidwell Auto Parts
  - g. \$53,728.04 with Mt. Top Auto
  - h. \$19,879.65 with Petersburg Auto Parts
  - i. \$11,254.39 with Potomac Auto Parts
  - j. \$ 2,182.40 with S & S Auto Parts

- k. \$26,240.74 with Smith's Auto Parts
- l. \$ 5,577.76 with Timbrook
- m. \$ 3,960.25 with Welmer Chevrolet
- n. \$ 5,366.71 with Welmer Dodge
- o. \$ 3,669.45 with Welmer Ford
- p. \$17,296.17 with Williams motor Parts

In the agency's response to the inspection report, the District stated that:

*As mentioned previously, it is not the intent of any of DOH District Five employees to circumvent the purchase procedures in any way. We strive to comply with all Purchasing Division rules and regulations as well as WV Code and Legislative Rule. However, with the nature of our agency's responsibilities, we are frequently in immediate need of certain supplies or parts to keep our fleet of vehicles and equipment operational in order to serve the public. In addition, if you take into consideration our rural location(s) we constantly have multiple cardholders using the same vendor. It is not cost effective to have our employees travel long distances just to purchase auto parts. This results in increased non-productive time for employees and equipment, and in some situations effects public safety.*

*When there was a statewide auto parts contract, our district did not have issues with the purchasing tiers or stringing for auto parts. As a district, we would certainly entertain the concept of a district-wide auto parts contract. This would provide all vendors in the district the opportunity to bid.*

#### **Department of Transportation, Division of Highways, District 7:**

- 1) During the fiscal year under review, Division of Highways, District 7 spent a total of \$25,177.44 in 3 transactions for steel from Beckley Steel. In their response to the Inspection report, the agency stated that:

*District Seven spent a total of \$25,177.44 in 3 transactions with this vendor. Steel is purchased in large quantities for the District by formal bid. Steel is purchased in large quantities for the District by formal bid. [sic] There are times between deliveries that needs arise for repairs or additional steel is needed for a project before those deliveries are made. Steel suppliers are not willing to enter into open end contracts for this type of commodity. This steel was purchased using verbal bids and written bids. It was not District Seven's intention to go over the \$25,000 threshold.*

- 2) During the fiscal year under review, Division of Highways, District 7 spent a total of \$36,647.66 in 206 transactions for large truck parts from Cole Truck Parts. In their response to the Inspection report, the agency stated that:

*District Seven spend a total of \$36,647.66 in 206 transactions with this vendor, for an average purchase of \$177.90. This local vendor supplies parts needed when repairing heavy equipment. The purchased parts are not on an established contract. Purchasing these items from other vendors much further away would likely incur substantial shipping costs added to*

*the invoice, along with extending costly down time to our equipment. At the time, it was concluded to be in the best interests of our organization to purchase these products from Cole Truck Parts. Although some of these purchases lacked documentation of competitive bidding, there was certainly no intention of circumventing the bidding process or to trying to string our purchases. It appears as if this might be an area that would be best served by establishing an open-ended Agency contract, to allow for this volume of purchases.*

- 3) During the fiscal year under review, Division of Highways, District 7 spent a total of \$28,756.84 in 5 transactions for steel products from Huntington Steel. In their response to the Inspection report, the agency stated that:

*District Seven spent a total of \$28,756.84 in 5 transactions with this vendor, for an average purchase of \$5,751.37. Steel is purchased in large quantities for the District by formal bids. There are times between deliveries that needs arise for repairs or additional steel is needed for a project before those deliveries are made. Steel suppliers are not willing to enter into open end contracts for this type of commodity. This steel was purchased using verbal bids and written bids. It was not District Seven's intention to go over the \$25,000 threshold.*

- 4) During the fiscal year under review, Division of Highways, District 7 spent a total of \$48,584.66 in 134 transactions for hydraulic products from J & S Hydraulics. In their response to the Inspection report, the agency stated that:

*District Seven spent a total of \$48,584.66 in 134 transactions with this vendor, for an average purchase of \$362.57. There are two hydraulics repair shops in our area. This local vendor supplies hydraulic repairs needed when repairing heavy equipment. The purchased parts are not on an established contract. Purchasing these items from other vendors much further away would likely incur substantial shipping costs added to the invoice, along with extending costly down time to our equipment. At the time, it was concluded to be in the best interests of our organization to purchase these products from J and S Hydraulics. Although some of these purchases lacked documentation of competitive bidding, there was certainly no intention of circumventing the bidding process or to trying to sting our purchases. It appears as if this might be an area that would be best served by establishing an open-ended Agency contract, to allow for this volume of purchases.*

- 5) During the fiscal year under review, Division of Highways, District 7 spent a total of \$83,677.74 in 89 transactions for hydraulics from Mountaineer Hydraulics. In their response to the Inspection report, the agency stated that:

*District Seven spent a total of \$83,677.74 in 89 transactions with this vendor, for an average purchase of \$940.19. There are two hydraulics repair shops in our area. This local vendor supplies hydraulic repairs and hydraulic parts needed when repairing heavy equipment. The purchased parts are not on an established contract. Purchasing these items from other vendors much further away would likely incur substantial shipping costs added to the invoice, along with extending costly down time to our equipment. At the time, it was concluded to be in*

*the best interests of our organization to purchase these products from Mountaineer Hydraulics. Although some of these purchases lacked documentation of competitive bidding, there was certainly no intention of circumventing the bidding process or to trying to string our purchases. It appears as if this might be an area that would be best served by establishing an open-ended Agency contract, to allow for this volume of purchases.*

- 6) During the fiscal year under review, Division of Highways, District 7 purchased auto parts with the ten vendors listed below. Total expenditures with these ten vendors indicate that a series of requisitions or purchase orders were issued for the same or similar commodity or service in the amount of \$243,452.57 in 1495 transactions. These expenditures include the following vendors:
- a. \$ 9,000.37 with AutoZone
  - b. \$28,009.66 with Burnsville Auto Parts
  - c. \$19,270.80 with Chenowethfordlincoln
  - d. \$35,757.33 with Fisher Auto Parts
  - e. \$46,276.23 with Jenkins Ford Mercury
  - f. \$ 5,181.99 with Michael Motor Company
  - g. \$ 3,107.04 with Morgan Auto Parts
  - h. \$55,195.99 with Napa
  - i. \$25,673.70 with Napa Cowen
  - j. \$15,979.46 with Rastle Auto Parts

In the agency's response to the inspection report, the District stated that:

*District Seven spent a total of \$243,452.57 with 10 different vendors in multiple transactions for the same or similar commodity. The area of auto parts is a difficult situation to manage in the side of adherence to purchasing limits. Without an auto parts contract, it is nearly impossible to effectively operate within limits. Most of our District is in rural areas with few choices for auto parts stores without driving a distance for item that could be purchased locally. These purchases were not intentionally strung, but do give the appearance of it on paper. We will closely monitor these purchases in the future and hopefully avoid surpassing the limits without following the proper process.*

**Department of Transportation, Division of Highways, District 8:**

- 1) During the fiscal year under review, Division of Highways, District 8 spent a total of \$31,690.32 in 91 transactions for steel from INT Valley Steel.
- 2) During the fiscal year under review, Division of Highways, District 8 spent a total of \$36,458.32 in 34 transactions for hydraulic products from Mountaineer Hydraulics.
- 3) During the fiscal year under review, Division of Highways, District 8 spent a total of \$125,616.14 in 382 transactions for equipment parts from Newlon International.

4) During the fiscal year under review, Division of Highways, District 8 purchased auto parts with the seven vendors listed below. Total expenditures with these ten vendors indicate that a series of requisitions or purchase orders were issued for the same or similar commodity or service in the amount of \$175,824.33 in 1554 transactions. These expenditures include the following vendors:

- a. \$ 6,935.03 with AutoZone
- b. \$ 17,896.89 with Elkins Fordland
- c. \$ 78,399.57 with Fisher Auto Parts
- d. \$ 23,019.23 with Kidwell Auto Parts
- e. \$ 2,883.22 with Morgan Auto Parts
- f. \$ 24,125.51 with Napa
- g. \$ 22,564.88 with Sites Auto Parts

In the agency's response to the inspection report, the District stated that:

*These issues all pertain to purchases directly related to District 8's equipment/vehicle fleet management in which it is essential to keep in good working condition to meet the goals of the Department of Highways to provide safe travel on the State's roadway system to the traveling public. The findings on the above stated issues state that the pattern of transactions and the amount spent with the vendors during the fiscal year could be construed as stringing. In response to these items, the District in no way meant to circumvent the bidding process or to be non-compliant with the Purchasing Rules and Procedures. The District's intent was only to maintain or repair our fleet in a timely manner to expedite the return of the fleet back into service to properly maintain the District's roads and fulfill our obligation to the traveling public. The District also agrees with the recommendation that we monitor its ongoing purchases pertinent to the above listed findings and will develop a better monitoring system to ensure that the District avoids crossing delegated purchase limits without applicable bids to ensure that we stay in compliance with current purchasing rules and procedures. The district will work diligently to correct this problem in future purchasing transactions. With five different locations in which these types of purchases are generated within the District, a well-developed monitoring system and better communication with the District is essential to properly manage the purchases and ensure compliance.*

**Department of Transportation, Division of Highways, District 9:**

1) During the fiscal year under review, Division of Highways, District 9 spent a total of \$45,850.88 in 14 transactions for hydraulic products from J & S Hydraulics. In their response to the Inspection report, the agency stated that:

*J & S Hydraulics delivers hydraulic parts and repaired hydraulic components weekly to the District Nine Equipment shop. According to the District Equipment Supervisor, their work is impeccable and the service is excellent. Their response in delivering parts in a timely manner*

*helps to minimize down time and get equipment back in service. There was no intent by District Nine employees to deliberately string purchases to this vendor. District Nine will prepare a Request for Quotation for an open-end contract for hydraulic components.*

2) During the fiscal year under review, Division of Highways, District 9 purchased auto parts with the nine vendors listed below. Total expenditures with these nine vendors indicate that a series of requisitions or purchase orders were issued for the same or similar commodity or service in the amount of \$231,314.22 in 1862 transactions. These expenditures include the following vendors:

- a. \$81,342.42 with Adkins Auto Parts
- b. \$6,697.06 with Advanced Auto Parts
- c. \$1,672.86 with AutoZone
- d. \$25,446.28 with Colonial Ford
- e. \$22,371.97 with Fisher Auto Parts
- f. \$8,799.90 with Greenbrier Motor
- g. \$3,896.26 with Mid-State Ford
- h. \$42,882.25 with Napa
- i. \$38,205.22 with Steve's Auto Parts

In the agency's response to the inspection report, the District stated that:

*District nine had a total of \$231,314.22 worth of purchases made with nine (9) different parts vendors. Some rural locations, in our five county District, are limited to the number of auto parts vendors near the location. The employees often choose the closest vendor to their shop to eliminate excessive down time and travel time. With a fleet of 174 vehicles assigned to the District, it is essential to the agency mission that we keep the vehicles on the road and eliminate down time as much as possible. There was no intent by District Nine employees to deliberately string purchases to these vendors. District Nine will prepare a Request for Quotation for an open-end contract for automotive parts.*

**Department of Transportation, Division of Highways, District 10:**

1) During the fiscal year under review, Division of Highways, District 10 spent a total of \$52,072.75 in 248 transactions for hydraulic products from AFI. In their response to the Inspection report, the agency stated that:

*District Ten's Equipment manufactures hydraulic hoses "in house". This local vendor provides the material needed to manufacture the hydraulic hoses. 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.*

- 2) During the fiscal year under review, Division of Highways, District 10 spent a total of \$41,930.66 in 275 transactions for truck parts from Cole Truck Parts. In their response to the Inspection report, the agency stated that:

*Cole Truck Parts, local vendor, was a vendor on Statewide Contract for Motor Vehicles for numerous years. They maintain large inventory of parts that are needed for a number of vehicles in the District's fleet. We do not believe it was the intent of any employee to circumvent the purchasing procedures by making purchases which might be construed a stringing.*

- 3) During the fiscal year under review, Division of Highways, District 10 spent a total of \$163,365.29 in 287 transactions for equipment parts from DK Enterprises. In their response to the Inspection report, the agency stated that:

*This is a local vendor, who carries parts for the older equipment, electric tarps, and has assisted us at all hours of the day and night. We do not believe it was the intent of any employee to circumvent the purchasing procedures by making purchases which might be construed a stringing.*

- 4) During the fiscal year under review, Division of Highways, District 10 spent a total of \$26,184.56 in 14 transactions for hydraulic repairs from J & J Fabricating. In their response to the Inspection report, the agency stated that:

*This is a local vendor who provides hydraulic repair for District Ten's dump trucks. At that time, there were no contracts for hydraulic repairs. We do not believe it was the intent of any employee to circumvent the purchasing procedures by making purchases which might be construed a stringing.*

- 5) During the fiscal year under review, Division of Highways, District 10 spent a total of \$35,621.31 in 31 transactions for grout from Steelcon Supply. In their response to the Inspection report, the agency stated that:

*Various commodities were purchased through Steelcon Supply and bids were obtained.*

- 6) During the fiscal year under review, Division of Highways, District 10 purchased auto parts with the six vendors listed below. Total expenditures with these six vendors indicate that a series of requisitions or purchase orders were issued for the same or similar commodity or service in the amount of \$190,602.32 in XXXXX transactions. These expenditures include the following vendors:

- a. \$ 9,563.52 with Advanced Auto Parts
- b. \$39,540.27 with AutoZone
- c. \$ 9,002.30 with Fisher Auto Parts
- d. \$19,750.17 with Harvey's Auto Parts

- e. \$93,591.89 with Napa
- f. \$19,154.17 with Ramey Motors

In the agency's response to the inspection report, the District stated that:

*Several years ago, there was an emphasis on the purchasing of parts and supplies on an as needed basis. These items are relatively common and are available from several "chain" stores. To date there are still no contracts with these stores. Since these are purchased on an individual basis, from a number of locations, the District had no viable method by which to track these purchases. We do not believe it was the intent of any employee to circumvent the purchasing procedures by making purchases which might be construed a stringing.*

- 7) During the fiscal year under review, Division of Highways, District 10 spent a total of \$68,239.23 in 46 transactions for propane from Suburban Propane. In their response to the Inspection report, the agency stated that:

*At one time the District's understanding was that this item was excluded from the bidding process since it was used for heating purposes. Changing vendors would have required the removal and installation of new tanks. For years, this was paid under the object code for utilities, and later energy expense utility, and based on our Operating Procedures, included "any other substance used for heating". There has been a distinction made in 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 a stringing.*

The Purchasing Division responded to all of the agency's comments noted above and instructed them that the appropriate purchasing method was to utilize an open-end contract while referencing the *West Virginia Code §5A-3-10(b), §5A-3-11 and the West Virginia Purchasing Division Procedures Handbook*. These types of contracts are appropriate for recurrent purchases.