OFFICE OF THE STATE INSPECTOR GENERAL
Report to Christopher L. Beschler, Director

Performance Review
Department of General Services

August 2016

June W. Jennings, CPA
State Inspector General
Report No. 2016-PR-008

August 22, 2016

Christopher L. Beschler, Director
Department of General Services
1100 Bank Street, Suite 420
Richmond, VA 23219

Dear Mr. Beschler:

The Office of the State Inspector General (OSIG) is empowered, under § 2.2-309 [A](9) of the *Code of Virginia*, to conduct performance reviews of state agencies to ensure that state funds are spent as intended and to evaluate the efficiency and effectiveness of programs in accomplishing their purposes. The Department of General Services (DGS) review covers the period from July 1, 2014 through March 31, 2016 and focused on the following four risk areas:

- Office of Surplus Property Management,
- Building Security,
- Division of Purchases and Supply (DPS) – sole source purchases, emergency purchases, and the electronic Virginia procurement system (eVA),
- Division of Consolidated Laboratory Services.

DGS was selected for review based on a 2013 statewide risk assessment completed by Deloitte LLP. The planning phase of the review consisted of conducting interviews with selected members of executive and divisional management, assessing the risks identified during those interviews, and creating a detailed review plan to accomplish the review objectives.

The steps in the review plan were executed, and the results were discussed with DGS management throughout the review process. Additionally, an exit conference was held on **July 18, 2016** to discuss the draft report.

Observations identified during the review are included in the attached report. In addition, the agency plan of action has been included.

OSIG staff appreciates the assistance provided by DGS leadership team and staff during this review.

If you have any questions or require further information, please contact me at 804-625-3255 or june.jennings@osig.virginia.gov.

Respectfully,

June W. Jennings
State Inspector General

CC: Paul J. Reagan, Chief of Staff to Governor McAuliffe
        Suzette P. Denslow, Deputy Chief of Staff to Governor McAuliffe
        Nancy Rodrigues, Secretary of Administration
        Brian J. Moran, Secretary of Public Safety and Homeland Security
        Thomas K. Norment Jr., Co-chair of the Senate Finance Committee
        Emmett W. Hanger Jr., Co-chair of the Senate Finance Committee
        R. Lee Ware Jr., Chairman of the House Finance Committee
        L. Scott Lingamfelter, Chairman of the House Militia, Police and Public Safety Committee
        Richard L. Anderson, Chairman of the House Science and Technology Committee
        Mark D. Obenshain, Senate Courts of Justice Committee

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Executive Summary

The Office of the State Inspector General (OSIG) identified opportunities to improve efficiency and effectiveness in the areas reviewed. OSIG reviewed the following areas: the Department of General Service's (DGS) Office of Surplus Property Management; Building Security; the Division of Purchases and Supply's (DPS) sole source purchases, emergency purchases, and the electronic Virginia procurement system (eVA); and the Division of Consolidated Laboratory Services. OSIG staff reached this conclusion after:

- Gaining an understanding of the aforementioned review areas' processes by reviewing policies and procedures, conducting interviews with agency personnel, and researching public/private sources to gather and analyze data.
- Conducting observations and walk-throughs of the various processes and assessing them for efficiency and effectiveness.
- Benchmarking the agency's business processes and performance metrics to other states' similar agencies and industry best practices.

During the review OSIG staff made a number of observations, the most significant of which are listed below, where current processes could be improved:

Program Observations
Surplus Property Expenditures Exceed Revenue (Observation No. 1)
DPS Does Not Have a Means to Automatically Monitor All Sole Source and Emergency Procurement Exceptions (Observation No. 7)
External Safety Inspections are not Performed at the Division of Consolidated Laboratory Services (Observation No. 9)

Purpose and Scope of the Review

OSIG conducted a performance review of DGS pursuant to *Code of Virginia* (*Code*) § 2.2-309[A] (9) whereby the State Inspector General shall have power and duty to:

> "Conduct performance reviews of state agencies to assess the efficiency, effectiveness, or economy of programs and to ascertain, among other things, that sums appropriated have been or are being expended for the purposes for which the appropriation was made and prepare a report for each performance review detailing any findings or recommendations for improving the efficiency, effectiveness, or economy of state agencies, including recommending changes in the law to the Governor and the General Assembly that are necessary to address such findings."

This review was not designed to be a comprehensive review of DGS. Instead, the focus was on certain risk areas identified through a statewide risk assessment of state agencies and interviews with agency management. The scope and objectives of the review were established through interviews with management concerning DGS' risks in these areas:

- Office of Surplus Property Management,
- Building Security,
- Division of Purchases and Supply (DPS) – sole source purchases, emergency purchases, and the electronic Virginia procurement system (eVA),
- Division of Consolidated Laboratory Services.

The review period was from July 1, 2014 through March 31, 2016. The review objectives were to:

- Determine whether processes, records, policies, and procedures to safeguard the collection, storage, and disposal of surplus properties were adequate;
- Ensure that the Office of Surplus Property Management was meeting the intent of the state and federal surplus property program;
- Determine whether security services are being administered in an efficient and effective manner in state buildings;
- Determine whether the DPS procurement process is efficiently and effectively performed; that procurement policies for sole source and emergency purchases are effectively meeting agency needs; and controls are in place to ensure compliance with policies by other agencies;
- Determine whether the eVA procurement system is efficient and effective and is meeting the goals for the Commonwealth and vendors;
- Determine whether Laboratory services were provided in the most economical and efficient manner; and
- Assess for indicators or opportunities for Fraud, Waste, or Abuse in the risk areas.

Background

DGS is a service agency supporting the mission of state government agencies by delivering quality, cost-effective, timely, safe and secure laboratory, engineering and architectural, procurement, real estate, vehicle management, and graphic design services, while also serving businesses and citizens. The agency performs this by serving in a support capacity through the following four separate divisions and eight business units:

- Divisions:
  - Division of Consolidated Laboratory Services,
  - Division of Engineering and Buildings,
  - Division of Purchases and Supply,
  - Division of Real Estate Services.

- Business Units:
  - Office of Fleet Management Services,
  - Office of Graphic Communications,
  - Central Procurement Unit,
  - Office of Surplus Property Management,
  - State Mail Services,
  - Virginia Distribution Center ,
  - Bureau of Capital Outlay Management,
  - Bureau of Facilities Management.

Review Methodology

OSIG staff planned for this review by:

- Examining the detailed results of Deloitte's statewide risk assessment;
- Reviewing pertinent documents; and
- Conducting interviews to gain insight into the specific concerns from the Deloitte assessment with the Auditor of Public Accounts (APA) and DGS:
  - Executive Management Team,
  - Key Units' Personnel.

As a result of the interviews, OSIG staff identified associated risks for each of the risk areas, established performance review objectives (see specific objectives within each risk area below), and developed detailed review procedures to address these objectives. In addition, indicators or opportunities for Fraud, Waste, or Abuse were assessed in the risk areas.

The performance review procedures included:

1. Conducting interviews and observations/walk-throughs, and examining policies and procedures to gain an understanding of the review areas' processes, assessing the processes for efficiency and effectiveness, and determining whether the state buildings and parking decks security costs were handled in the most economical method;
2. Collecting and analyzing relevant data; and
3. Benchmarking business processes, activities, and performance metrics against similar activities in other states.

Review Results

Overall, OSIG found opportunities to improve efficiency and effectiveness in the areas reviewed — the DGS' Office of Surplus Property Management; Building Security, the Division of Purchases and Supply (DPS) – sole source purchases, emergency purchases, and eVA; and the Division of Consolidated Laboratory Services functions. Specifics regarding the review performed are reported by risk area below.

Risk Area 1 — Office of Surplus Property Management

Code § [2.2-1124](#) provides DGS with statutory responsibility to establish procedures for the disposition of surplus materials from all Commonwealth departments, divisions, institutions, and agencies, as well as any local public body.

Code § [2.2-1123](#) identifies DGS as the agency of state government responsible for acquiring surplus personal property, including — but not limited to — materials, supplies, and equipment, by purchase, gift, or otherwise, from the United States government or any of its agencies for distribution to departments, agencies, institutions, and political subdivisions of the Commonwealth, and to eligible, nonprofit, nongovernmental organizations for use in the organizations' activities within the Commonwealth.

Virginia Administrative Code ([1VAC 30-130-10](#)) sets forth the regulations for handling surplus within DGS' Agency Procurement Surplus Property Manual.

Both the state and federal surplus property programs are managed by the Office of Surplus Property Management (OSPM).

Review Objectives and Steps

The review objectives included determining whether processes, records, policies, and procedures to safeguard the collection, storage, and disposal of surplus properties were adequate, and to ensure that the OSPM was meeting the intent of the state and federal surplus property program.

OSIG staff documented the state and federal surplus processes, obtained reports for all federal surplus on hand and federal surplus that had been transferred to other state agencies/localities within the last 18 months, and benchmarked with other states to identify and provide to DGS any potential process improvements regarding the handling of surplus property. The following observations were noted:

OBSERVATION NO. 1 — SURPLUS PROPERTY EXPENDITURES EXCEED REVENUE
OSIG staff obtained the profit and loss reports of the OSPM for FY 2013-FY 2015 and identified that revenues decreased 17 percent between FY 2013 and FY 2015 while expenditures increased 46 percent during the same period.

Surplus Revenue - Expenditures
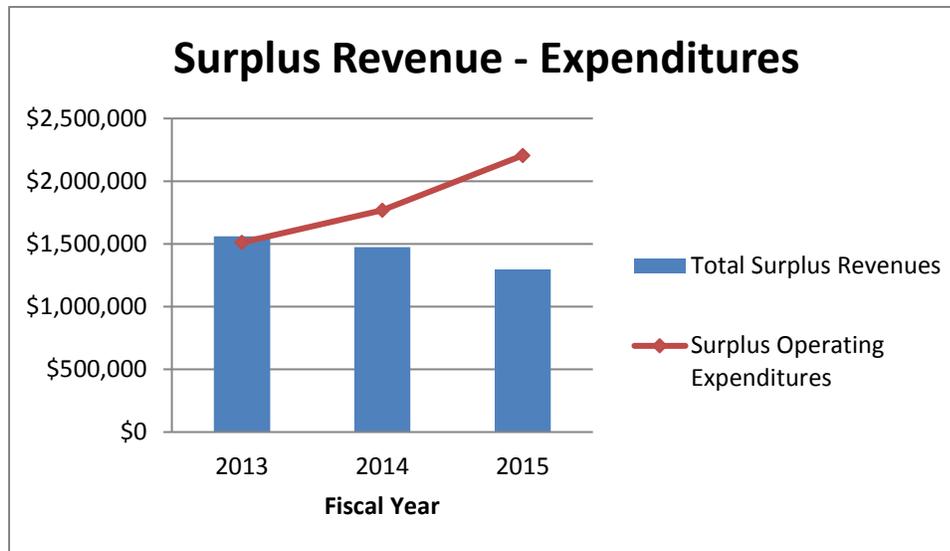
Source: DGS profit and loss reports

The OSPM Director stated that revenues in FY 2013 were higher than other years because the OSPM started utilizing an online site (GovDeals) to sell property, and sold three planes, which brought in significant revenue. Since FY 2013, the OSPM has not sold high-revenue ticket items such as planes to maintain revenues at this level. The expenditures increased because the OSPM has been upgrading technology, making building upgrades such as a drainage system at the Richmond-area warehouse (Darbytown warehouse), and upgrading the OSPM's fleet of trailers, which are used to pick up federal surplus, as well as items obtained from area airports.

OSIG staff conducted a survey of all 50 states to determine how other states oversee and control surplus property transactions (inventory systems, pricing, destruction, auctions, public sales, miscellaneous revenues, etc.). Sixteen states responded to the survey, and the following practices for the OSPM to consider were identified:

- West Virginia, Tennessee, Ohio, and Connecticut no longer house federal property; they just facilitate between the state agencies and the federal surplus system.
  - Discontinuing housing federal inventory and requiring agencies/donees to conduct direct pick up would reduce expenditures for DGS as this would eliminate the need for federal inventory reconciliations and transporting federal surplus property; reduce space needed for inventory; and prevent DGS staff from having to sell or destroy inventory when items are not sold.
- Connecticut discontinued housing state surplus, and, instead, requires agencies to retain the surplus until sold, which allows the state to operate surplus with one warehouse to store items received from airports and abandoned property from local police departments. All property is sold online through different vendors such as the following websites where reporting capabilities are available to keep track of property listed and sold:

- o Propertyroom.com, which handles the state's vehicles and heavy equipment, and allows a two-week preview period to give state agencies and municipalities the first chance to purchase before opening purchase opportunities to the public; and
  - o Publicsurplus.com, which handles the other property, and has an internal feature that allows the state to set a time period when items can only be visible to state agencies and municipalities. Once the time period has expired, the property is viewable to the public in auction format.
- Discontinued storing of federal and state property and selling items strictly online has allowed Connecticut to reduce surplus staff to four employees, which decreased surplus expenditures, and enables revenue from sales and fees to cover all expenditures related to surplus.
- Implemented new inventory systems to put controls in place over all inventory (state and federal). This change improved reporting, reconciling, verifying compliance, and tracking disposals for Georgia, Hawaii, Kentucky, Mississippi, Missouri, Oklahoma, Oregon, South Dakota, and Tennessee.
  - o The OSPM is working with DGS' Information System and Services (ISS) staff to create an inventory system that would allow the OSPM to maintain proper inventory of federal property with better controls and reporting abilities.
    - ▪ If the OSPM discontinues housing surplus property, this system would likely not be necessary. Federal and state inventory could be tracked through the state's fixed asset system (FAACS). For federal property tracking, the OSPM staff could query FAACS to ensure that required federal restrictions are met and that federal property valued at less than $5,000 is kept in the donee's inventory for at least 12 months, while items over $5,000 are kept for at least 18 months.
- Rent space at the Darbytown warehouse to other agencies for property storage.
  - o Oregon currently rents out 30 percent of the storage space in their warehouses. Fees are charged depending on the size of the space rented (i.e. pallet size, floor space, material handling, etc.). According to Oregon staff, this use of the warehouses provides a great service at a great price to their agencies and helps cover the cost of operations (Oregon Storage Solutions).
- Market surplus services similar to Oregon to customers through newsletters and regularly updated websites with current inventory listings, including pictures, to allow customers to search online for items.

According to the OSPM, moving away from housing federal inventory could hinder the smaller localities and school systems' ability to benefit from the federal surplus system, as these entities might be unable to travel to pick up the inventory. OSIG staff followed up with West Virginia, Tennessee, Ohio, and Connecticut to determine if these states had any complaints from localities/donees regarding not being able to participate in the federal surplus program since federal property was no longer stored. Employees in each state indicated they had not received any such complaints.

RECOMMENDATION

DGS should consider the alternatives identified through this survey and make changes as deemed appropriate.

MANAGEMENT RESPONSE

DGS **agrees** with the conditions and the recommendation as presented. DGS OSPM will continue to review improvements to surplus processing.

OBSERVATION NO. 2 — FEDERAL SURPLUS PROPERTY VERIFICATIONS ARE SOMETIMES NOT BEING CONDUCTED

Per the Federal Surplus Property Policy:

"All property must be put in use within 12 months and used for 12 months or consumed, except certain items with a high original federal acquisition cost and licensed motor vehicles which must be used for 18 months, as set forth in the transfer document. During the restrictive use period, items may not be sold, traded, or stripped for parts without approval of the Director of DGS/OSPM. Holding an item without using it as stated above constitutes noncompliance. This may subject the agency to payment of the fair market value as determined by the federal government."

For audits and compliance surveys the Federal Surplus Property Policy states:

"In general, audits and reviews will focus on the property use requirements as listed under certifications and agreements on the reverse side of the receiving documents, but are not necessarily limited to the requirements stated thereon. This may be accomplished by on-site inspections or through the use of a Utilization Survey/Certification, DGS-43-019 mailed to the agency representative."

OSIG staff obtained a download from the federal surplus database that identified 3,988 federal surplus purchases within the last 18 months by the Commonwealth of Virginia. OSIG staff selected 30 surplus items from the list to test for compliance with the federal surplus property regulations. OSIG noted the following during the test work:

- For 16 of the 30 items tested, the required compliance documents had not been sent to the purchasing agency or locality.
- For one of the 30 items selected, the invoice or compliance documentation could not be located.
- For one of the 30 items selected, the item had not been put into service within the time period allotted and had been shipped to another state to have modifications made, without authorization from DGS.
- For one of the 30 items selected, the VIN number on the supporting documents provided by the OSPM did not match that of the item in inventory or the supporting documents from the federal agency.

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Per the Director, OSPM typically does not conduct on-site inspections of federal property, but chooses to send out the utilization surveys/certification forms (DGS-43-019) instead. Both the Richmond and Wytheville locations send out the certification forms, but the Office has no system in place to ensure that these certification forms are sent out, received and completed by the agency, or returned to DGS to achieve compliance with federal surplus regulations.

RECOMMENDATION
OSPM should ensure that federal inventory surveys are conducted in accordance with federal surplus regulations. Alternatively, the DGS should conduct and document, random, on-site inspections to ensure that items exist and agree with the supporting documentation, and that no modifications have been performed without DGS/OSPM permission.

MANAGEMENT RESPONSE
DGS **agrees** with the conditions observed and the recommendation as presented. DGS OSPM has already begun to conduct on-site inspections and to ensure that surveys are conducted in accordance with regulations.

OBSERVATION NO. 3 — THE ACCURACY OF FEDERAL SURPLUS PROPERTY INVENTORY RECORDS CAN BE IMPROVED

According to DGS' State Plan of Operations, "records for all Federal Property transferred to the state agency are to be maintained on an automated inventory system (e.g. recording receipts, issues, inventory balances, dates of receipts and issues, document numbers, Federal stock numbers, warehouse locations of property, return to stock, and transfers to other agencies)." Verification of the Federal Property on hand is to be accomplished each year with a physical inventory or automated cycle count system. A written list or inventory count tag identifying the items should be prepared and checked with the inventory system to ensure accuracy of inventory.

According to Federal Management Regulation 102-37-360 General Services Administration (GSA) form 3040, State Agency Monthly Donation Report of Surplus Personal Property is to be submitted to the appropriate GSA regional office by the 25th day of the month following the quarter being reported.

Based on the inventory controls and accounting system identified in the State Plan of Operations, OSIG staff conducted an inventory inspection of Federal Property at both surplus warehouses (Darbytown and Wytheville) to evaluate the adequacy of the federal inventory process, and the records, policies, and procedures in place to safeguard the collection, storage, and disposal of federal surplus properties. The following was noted based on these inspections:

- Darbytown warehouse records showed that five of 36 items had errors:
  - For three items, the physical location of the items did not match the inventory database. When inventory was moved after the initial entry into the database, staff did not update the database.

- o For one item, the inventory number did not match the number in the inventory database.
- o For one item, the acquisition cost on the physical inventory did not match the cost in the inventory database. Acquisitions in the database were accurate according to the supporting documentation.
- o One item (forklift) was in poor condition and unlikely to sell (no seat, doors, top, or starter, and there was rust all over the item).
- o Inventory remained in stock after the 18-month federal requirement instead of being listed for sell via the federal government site or obtaining authorization from the federal government to remove the item from inventory (i.e. four old digital cameras obtained in 2013 were still in inventory).
- o Inventory reconciliations against the inventory database were not conducted to ensure information in the database agreed with the actual inventory maintained at the warehouse.
- • Wytheville warehouse: No exceptions were identified. Records were well maintained regarding federal surplus, and full inventory reconciliations were conducted quarterly to ensure data accuracy.

Federal reporting of federal surplus is required quarterly and is handled through the Wytheville location (3040 report). According to the OSPM staff, inventory verifications are not submitted from each location to ensure accuracy of this report, prior to submitting information to the federal government. The OSPM staff verifies invoices for the month to ensure system input accuracy, because — according to staff — if invoices are entered correctly, there would be no inaccuracies in the reports.

RECOMMENDATIONS

The OSPM staff should conduct inventory reconciliations at the Darbytown location of all federal surplus to ensure information in the federal surplus database agrees with inventory on hand. After the initial reconciliation is conducted, regular (monthly, quarterly, etc.) reconciliations should be conducted to ensure the accuracy of the data.

The OSPM staff should review all federal surplus inventory that is 18 months or older and follow up with the Federal Government to either attempt to sell through the federal online system or obtain authorization to properly dispose of the old inventory.

The OSPM staff should obtain inventory verifications from both Wytheville and Darbytown locations before submitting the 3040 inventory verification report to the federal government, as well as review the invoices to improve the accuracy of the data being provided in the report.

MANAGEMENT RESPONSE

DGS **agrees** with the conditions observed and the recommendations as presented.

Initial inventory reconciliations of federal surplus property have been conducted at the Darbytown location. Issues found were researched and documented. The appropriate

corrections were made and documented. Going forward, quarterly inventory reconciliations will be done.

With regard to federal surplus property that is 18 months or older, OSPM will continue to work to find a donee for the property, or will follow federal guidelines for online auctions.

OSPM will obtain inventory verifications from both locations and review monthly invoices before submitting the inventory verification report. All supporting documentation will be kept to support the 3040 inventory report each month.

OBSERVATION NO. 4 — SURPLUS PROPERTY SALES DATA DOES NOT INCLUDE LOCATION OF SALE

Proceeds from the sale or recycling of surplus materials pursuant to *Code* § 2.2-1124 shall be promptly deposited into the State Treasury by agencies receiving sales revenue or by the OSPM, in accordance with *Code*, § 2.2-1802. Such deposits are to be reported to the State Comptroller and to the OSPM Director, along with a statement of total proceeds and the amount of such proceeds derived from the sale of recycling of surplus materials purchased in whole or in part from general fund appropriations. Service fees may be charged by the OSPM for surplus services related to internet sales, auctions, state contracts, or other sales methods.

OSIG staff obtained copies of the profit and loss reports from the OSPM for the period of FY 2013 - FY 2015 but could not determine which business process — online sales, in-house store sales, or auctions — was most profitable for the OSPM. Revenues are tracked by generic categories such as:

- Fees for Administrative Services
- Federal Surplus Property (FSP) Sales Localities – Richmond
- FSP Sales Localities – Wytheville
- Agency Service Charge – Internet
- Sellers Commission/Repair Charges
- Agency Service Charge – Auctions
- Sales – Agencies – Richmond
- Sales – Agencies – Wytheville
- Sales Non-Profit – Richmond
- Sales Non-Profit – Wytheville
- Miscellaneous Revenue
- Recyclable Materials
- Proceeds – Sales of Surplus – DGS

Surplus revenues are processed directly by DGS' Office of Fiscal Services (OFS) without any detailed information being provided to OSPM, except a copy of the profit and loss report. Not obtaining detailed revenue information prevents OSPM from analyzing its business processes to determine

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which areas of the business are more profitable and which areas need improvements, etc. It also prevents OSPM from verifying that the revenues received are accurate based on the individual sales.

RECOMMENDATION

OSPM and OFS should work together to develop revenue line items that allow OSPM to better track store sales and auction revenues. This change will enable OSPM to analyze business processes to determine which processes are more profitable to the agency.

MANAGEMENT RESPONSES

DGS **agrees** with the conditions observed and the recommendation as presented. OSPM will reach out to OFS in accordance with the recommendation with an expected completion date of August 31, 2016.

Risk Area 2 — Building Security

The Bureau of Facilities Management (BFM) provides maintenance, operation, repair, and technical services for the roughly 80 state and legislative agencies located within the Capitol Square complex. The BFM handles security for the DGS-owned capitol area buildings only, and the security is shared between the BFM through a contractor and the Division of Capitol Police (DCP). For non-DGS owned buildings, the agency or agencies within the building are responsible for their own security. The BFM also oversees parking services and building access which includes administering parking allocations, maintaining records, performing maintenance, and providing security at all DGS-operated parking facilities. The BFM provides building access badges for all employees and contractors of the DGS tenant agencies.

REVIEW OBJECTIVE AND STEPS

The review objectives included determining whether security services are being administered in an efficient and effective manner in state buildings.

OSIG staff evaluated the cost associated with providing security to state buildings to potentially identify cost savings, conducted assessments on selected state buildings to observe security within the buildings, compared security between DGS-owned buildings and non-owned buildings, and conducted benchmarking with other states to identify possible improvements to the Commonwealth's security. The following observations were noted:

OBSERVATION NO. 5 — RICHMOND-AREA STATE AGENCIES USE DIFFERENT SECURITY CONTRACTS

OSIG selected a sample of five Richmond area non-DGS owned state buildings to determine if security services were being administered in an efficient and effective manner. The following agencies were selected for review:

- Alcoholic Beverage Control (ABC),
- Virginia Employment Commission (VEC),
- Department of Motor Vehicles (DMV),

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- Virginia Department of Transportation (VDOT),
- Virginia Workers' Compensation Commission (VWC).

In reviewing the security at the above agencies, it was determined that each agency either had its own contract (VEC, DMV, VDOT, and VWC) with a security firm or had in-house security (ABC). Per the DGS' DPS, if an agency owns its building it is responsible for obtaining its own security. Several agencies, including DMV, VDOT, VWC, and DGS, had contracts with the same security firm, New Horizon. VDOT solicited its own contract, staff indicated that s/he was unaware of the DGS contract, but felt that the DGS contract would likely not have met the agency's needs for armed security and its multiple locations. The other three agencies used a DMV-solicited contract because agencies' management felt that this contract better met their needs (same as for VDOT) than the DGS contract. OSIG staff reviewed the contracts and identified that the pricing for similar services for each agency was different. For instance, the pricing for an unarmed security officer ranged from $15.77 per hour to $22.85 per hour for services conducted in the Richmond area.

SECURITY CONTRACT PRICING BY AGENCY						
Agency	**DGS**	**VDOT**	**DMV**	**VWC**	**TAX***	
Service	**Hourly Rate**	**Hourly Rate**	**Hourly Rate**	**Hourly Rate**	**Hourly Rate**	**Largest average hourly rate difference in contracts**
Unarmed Security Officer	$15.77	$20.40		$21.50	$22.85	$7.08
Armed Security	$23.22	$23.65	$21.00			$2.65
Supervisor	$24.40	$24.49	$26.90		$26.90	$2.50
Assistant Supervisor	$21.40		$22.60			$1.20
* OSIG did not conduct a review of the Department of Taxation (TAX) security and only reviewed its contract pricing as it is under the same contract as the DMV but has a different pricing structure.						

The need for security in state buildings indicates a statewide mandatory or optional-use term contract for these services could be utilized as it meets the factors identified in the Agency Procurement and Surplus Property Manual (APSPM) such as:
- Need for sustained and recurring need for the service;
- Standard specifications for service performance is available;
- Adequate qualified vendor base exists to ensure competition;
- Term contract could result in lower overall unit costs and be in the best interest of the Commonwealth; and
- Could reduce administrative and procurement lead-time.

RECOMMENDATION

DGS should work with all agencies that have individual contracts for security services to determine if a common set of needs can be identified. DGS should then consider the need to develop a statewide mandatory or optional-use term contract to ensure adequate competition, lower overall unit costs, and reduction in administrative efforts and procurement lead-time.

MANAGEMENT RESPONSE:

DGS **agrees** with the conditions observed as presented. DGS **agrees** with the recommendation as presented with the following comment:

The current DGS contract was developed using cooperative procurement authority, and is available for other public bodies to make purchases.

DGS will contact the agencies identified in the report and determine the most appropriate and effective manner for them to contract for security services, whether it be through cooperatively purchasing from an existing contract, doing a joint procurement, or establishing a statewide contract. Completion date for this activity is expected to be October 31, 2016.

OBSERVATION NO. 6 — STATE SHOULD IMPROVE SECURITY SERVICES

To determine if security services are administered in an efficient and effective manner in state buildings, OSIG staff selected a sample of DGS-owned buildings and conducted building assessments with the assistance of the Division of Capitol Police (DCP) and DGS staff. OSIG observations were communicated to DGS management in a separate document. Due to the sensitive nature of the assessments, details have been omitted from this report.

Due to the observations, OSIG staff discussed with DCP staff and with DGS staff the possibility of DCP taking over the security responsibilities where DGS currently has a vendor security staff handling it. In addition to the observations, vendor staff typically needs DCP assistance when issues arise. DGS staff has been in discussion with DCP staff about the cost for the DCP service. The cost determination has not been finalized but appears to be the same or more than the vendor cost. Furthermore, DGS staff indicated other issues they would like dealt with, including standardizing entry to buildings.

RECOMMENDATIONS

DGS should work with the Secretary of Administration to establish a statewide security management council or other means to oversee and establish security standards for all state agencies. Standards should include, but not be limited to, physical building security (owned and leased), agency staff accessibility to the public and other state personnel, levels of qualifications and deployment of security personnel, hazard prevention and control procedures, and requirements for employee assistance and training programs to establish and maintain a secure workplace.

DGS should work with contracted security firms to ensure staff is properly handling security measures by checking ID's, logging in visitors, contacting appropriate agencies when visitors arrive, etc.

DGS should continue working with the DCP to perform a more detailed analysis to determine the feasibility of changing from vendor security at DGS-owned buildings and parking decks to the DCP. This change may provide more effective security to the Commonwealth.

MANAGEMENT RESPONSE:

DGS **agrees** with the conditions observed as presented.

DGS **agrees** with the recommendations as presented with the following comment:
DGS agrees with the concept of having a security council but would offer the suggestion that the former Capitol Security Working Group (CSWG) once again be stood up by the Secretary of Public Safety. DGS was a member and active participant in the CSWG when the workgroup was active in previous administrations. Previously the CSWG was a group of roughly 30 or so agencies who were located in Capitol District facilities that would meet quarterly or as necessary to discuss security and preparedness related issues in the Capitol District. It is DGS' opinion that this is best led by the Secretary of Public Safety's office as it brings a higher level of authority and relevance to the group while also raising the level of security and preparedness needs to the Governor's office.

a) DGS, in concert with the Division of Capitol Police, will reach out to both the Secretary of Administration and the Secretary of Public Safety with an expected completion date of October 1, 2016.

b) DGS will further engage contracted security firms on a consistent and on-going basis to reiterate the importance of 100 percent enforcement. Additionally, DGS' contract administrators will continue to log any performance complaints regarding the contractor.

c) DGS and DCP are currently engaged in a detailed security and cost analysis project to determine the feasibility of DCP providing security. The expected completion date for this activity is September 1, 2016.

Risk Area 3 — Division of Purchases and Supply — Sole Source Purchases, Emergency Purchases, and eVA

According to the Agency Procurement and Surplus Property Manual (APSPM), "DPS (Division of Purchases and Supply) is the centralized purchasing entity for materials, supplies, equipment, printing, and nonprofessional services required by any state agency or institution. All such purchases made by any department, division, officer, or agency of the Commonwealth shall be made in accordance with *Code* Chapter 43, Title 2.2; and such rules and regulations as DPS may prescribe."

Annex 1-A of the APSPM states, "DPS is responsible for ensuring that state procurement activities in the Commonwealth meet the requirements of the *Virginia Public Procurement Act* (VPPA), the regulations implemented by the Division, and procedures that are consistent with the APSPM."

Sole source procurement as defined by the APSPM "is authorized when there is only one source practicably available for the goods or services required. Competition is not available in sole source situation; thus distinguishing it from a proprietary purchase where the product required is restricted to the manufacturer(s) stipulated, but is sold through distributors and competition between them can be obtained. Sole source justification based solely on a single vendor's capability to deliver in the least amount of time is not appropriate since availability alone is not a valid basis for determining sole source procurement."

An emergency purchase as defined by the APSPM "is justified when there is an emergency occurrence of a serious and urgent nature that demands immediate action. Emergency procedures may be used to purchase only that which is necessary to cover the requirements of the emergency. Subsequent requirements shall be obtained using normal purchasing procedures."

Virginia's online, electronic procurement system, eVA, enables the purchasing and sourcing activities for goods and services in the Commonwealth. Administered centrally by DGS, usage of eVA is required of state agencies, colleges, and universities with the exception of certain activities performed by Tier III schools.

During research, OSIG staff found that the National Association of State Procurement Officers (NASPO) performed a survey in 2015 to identify how states use electronic procurement. NASPO staff provided OSIG with a spreadsheet detailing the results of the survey. For purposes of this report, the spreadsheet has been modified to eliminate or streamline certain categories to make it more readable. As can be seen (see Appendix I) Virginia's eVA has virtually all of the attributes surveyed for and provides vendors and users the content needed to conduct state business in the 21st century. [Note: Several states did not respond to the survey request and therefore are not listed in the spreadsheet.]

REVIEW OBJECTIVES AND STEPS
The review objectives included determining whether:
- The DPS procurement process is efficiently and effectively performed; that procurement policies for sole source and emergency purchases are effectively meeting agency needs; and controls are in place to ensure compliance with policies by other agencies; and
- The eVA procurement system is efficient and effective and is meeting the goals for the Commonwealth and vendors.

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OSIG staff obtained downloads of sole source and emergency purchases data to analyze and verify compliance with policies and procedures, surveyed selected users and vendors for customer satisfaction with the eVA system, and researched information regarding billing processes at Tier III schools in relation to their usage and requirements related to eVA. The following observations were noted:

OBSERVATION NO. 7 – DPS DOES NOT HAVE A MEANS TO AUTOMATICALLY MONITOR ALL SOLE SOURCE AND EMERGENCY PROCUREMENT EXCEPTIONS

Code § 2.2-4303[E] states, "Upon a determination in writing that there is only one source practicably available for that which is to be procured, a contract may be negotiated and awarded to that source without competitive sealed bidding or competitive negotiation." The *Code* further states, "Posting on the Department of General Services' (DGS) central electronic procurement website [VBO (Virginia Business Opportunities)] shall be required of any state public body." Although responsibility for compliance with the *Code* and the requirements in the APSPM has been delegated to each agency/university head, DGS performs procurement reviews at the agencies to identify and address non-compliance by agency management and staff. DGS performs an average of 10 onsite agency reviews each year and then issues a report to agency management and procurement staff with a summary of compliance and operational issues and recommendations. DGS reported it has completed 15 onsite agency reviews during the current fiscal year (FY 2016); six reviews had a management report pending issuance in April 2016.

OSIG staff selected a sample of nine sole source procurements made by various agencies, including three at DGS, during the time period of FY 2014 – FY 2015. Three of the nine (33 percent) sole source procurements reviewed by OSIG staff were non-sole source situations (other vendors could provide the same type of product) while two (22 percent) were not posted to the VBO as required. The DGS procurements were in compliance with sole-source requirements. DGS reviews for FY 2013 and FY 2014 identified only one sole source exception although more than 5,000 procurements (including small-purchase charge card) were reviewed. The number of procurements by type reviewed at each agency is not included in the DGS reports. DGS procurement management performed an automated comparison of eVA sole source procurements to the VBO after being notified of the posting non-compliance rate identified by OSIG staff and confirmed some sole source procurements are not being posted as required.

When planning for an agency review, the DGS staff manually reviews lists of procurements from eVA, including sole source and emergency procurements. A manual review is also performed on lists of expenditures and small-purchase charge card purchases that are provided to the DGS by the Department of Accounts (DOA). Each DGS Account Executive judgmentally selects a sample of procurements s/he finds questionable based on indicators such as purchase order category, repeated use of the same vendor, sole source procurements that appear to be a product available from multiple vendors, use of micro and SWAM vendors, split purchases (such as multiple purchases under approval

or limit thresholds from the same vendor), and procurements not entered in eVA within required time frames.

The manual review process and judgmental sample selection method does not consistently identify sole source and emergency procurements most likely to be non-compliant with the *Code* and regulations. In addition, the manual reviews are time consuming. DGS has begun using more automated processes such as the eVA-VBO comparison noted above, and has also begun considering automated data analysis.

The use of an automated data analysis tool would facilitate consolidation of data from multiple data sources (eVA, the SPCC, transaction data, the VBO, etc.) and review of 100 percent of the procurements. This would result in a faster, more complete process to identify exceptions to the procurement requirements and would allow for continuous monitoring to detect anomalies in real time as well as reviewing for trends. An automated tool would also facilitate detection of fraud in the procurement process.

A variety of options to increase automation are available ranging in cost and complexity. Less complex and less costly solutions include Microsoft Excel or Access. More complex systems such as ACL Analytics or IDEA/CaseWare Analytics are more costly, but offer the benefits noted above.

Recommendation
DGS should continue efforts to implement and use automation in the agency procurement review process, including enhancements to eVA, to ensure sole source and emergency exceptions are identified, as well as to monitor all procurement activity for compliance and fraud.

Management Response
DGS **agrees** with the conditions observed and the recommendation as presented. DGS has already begun enhancing eVA to meet this recommendation.

OBSERVATION NO. 8 — SURVEY RESULTS FROM EVA USERS AND VENDORS SUGGEST POSSIBLE SYSTEM IMPROVEMENTS

Virginia's eVA system is a web-based procurement process that supports the state's decentralized purchasing environment. The eVA system has earned the prestigious Digital Government Award, which is given annually in federal, state, and local governments, and higher education categories for best practices in services delivered via the Internet.

OSIG staff conducted a survey of selected eVA vendors and agency users to gain a better understanding of their satisfaction with the system. Subsequently, survey results were summarized and provided to DGS for review and consideration. Results included both positive and negative feedback, and are summarized as follows:

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- Vendor Responses:
  - Best features of eVA
    - Ability to track purchase orders and quick quotes;
    - Email notifications of solicitations; and
    - Ease of ordering.
  - Worst features of eVA
    - Getting requests for quotes for items vendor does not sell;
    - Slow search engine; and
    - Inconsistent notification of bid awards.
  - eProcurement tools that could be improved
    - Need easier process to respond to quick quote requests;
    - Need clearer priority of bid selections (types of vendor certifications or set-aside restrictions);
    - Need to be able to send B2B (business to business) connections of subcontractors to interested vendors; and
    - Need faster system response, more speed, and better navigation tools.
- Agency Responses:
  - Best features of eVA
    - Punch out catalogs;
    - Ease of registering vendors;
    - Reporting capabilities;
    - Consistency and transparency;
    - Reduces paperwork; and
    - Customer care center staff is extremely helpful, timely, and professional.
  - Worst features of eVA
    - Difficulty opening vendor catalogs;
    - Contracted items, particularly those provided by the Virginia Information Technologies Agency (VITA), are unintuitive to locate and use;
    - Have to input everything not in a punch out catalog as a non-catalog item;
    - Time consuming to use;
    - Hard to figure out commodity codes;
    - Vendor sourcing – too much burden on buyers to find sources of supply while simultaneously complying with SWAM business and Micro business requirements;
    - Reporting-data retrieval is not simple for the end-user and does not have easy search tools;
    - As an approver, not able to check or uncheck the "confirming box;"
    - Not being able to edit requisitioners' comments or to check or uncheck that their comments should be visible to the vendor;
    - Reports limited to a six-month period and in some cases three months;

- Vendor data fields often have invalid addresses, phone numbers, and/or email addresses; and
- System is not integrated with state financial system "Cardinal."
  - Areas that need improvement
    - Need faster system;
    - Need to create a "new order" each time search on item in punch out catalog is conducted;
    - Need training when new features are added;
    - Need to include all information on small, women, and minority (SWAM) owned businesses and on the SWAM page, and also provide the same information on the vendors in eVA;
    - Problem with changing an order that has been received;
    - Printing – both orders and receipts – should only show what was received at that time and not all items previously received;
    - Need favorite vendor page for catalog orders;
    - Need eVA to copy the purchase requisition (PR) completely, including the approval flow, comments, need by date, and attachments;
    - Cannot select funding when entering PR; instead have to exit, save, and then go back to edit the PR;
    - Need drop-down box for "ordering options" clause and discounts;
    - Need ability to configure reports from report and resource center to have the columns be in the order that were selected; and
    - Need punch out catalogs to be searchable by name.
- Other procurement systems that handle transactions better than eVA's system:
  - "I believe the VDOT Cardinal/PeopleSoft (Oracle) is more intuitive and easier to use. The Procurement module, Procurement Contracts module, and Pcard module together is an Enterprise application where all of the agency financial requirements are linked."
  - In follow-up conversations between OSIG staff and certain respondents, some agencies with their own procurement systems indicated that these are easier to use and interface with eVA (Alcoholic Beverage Control, Virginia Tech, University of Virginia, and Department of Rail and Public Transportation).

Recommendation

DGS should review the survey responses and make improvements as deemed appropriate.

Management Response

DGS **agrees** with the conditions observed as presented with the following comment:
DGS acknowledges that the conditions observed are responses from a survey by a select group of anonymous vendors and agencies.

DGS **agrees** with the recommendation as presented.

DGS will review the results and determine any appropriate improvements to eVA. Improvements and enhancements are ongoing.

Risk Area 4 — Division of Consolidated Laboratory Services

The Division of Consolidated Laboratory Services (DCLS) was formed in 1972 when laboratories from several Virginia agencies were consolidated to provide more efficient and cost-effective testing. DCLS was the first consolidated laboratory in the nation.

DCLS provides analytical testing services for agencies of the Commonwealth of Virginia, local government, federal agencies, and other states. The Division also tests a wide variety of other samples such as gasoline, animal feeds, fertilizers, and blood specimens from all Virginia infants. DCLS performs more than six million tests a year to help ensure the safety and health of Virginia's citizens and environment.

REVIEW OBJECTIVE AND STEPS

The review objectives included determining whether Laboratory services were provided in the most economical and efficient manner.

OSIG staff performed the following steps:

- Reviewed samples of the most performed laboratory services to identify any potential waste;
- Reviewed safety incidents from the past five years to identify trends;
- Compared salaries of certain staff positions within DCLS to similar positions in the public and private sector;
- Reviewed the process for transactions involving internal service funds; and
- Assessed the processes performed by other states' agencies that utilize outside laboratory services to determine if DCLS could provide services more efficiently and effectively.

The following observations were noted:

OBSERVATION NO. 9 — EXTERNAL SAFETY INSPECTIONS ARE NOT PERFORMED AT THE DIVISION OF CONSOLIDATED LABORATORY SERVICES

The laboratory environment can be a hazardous place to work. Laboratory workers may be exposed to numerous potential hazards, including chemical, biological, physical, and radioactive risks. Laboratory safety is governed by numerous local, state, and federal regulations.

Dr. Denise M. Toney, Director of the DCLS, provided OSIG staff with an Excel spreadsheet of all safety incidents within DCLS from January 2010 - November 2015. This report showed that there had been 108 incidents across 13 different incident types during that time period. Dr. Toney told OSIG staff that the increase in 2015 is likely to be attributed to a change in reporting practices at

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DCLS which emphasized the reporting of ALL "near miss incidents" which included incidents which did not ultimately result in employee exposures. This change was instituted in order to proactively track areas of the safety procedures and training which could be strengthened by "preventive actions" as opposed to waiting for incidents that required "corrective actions."

Safety Incidents by Year

Year	Number of Incidents
2010	17
2011	23
2012	11
2013	4
2014	9
2015	44
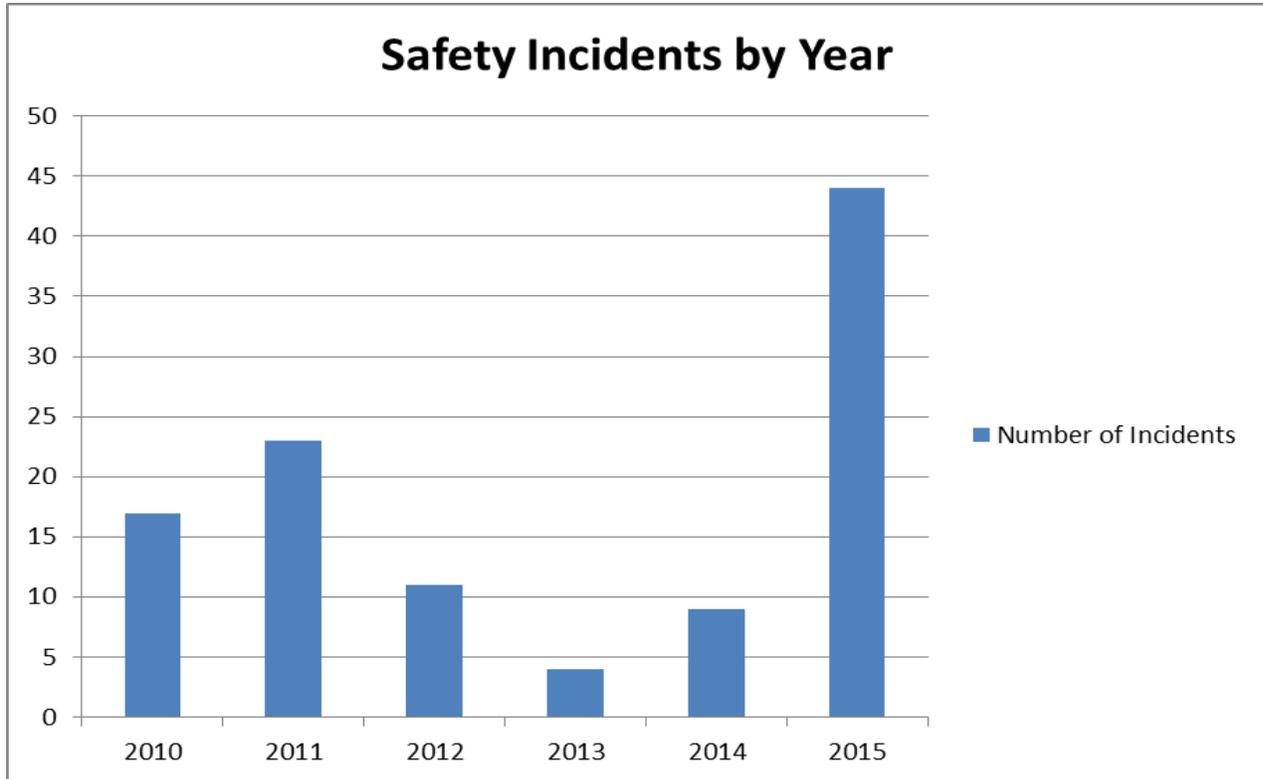
According to Dr. Denise M. Toney, Director of the DCLS, she was not aware of any external safety inspections being conducted of the laboratory. The only safety training the DCLS staff has received dealt with ergonomics. In calendar year 2014 Dr. Toney requested procurement of an external company specializing in laboratory safety to conduct a full safety inspection of the laboratory, but this was held up in the procurement process.

OSIG followed up with the Department of Human Resource Management (DHRM) Workers' Compensation Services Division (WCSD) regarding inspections and safety training assistance. According to Kristin McClaren, Director of the WCSD, the WCSD has a loss-control consultant who can conduct a safety inspection of the facility as well as provide safety-training courses. She noted that an inspection was last conducted in 2007. Ms. McClaren stated that the WCSD's services are free to state agencies. Agency requests for inspections or safety training can be made at any time. If during the inspection the WCSD inspection staff believes there is a need for additional expertise, then staff will recommend that the agency procure services from an outside vendor to perform a more in-depth safety inspection.

Recommendations

DCLS should work with the WCSD to schedule an inspection of the facility to assist in identifying and solving safety issues, evaluate any exposure to hazards, and recommend controls — or develop a plan and safety courses — to address hazards that are identified during the inspection. If necessary based on that inspection, the WCSD should work with agency procurement staff to procure a vendor that can perform a more in-depth safety inspection to identify ways to reduce the number of lab incidents.

Management Response

DGS **agrees** with the conditions observed as presented, with the following comment:

> The conditions observed and reported by OSIG staff are correct as documented. However, it is important to add that there are additional safety conditions that DCLS has in place for staff that were not observed by OSIG staff but are key to our laboratory work environment. Most of the OSIG observations and questions focused on external safety training however, it is important to mention that DCLS has numerous procedures and policies which address various aspects of general laboratory safety, biological safety, chemical safety, radiological safety, and biosecurity. All new hires are required to participate in detailed safety training including blood borne pathogen training and hazardous chemical waste training. On an annual basis staff must document refresher training in selected areas depending on the work they perform. Additionally, each group at DCLS is required to present a safety training topic at their monthly group staff meetings.

> Regarding inspections, it is true that DCLS has not had a comprehensive external safety inspection recently outside of the Select Agent Program inspection. However, the DCLS safety office is tasked with conducting at least one inspection of each laboratory annually using a detailed inspection checklist. Furthermore, each group manager is tasked with conducting a more focused safety inspection of each of their own laboratory workspaces at least quarterly and the checklist employed for these quarterly checklists is reviewed by management.

The DGS **agrees** with the recommendation as presented, with the following comment:

> DCLS would be pleased to work with the WCSD to schedule an inspection of the facility. Additionally, due to the specialized work conducted at the laboratory we hope that we could also procure a vendor which specializes in laboratory safety inspections to perform a

more in-depth inspection as there is benefit to both types of evaluation/inspections. DCLS has been awarded grant funding from the Centers of Disease Control and Prevention (CDC) to support this type of biological and chemical safety inspection.

DCLS is committed to safety and has taken several actions. DCLS met with WCSD and an inspection was conducted in July. DCLS will also be conducting internal meetings and surveys to develop a plan for improving employee safety and commitment to safety. The completion date for this activity is expected to be December 31, 2016.

DCLS is conducting a procurement to identify a qualified external vendor to conduct a more in-depth inspection of the DCLS facility and protocols. The completion date for this activity is expected to be August 31, 2016.

OBSERVATION NO. 10 — EMPLOYEE TURNOVER AT THE DIVISION OF CONSOLIDATED LABORATORY SERVICES IS EXCESSIVE

The Department of Human Resource Management Policy 3.05 Compensation states that agencies are to implement an agency salary administration plan that "addresses the agency's internal compensation philosophy and policies; responsibilities and approval processes; recruitment and selection process; performance management; administration of pay practices; program evaluation; appeal process; EEO considerations, and the employee communication plan."

A compensation/classification study has not been conducted since 2005 to determine if the DCLS compensation practices are internally equitable and externally competitive in the market.

DCLS is losing staff employees with one-to five-years of service for "better jobs" at a higher percentage rate (39 percent) than any other length of service per a report from DGS' Human Resources Division. The following is a chart that shows the turnover by years of service from January 2010-December 2015:

Years of Service	# Separated	Percentage
0-11 months	15	11%
1-5 years	54	39%
6-10 years	25	18%
11-15 years	17	12%
16-20 years	13	9%
21-25 years	4	3%
25+ years	12	9%

For example, OSIG staff conducted research (using payscale.com) regarding pay for a Molecular Biologist, which is similar to a DCLS' Scientist I position, according to the job description provided by the DHRM (position with the highest number of positions to resign with one- to five-years of service). OSIG staff found that with three years' experience and a bachelor's degree, a molecular biologist makes approximately $50,055. The average salary for a Scientist I position that left within one- to five-years of service was $42,306.

Recommendations

DCLS should work with DGS' Human Resources to conduct a compensation study to determine if compensation is both internally equitable and externally competitive in the market. If the review indicates that the division is not, then DGS should seek funding to increase applicable staff salaries to make them more equitable and/or competitive which may help retain the DCLS employees.

Management Response

DGS **agrees** to the conditions observed and the recommendation as presented.

DCLS will work with DGS' Human Resources to review existing DCLS salaries and conduct a compensation study. DCLS will seek funding to support salary recommendations (if applicable) as a result of the completed compensation study. The completion date for this activity is expected to be January 31, 2017.

Appendix I — 2015 NASPO Survey of State Procurement Practices - Electronic Procurement

2015 NASPO Survey of State Procurement Practices - Electronic Procurement

Responding State	Use e-Procurement	How eProcurement Funded							e-Procurement Can Share Documents	e-Procurement Can Combine Bid Quantities Together?	Entities that Use eProcurement						
	Yes	State Appropriation	User/ agency fee	Vendor fee	General Fund	Contract rebates	Public-private partnership	Other	Yes	Yes	Legislative branch	Judicial branch	Executive State agencies	Higher education	K-12 Schools	Local governments	Political subdivisions
ALABAMA											✓	✓	✓	✓	✓	✓	✓
ALASKA	✓		✓		✓				✓	✓			✓				
ARKANSAS																	
CALIFORNIA	✓		✓						✓				✓				
COLORADO	✓	✓				✓							✓				
CONNECTICUT	✓				✓				✓		✓	✓	✓	✓	✓	✓	✓
DELAWARE	✓	✓									✓	✓	✓	✓	✓	✓	✓
COLUMBIA	✓		✓							✓			✓				
GEORGIA	✓						✓						✓	✓			
HAWAII	✓			✓							✓	✓	✓	✓	✓	✓	✓
IDAHO	✓					✓			✓		✓	✓	✓	✓	✓	✓	✓
INDIANA	✓												✓				
IOWA	✓					✓					✓	✓	✓	✓		✓	✓
KANSAS	✓	✓		✓								✓	✓	✓			
LOUISIANA	✓	✓								✓			✓				
MAINE	✓	✓			✓							✓	✓				
MARYLAND	✓			✓					✓		✓	✓	✓	✓	✓	✓	✓
MASSACHUSETTS	✓			✓					✓	✓	✓	✓	✓	✓	✓	✓	✓
MICHIGAN	✓							✓	✓	✓			✓	✓	✓	✓	✓
MINNESOTA	✓	✓	✓		✓				✓	✓		✓	✓				
MISSISSIPPI	✓	✓											✓				
MISSOURI	✓	✓					✓		✓	✓	✓	✓	✓	✓	✓	✓	✓
MONTANA	✓	✓							✓		✓	✓	✓	✓	✓	✓	✓
NEBRASKA								✓									
NEVADA																	
NEW JERSEY	✓		✓						✓	✓	✓	✓	✓	✓	✓	✓	✓
NEW MEXICO	✓				✓								✓				
NEW YORK																	
NORTH CAROLINA	✓			✓							✓	✓	✓	✓	✓	✓	✓
NORTH DAKOTA	✓	✓			✓								✓				
OHIO	✓				✓				✓								
OKLAHOMA																	
OREGON	✓		✓						✓		✓	✓	✓	✓	✓	✓	✓
PENNSYLVANIA	✓	✓			✓								✓				
RHODE ISLAND																	
SOUTH CAROLINA	✓	✓	✓								✓	✓	✓				
SOUTH DAKOTA	✓			✓						✓	✓	✓	✓				
TENNESSEE	✓	✓	✓						✓	✓	✓	✓	✓				
TEXAS	✓			✓							✓	✓	✓	✓	✓	✓	✓
UTAH	✓					✓			✓		✓	✓	✓	✓	✓	✓	✓
VERMONT																	
VIRGINIA	✓		✓	✓					✓	✓	✓	✓	✓	✓	✓	✓	✓
WASHINGTON																	
WEST VIRGINIA	✓	✓	✓						✓	✓	✓	✓	✓	✓			
WISCONSIN										✓			✓				
PUERTO RICO																	

2015 NASPO Survey of State Procurement Practices - Electronic Procurement										
Responding State	e-Procurement System Capabilities									
	Requisitions/purchase orders	Solicitation development	Distribution of solicitations	Vendor registration	Receiving bids and proposals	Evaluation of offers	Contract award	Contract administration	Contract catalogs	Blanket purchase orders	Reverse Auction
ALABAMA											
ALASKA	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
ARKANSAS											
CALIFORNIA	✓	✓	✓	✓							
COLORADO	✓		✓	✓	✓	✓	✓		✓		
CONNECTICUT			✓	✓	✓	✓	✓	✓			
DELAWARE											
COLUMBIA	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
GEORGIA	✓	✓	✓	✓	✓			✓	✓	✓	
HAWAII			✓	✓	✓		✓				
IDAHO	✓	✓	✓	✓	✓	✓	✓	✓		✓	
INDIANA	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
IOWA	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
KANSAS	✓	✓	✓	✓		✓	✓	✓			
LOUISIANA	✓	✓	✓	✓	✓		✓	✓	✓	✓	
MAINE	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
MARYLAND			✓	✓	✓		✓		✓		
MASSACHUSETTS	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
MICHIGAN	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
MINNESOTA	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
MISSISSIPPI	✓	✓	✓	✓	✓	✓	✓	✓	✓		
MISSOURI	✓	✓	✓	✓	✓		✓	✓	✓		
MONTANA		✓	✓	✓	✓	✓	✓		✓		
NEBRASKA											
NEVADA											
NEW JERSEY	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
NEW MEXICO			✓	✓	✓						
NEW YORK	✓			✓							
NORTH CAROLINA	✓			✓					✓	✓	
NORTH DAKOTA	✓		✓				✓				
OHIO					✓		✓				✓
OKLAHOMA											
OREGON	✓	✓	✓	✓	✓	✓	✓	✓	✓		
PENNSYLVANIA	✓	✓	✓	✓	✓		✓		✓		✓
RHODE ISLAND											
SOUTH CAROLINA	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
SOUTH DAKOTA	✓	✓	✓	✓	✓	✓	✓	✓	✓		
TENNESSEE	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
TEXAS	✓							✓	✓	✓	
UTAH		✓	✓	✓	✓	✓	✓				✓
VERMONT											
VIRGINIA	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
WASHINGTON											
WEST VIRGINIA	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
WISCONSIN											
PUERTO RICO											

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2015 NASPO Survey of State Procurement Practices - Electronic Procurement										
Responding State	Contractor Performance				Transactions Processed				Integrated into the State Financial System	Use Digital Signatures
	Does not maintain a record of contractor performance	Reporting by client agencies	Inviting vendors to comment on performance reports	Performance reports publicly available (i.e., available to persons other than internal system users)	State Contracts/Catalogues	Small/ Informal Purchases	Formal Bids	Formal Proposals	Yes	Yes
ALABAMA										
ALASKA		✓			✓	✓	✓	✓	✓	✓
ARKANSAS										
CALIFORNIA	✓					✓	✓	✓		
COLORADO	✓				✓	✓	✓	✓	✓	✓
CONNECTICUT				✓	✓	✓	✓	✓		✓
DELAWARE										
DISTRICT OF COLUMBIA		✓			✓	✓	✓	✓	✓	
GEORGIA	✓				✓		✓	✓	✓	✓
HAWAII	✓					✓	✓	✓		
IDAHO	✓				✓	✓	✓	✓		
INDIANA					✓	✓			✓	
IOWA		✓			✓		✓	✓		✓
KANSAS		✓			✓	✓			✓	
LOUISIANA	✓				✓	✓	✓	✓	✓	
MAINE	✓				✓	✓	✓		✓	
MARYLAND	✓				✓	✓	✓	✓		
MASSACHUSETTS	✓	✓	✓	✓	✓	✓	✓	✓		✓
MICHIGAN		✓	✓		✓	✓	✓	✓		
MINNESOTA	✓				✓	✓	✓	✓	✓	✓
MISSISSIPPI	✓				✓	✓	✓	✓	✓	✓
MISSOURI	✓				✓	✓	✓	✓	✓	
MONTANA		✓			✓	✓	✓	✓	✓	
NEBRASKA	✓									
NEVADA										
NEW JERSEY					✓	✓	✓	✓	✓	
NEW MEXICO	✓						✓	✓		✓
NEW YORK										
NORTH CAROLINA	✓				✓	✓			✓	
NORTH DAKOTA	✓					✓	✓	✓		
OHIO		✓			✓				✓	✓
OKLAHOMA										
OREGON	✓				✓	✓	✓	✓		
PENNSYLVANIA	✓				✓		✓	✓	✓	✓
RHODE ISLAND										
SOUTH CAROLINA	✓				✓	✓	✓	✓	✓	✓
SOUTH DAKOTA	✓				✓	✓	✓	✓		
TENNESSEE		✓			✓	✓	✓		✓	✓
TEXAS	✓				✓	✓				
UTAH						✓	✓	✓		✓
VERMONT										
VIRGINIA		✓			✓	✓	✓	✓	✓	✓
WASHINGTON										
WEST VIRGINIA		✓			✓	✓	✓	✓	✓	✓
WISCONSIN									✓	
PUERTO RICO										

Appendix I