


Request for Proposals	 Marshall University Office of Purchasing One John Marshall Drive Huntington, WV 25755-4100 <small>Direct all inquiries regarding this order to: (304) 696-2599</small>	PROPOSAL # MU21PAUDIT Addendum #3
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Vendor:	Phone:	For information contact: Purchasing
	Fax:	Contact: Angela White Negley
		Email: negley4@marshall.edu
		& purchasing@marshall.edu
		Phone: (304) 696-2599
FEIN/SSN:		

Sealed requests for proposals furnishing services described below will be received by the Institution. TO RECEIVE CONSIDERATION FOR AWARD, UNLESS OTHERWISE NOTED, THE PROPOSAL WILL BE SUBMITTED IN BONFIRE ON OR BEFORE THE DATE AND TIME SHOWN FOR THE PROPOSAL OPENING. The Institution reserves the right to accept or reject proposals separately or as a whole, to reject any or all proposals, to waive informalities or irregularities and to contract as the best interests of the Institution may require. PROPOSALS ARE SUBJECT TO THE GENERAL TERMS AND CONDITIONS AS SET FORTH HEREIN.

DATE 11/19/2020	Pre-proposal/bid meeting 11/16/2020 @10 a.m. EST Completed	DEPARTMENT REQUISITION NO.	BIDS OPEN: 11/30/20 @ 3:00 pm. EST	BIDDER MUST ENTER DELIVERY DATE FOR EACH ITEM BID
Item #	Quantity	Description	Unit Price	Extended Price
		<u>Addendum #3</u>		
		Project: Marshall University's Purchasing Performance Audit Date: November 30, 2020 Time: 3:00pm EST The purpose of this addendum is to modify and/or clarify project requirements as per the attached information. The updated information must be taken into account in preparing proposals and shall become a part of the final contract documents. Receipt of this addendum must be acknowledged in the space provided on this front page and within this addendum, see page 4.		
Total				

To the Office of Purchasing,
 In compliance with the above, the undersigned offers and agrees, if this offer is accepted within _____ calendar days (30 calendar days unless a different period is inserted by the purchaser) from the bid open date, specified above, to furnish any or all items upon which prices are offered, at the price set opposite each item, delivered at the designated point(s), within the time specified.

Bidder guarantees shipment from _____	Bidder's name Vendor _____
_____ within _____ days	Signed By _____
FOB _____	Typed Name _____
After receipt of order at address shown	Title _____
Terms _____	Street Address _____
	City/State/Zip _____
	Date _____
	Phone _____

SOLICITATION NUMBER: MU21PAUDIT
MARSHALL UNIVERSITY PURCHASING PERFORMANCE AUDIT

Addendum Number: No.03

The purpose of this addendum is to modify the solicitation identified as ("Solicitation") to reflect the change(s) identified and described below.

Applicable Addendum Category:

- Modify bid opening date and time
- Modify specifications of product or service being sought
- Attachment of vendor questions and responses
- Attachment of pre-bid sign-in sheet
- Correction of error
- Other

Description of Modification to Solicitation:

Addendum issued to publish and distribute the attached documentation to the vendor community.

1. To answer bidders' questions from the mandatory pre-bid/proposal meeting
2. To provide data
3. To attach the pre-bid/proposal attendee sheet

NO OTHER CHANGES.

Additional Documentation: Documentation related to this Addendum (if any) has been included herewith and is specifically incorporated herein by reference.

Terms and Conditions:

1. All provisions of the Solicitation and other addenda not modified herein shall remain in full force and effect.
2. Vendor should acknowledge receipt of all addenda issued for this Solicitation by completing an Addendum Acknowledgment, a copy of which is included herewith. Failure to acknowledge addenda may result in bid disqualification. The addendum acknowledgement should be submitted with the bid to expedite document processing.

MU21PAUDIT Addendum number three (3) provides a list of attendees and answers to Firms' questions from the Virtual Pre-Bid/Proposal Conference held November 16, 2020 at 10:00 a.m.

Q1. Has the University established a budget for this project? If so, what is the budgeted amount?

A1. A budget has not been established.

Q2. What is the timeframe to complete the project?

A2. The Institution would like to receive the final report by May 31, 2021. MU currently plans to issue this contract by January 15, 2021.

Q3. What is the LPT Time Zone equivalent to?

A3. Please use the Eastern Standard Time Zone, (Addendum #2, item A5)

Q4. Please provide a copy of the previous audit.

A4. Provided in Exhibit B

Q5. Please provide the amount paid for the previous audit.

A5. \$41,500.00

Q6. Who completed the 2015, 2016, and 2017 audit?

A6. Matrix Consulting Group

Q7. What is the difference in scope from the previous audit?

A7. Difference in scope is the volume of transactions used to audit Purchasing Card Utilization.

Q8. What is the preferred virtual platform?

A8. The preferred Virtual platform would be Microsoft Team

Q9. Will the University request the firm performing the audit to assist with correcting/implementing the recommendations or will Marshall look to correct/ implement internally?

A9. Marshall will look to correct/implement all recommendations internally.

10. Statistical data is provided in Exhibit A

11. The pre-bid/proposal attendee list is attached as Exhibit C

Attachments:

Exhibit A – MU Purchasing and MU PCard Statistics (Chart 1)

Exhibit B – Previous Purchasing Performance Audit issued June 2018

Exhibit C – Pre-Bid/Proposal Attendee list

PURCHASING CONTINUATION SHEET

Requisition No.: MUP21PAUDIT

ADDENDA ACKNOWLEDGEMENT

I hereby acknowledge receipt of the following checked addenda and have made the necessary revisions to my proposal, plans, and/or specifications, etc.

Addenda:

No. 1 X

No. 2 X

No. 3 X

No. 4

No. 5

I understand that failure to confirm the receipt of the each Addendum is cause for rejection of bids.

Signature

Company

Date

MU PURCHASING STATISTICS (CHART 1)				
	FY2018	FY2019	FY2020	3-Year Average
PURCHASE CARD STATISTICS				
Transaction Volume	25,469	26,397	21,677	24,514
Average Transaction Amount	\$ 435	\$ 477	\$ 466	\$ 459
Total Annual Spend	\$ 11,837,043	\$ 13,105,528	\$ 10,400,732	\$ 11,781,101
Total Cardholders	285	299	279	288
GENERAL ENCUMBRANCE STATISTICS				
General Encumbrances Approved	4466	4701	3810	4326
Average Amount	6102	6161	5016	\$ 5,760
REQUISITION STATISTICS **				
Requisitions Approved	1815	1772	1600	1729
Average Amount	\$ 17,164	\$ 33,132	\$ 120,976	\$ 57,091
PURCHASE ORDER STATISTICS **				
Purchase Orders Approved	1819	1815	1632	1755
Average Amount	\$ 20,892	\$ 35,753	\$ 201,761	\$ 86,135
** Includes long-term financings and debt service obligations extending into future fiscal years				

Purchasing Performance Audit

MARSHALL UNIVERSITY

FINAL REPORT

matrix 
consulting group

Issue Date: June 29, 2018

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1. INTRODUCTION AND EXECUTIVE SUMMARY

This report presents the results and findings of the purchasing performance audit conducted for Marshall University by the Matrix Consulting Group. The purpose of the purchasing performance audit was to conduct an “independent performance audit of all purchasing functions and duties” pursuant to West Virginia Code Sections 18B-5-4. This review is required to be conducted every three years and to cover the time period that had elapsed from the preceding audit. For this study, the time period covered was July 1, 2014 through June 30, 2017.

This audit focused primarily on completing the review necessary to evaluate compliance requirements outlined in the above referenced West Virginia Code, and to determine whether purchasing and payments are conducted in accordance with established policy.

Each of these areas were evaluated and items of note are outlined in the following sections of the report. The report chapters have been developed to provide in Section 2 an overall assessment of all best management practices related to procurement operations, and in Section 3 an overall assessment of compliance with required statutes and regulations. Items recommended in Section 2 are those that the project team have identified as opportunities to enhance or improve services, but they are not indicative of non-compliance with established regulation or statutory requirements. Any non-compliance is addressed in Section 3 of this report.

AUDIT SCOPE AND OBJECTIVES

The purpose of the purchasing performance audit was to conduct an “independent performance audit of all purchasing functions and duties” pursuant to West Virginia Code Sections 18B-5-4. This review is required to be conducted every three years and to cover the time period that had elapsed from the preceding audit. The time period covered by this audit covers July 1, 2014 through June 30, 2017.

Specific tasks requested in the scope of services contained within the request for proposal included:

- Compliance with state law and the rules, policies, and procedures of the Marshall University Board of Governors as they apply to purchasing, receiving, supplies and equipment.
- Assessing whether professional procurement procedures are established and

maintained within the University.

- Determining whether the CPO has been properly designated as CPO by the President or executive officer of the institution and if there is a properly executed Designation of Chief Procurement Officer Form on file at the institution and whether this form has been properly filed as required. In general, is the CPO performing the CPO's responsibilities, duties and remedies outlined in the Marshall University Board of Governors Policy and duly adopted Purchasing Manual?
- Has the CPO delegated authority to Buyers, and has the delegation been made according to the Marshall University Board of Governors Policy and duly adopted Purchasing Manual? Do the buyers meet the minimum qualifications established in the West Virginia Code to be employed as buyers?
- Specifically, are the provisions of the Marshall University Board of Governor's Policy and duly adopted Purchasing Manual are being followed for purchases within adopted authority levels.
- Are the requirements of the Governing Boards Purchasing procedures manual being followed?
- Determine if the provisions of State Law and Board of Governors approved Procurement Rules are being followed for purchases within authorized procurement levels.
- Identify "Best Business Practices" in procurement and whether these are employed at Marshall University.
- Make recommendations that the audit firm believes would improve efficiency and accountability at the institution level and system-wide.
- Identify factors inhibiting efficient and satisfactory performance and identify ways of making purchasing work better.
- Identify internal controls that should be implemented at the university.
- Determining if the Purchasing Card Program is being managed by the institutions in conformance with West Virginia code Section 12-3-10a and Title 148CSR7.

Each of these areas have been evaluated and items of note are outlined in the following sections of the report.

OVERALL ASSESSMENT

The project team's evaluation noted no material findings of deficiency in the performance

audit of the Marshall University procurement practices or p-card practices or areas of significant non-compliance with state and university laws and regulations. Several strengths were identified and are detailed in Section 2 of this report. At the same time, several opportunities for improvement were noted and are also contained within Section 2 of this report. The recommendations for improvement outlined in this section are practices or changes that if implemented would enhance the overall procurement function and/or increase service to the user departments.

These recommendations were developed based upon the unique operating environment of Marshall University and are designed to further implement recognized best procurement practices into the Office of Purchasing. Section 3 of this report provides a more detailed analysis and discussion of specific compliance functions, items noted, and recommended actions to enhance compliance or improve efficiency as required under the West Virginia Code Section 18B-5-4.

STATUS OF PRIOR AUDIT RECOMMENDATIONS

The following table outlines the action taken for each of the issues that were identified in the prior compliance audit issued on April 27, 2015. This table summarizes the recommendations made in the prior audit report and the action taken since then in implementation or further action that should be conducted.

Recommendation	Status and Comments
A formal on-going training program should be established for all buyers to maintain skills and provide skills enhancement.	On-going training is provided as necessary and appropriate. Training should be an on-going effort into the future.
An on-going vendor evaluation system should be established that required evaluation of each vendor's performance. Initially, this effort should be focused on contracts exceeding \$100,000.	No on-going vendor evaluation system has been implemented for large contracts. This remains a recommendation for the future enhancement of procurement services.
More timely reports summarizing p-card transactions should be provided to Purchasing, along with data extracts where feasible, to enable greater evaluation of spending, need for new contracts, and completion of more comprehensive spend analysis.	Purchasing has greater access to purchasing card data. On-going spend analysis is not yet a routine function conducted within the Office of Purchasing.

Recommendation	Status and Comments
<p>On-line services should be enhanced to include:</p> <ul style="list-style-type: none"> - Electronic submission of RFQ processes. - Electronic signature authority should be developed and implemented to enable greater utilization of on-line services for formal bid responses. - Posting of bid tabulations on-line after bid opening. - Posting of award notifications. 	<p>Various improvements have been implemented including utilization of some electronic submission of quotes. Posting of bid tabulation and final results are not posted online.</p> <p>Bid tabulations are posted on the Office of Purchasing's website under "Awards"</p>
<p>Marshall University should enter into discussions with WVU for acquiring use of the small construction projects software system that enables electronic bid distribution, response receipt, and processing for minor construction projects (i.e. – those under \$25,000).</p>	<p>Due to changes in procurement activities at WVU, this small construction process system may no longer be available for use.</p>
<p>On-going spend analysis and procurement reports should be developed that enable staff to better evaluate procurement actions including identification of additional opportunities for developing university wide contracts, conducting spend analysis, and identification of potential purchase order stringing. Available business intelligence is currently limited due to high use of p-cards and the inability to retrieve detailed commodity code purchase details from these transactions.</p>	<p>On-going spend analysis is not conducted on a routine basis but should be completed to provide insight into overall University spending and enable identification of areas for new master contract development to provide more efficient and cost-effective procurement.</p>
<p>The procurement software should be modified to provide for easier and more detailed tracking of special procurement actions (such as sole source purchases, emergency purchases, etc.). Currently these are not identifiable within the system.</p>	<p>This effort should continue to provide easier access to identification of historical purchases under these procurement approaches. Banner documents are classified with an "S" for sole source and "E" for emergencies. It is a manual process but is the only option in the Banner system</p>
<p>A sole source authorization form should be implemented to ensure consistent provision of information and formal documentation of the approval.</p>	<p>Sole source documentation is now required containing specific and consistent information to enable clear identification of whether a procurement meets the sole source standards and provisions.</p>
<p>Marshall University should implement a “best pricing” clause within sole source purchase orders to assist in obtaining better pricing.</p>	<p>This should continue to be considered for implementation. MU will insert the Best Pricing Clause into the Bidding Documents and the Life of Contract page</p>

While none of the recommendations listed above were compliance findings in the prior audit, significant progress has been made to implement these improvements since the last audit to enhance and improve the procurement function. Those items not yet fully implemented or addressed should continue to be a focus area for improvement opportunity for the Procurement Department over the next several years.

LISTING OF RECOMMENDATIONS

The following table is provided for ease of reference as a summary of the major recommendations contained within the report. For the most part, these reaffirm the improvement opportunities noted in the prior audit which after the conclusion of the recent evaluation and field work remain a recommendation for improvement. It is important to note that these are operational improvements that can enhance the procurement operation but are not findings of non-compliance with state regulation.

Recommendations
The University does not currently have a formal or regular vendor training program to address key concerns with the University's vendors and acquaint them with procurement practices at the University.
The Office of Purchasing does not currently conduct regular vendor evaluations. This would be most valuable for high-value contracts.
The Office of Purchasing does not conduct satisfaction surveys of internal customers.
There is not currently a standard set of criteria or evaluation process for determining the appropriateness of executing a contract extension versus re-bidding an existing contract.
Vendors are not currently able to register through the Purchasing home page or submit electronic bids and proposals. Electronic bids are submitted into the Bonfire portal
A formal evaluation process or set of criteria has not been adopted for weighing the selection of service providers when pricing is not the sole consideration. see below
The Office of Purchasing does not currently prepare quarterly reports identifying major vendors doing business with multiple University departments in an effort to consolidate contracts. see below
The University does not currently conduct periodic spend analysis to determine commodity areas where group purchasing would be more effective. see below
The Department has not yet migrated to fully electronic file management for purchasing documentation. see below

These recommendations are further addressed in the best practices assessment in the following section.

Criteria is provided within each proposal. Each proposal has it's distinct criteria and weight assignments.	Major vendors are identified in a fiscal year report. However quarterly reporting can be implemented.	Spend analysis is not yet available with the current software	The University is using iContracts as the electronic file management repository for contracts and P.O.s
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2. BEST MANAGEMENT PRACTICES ASSESSMENT

One of the significant components of the purchasing performance audit is the evaluation of existing practices against “best management practices”. In order to make an assessment of operational strengths and improvement opportunities, the project team developed a set of performance measures that we call “best management practices” against which to evaluate these processes. These performance measures, along with the compliance evaluation, comprise the main thrust of this diagnostic assessment.

The measures utilized have been derived from the project team's collective experience and represent the following ways to identify departmental strengths as well as improvement opportunities:

- Statements of "effective practices" based on the study team's experience in evaluating operations in progressive procurement operations and / or “industry standards” from recognized procurement associations and research organizations.
- Identification of whether and how the procurement practices in place at Marshall University meets the performance targets.
- Comparison of practices utilized at Marshall University against those in place at comparable institutions of higher education.

The purpose of the diagnostic assessment was to develop an overall assessment of the procurement policies and practices. The following points summarize the key findings of the project team relative to existing strengths and opportunities for improvement. Following the summary is a table with the detailed assessment for each best management practice.

CURRENT STRENGTHS OF THE PURCHASING FUNCTION

The project team identified numerous positive aspects of the current procurement functions in place at Marshall University. Some examples of key strengths identified are summarized in the following points:

- A comprehensive purchasing manual has been adopted by the Marshall University Board of Governors to guide university purchasing practices. The manual clearly outlines authority levels and covers ethical procurement practices. The manual

discusses appropriate procurement methods for various types of purchases, and it is regularly updated.

- The Office of Purchasing serves as the centralized procurement and purchasing compliance authority in the University.
- Periodic procurement meetings are held with departments to train them on procurement policies and procedures. Additionally, these meetings are utilized to inform user staff of changes in procurement practices and to answer questions regarding compliance with procurement regulations.
- The University has a well-defined policy for the use of purchasing cards (P-cards), and administration of the P-card policy is consolidated within a single department. P-card usage is regularly reported upon and audited.
- All contracts entered into by the Department's buyers for purchasing goods and services are pre-approved templates or individually approved by legal counsel.
- The University maintains a master listing of authorized purchasers and designated authority levels for each department.
- The University utilizes common and system-wide computer systems for conducting purchasing functions. User departments can use the Banner system to request the status of a purchase requisition.
- The University has used its technology and online presence to increase the transparency and accessibility of the procurement process for vendors and customers.
- The Office of Purchasing follows procedures for securing a competitive price through multiple quotations on goods and services even when a competitive bidding process is not required by the policy.
- The purchasing policy clearly defines the circumstances under which sole source procurement is appropriate, and the Office of Purchasing reviews all sole source purchases before they are executed.
- All documents and records of procurement processes are kept on file in the Office of Purchasing.

- Procurement files are maintained in a comprehensive and thorough manner.

These strengths provide a strong foundation for addressing the opportunity for improvements noted in the following section.

OPPORTUNITIES TO FURTHER IMPROVE PURCHASING OPERATIONS

The best management practices review, also identified several opportunities for improvement. Some examples of key improvement opportunities are outlined in the following points:

- The University does not currently have a formal or regular vendor training program to address key concerns with the University's vendors and acquaint them with procurement practices at the University. **Understood**
- The Office of Purchasing does not currently conduct regular vendor evaluations. This would be most valuable for high-value contracts. **The Office of Purchasing currently relies on the End-Users to provide feedback. A formal evaluation can be developed**
- The Office of Purchasing does not conduct satisfaction surveys of internal customers. **Understood**
- There is not currently a set of criteria or evaluation process for determining the appropriateness of executing a contract extension versus re-bidding an existing contract. **The Office of Purchasing currently relies on feedback from the end-users. A formal evaluation can be developed.**
- Vendors are not currently able to register through the Purchasing home page or submit electronic bids and proposals. **Vendors can register and submit bids into the Bonfire portal**
- A formal evaluation process or set of criteria has not been adopted for weighing the selection of service providers when pricing is not the sole consideration. **Unique criteria, with specific weights, is provided within RFPs**
- The Office of Purchasing does not currently prepare quarterly reports identifying major vendors doing business with multiple University departments in an effort to consolidate contracts. **Reports are provided each fiscal year. However, the frequency can be changed from yearly to quarterly.**
- The University does not currently conduct periodic spend analysis to determine commodity areas where group purchasing would be more effective. **The current software does not provide this information. However, the University is researching the feasibility of acquiring software that can provide this information.**

- The Department has not yet migrated to fully electronic file management for purchasing documentation. The University uses iContracts as the electronic file management system

These improvement opportunities were developed based upon the best practices assessment conducted. The detailed assessment is provided in the following section.

BEST PRACTICES ASSESSMENT

The following table contains the detailed best management practices evaluation. It lists the best management practice evaluated, whether it is a strength at Marshall University or an opportunity for improvement, and any recommendation for implementation.

Performance Target	Strengths	Potential Improvements	Recommendation
ADMINISTRATIVE POLICIES & PROCEDURES			
A comprehensive procurement policy has been developed and distributed to all staff outlining required practices in procuring goods, services, and construction services.	The Board of Governors has a clear procurement policy which covers all aspects of procurement and is routinely used by staff.		
The procurement policy has been reviewed and revised within the last two years.	The procurement policy has been reviewed and updated within the last two years.		
All key staff in procurement functions has attended required training on the Marshall University Procurement Policy. All new staff assigned to procurement functions is required to receive, review and attend training on the University's policy upon appointment.	All procurement staff have received training on the University's procurement policy. The Department has also conducted cross-training to enable staff to fill in for each other.		
The procurement policy contains an ethics section governing staff and vendor actions.	Ethics are covered in the policy, referring to the West Virginia Governmental Ethics Act.		

Performance Target	Strengths	Potential Improvements	Recommendation
<p>The Procurement Division has published a "How To Do Business" Guide for vendors. The guide has been revised within the last three years.</p>	<p>The Vendor Resources section on the website includes bid awards, open RFP's, etc. It also includes a "supplier's guide".</p>		
<p>Formal vendor training is offered annually to acquaint potential vendors on the University's policies and procedures.</p>		<p>The Department does not regularly offer vendor training.</p>	<p>Additional training opportunities should be considered to educate potential vendors about purchasing opportunities and requirements.</p>
<p>A customer survey has been conducted within the last three years to elicit feedback regarding Marshall University service levels and practices.</p>		<p>The Department does not have the results of a recent internal customer survey.</p>	<p>An annual customer survey should be conducted to identify level of service provided to customers and ways the Office of Purchasing can enhance services.</p>
<p>A policy is in place requiring periodic vendor evaluation and outlines criteria for designating a vendor as approved / disapproved regarding eligibility for continued business with the University.</p>	<p>Departments can file opinions in writing when a vendor is unsatisfactory.</p>	<p>Vendor evaluation is not a routinely undertaken process. This is only done when a department has a particular reason or strong opinion about a vendor.</p>	<p>Consideration should be given to implementing formal vendor evaluations on larger contracts (i.e. – those exceeding \$100,000).</p>

Performance Target	Strengths	Potential Improvements	Recommendation
<p>Contracts entered into by Marshall University staff are either:</p> <ul style="list-style-type: none"> • Reviewed prior to signing by University legal staff; or • Within procedure guidelines where legal review is not conducted, based upon contract templates having received prior University legal approval. 	<p>Contracts are reviewed as necessary by the legal department, but the purchasing staff are able to use contract templates for much of their contract-based procurement work.</p>		
<p>The use of procurement cards is based upon a defined policy and procedure adopted by the University.</p>	<p>The University has a clearly-defined purchasing card policy.</p>		
<p>Procurement card use is periodically audited by the University to ensure compliance with policies and procedures.</p>	<p>Purchasing card statements are reviewed every month to ensure that purchases align with established policy.</p>		
<p>Utilization of p-cards is well defined regarding the types and number of services that may be paid for through the p-cards.</p>	<p>The University has a clearly-defined policy on the use of p-cards which includes dollar amounts and types of purchases which may be made.</p>		
<p>Procurement Services maintains a master listing of authorized purchasers for each department with designated authority level.</p>	<p>The Department maintains a listing of purchasers for each department with designated authority levels.</p>		
<p>All changes in designated users (addition of new staff, termination of existing staff) are communicated within 24 hours to Procurement by the appropriate department.</p>	<p>Departments must notify the dean and department chair when they want to change authority over particular organization codes or a purchasing card.</p>		

Performance Target	Strengths	Potential Improvements	Recommendation
Guidelines have been developed to limit the number and dollar amount of non-competitively bid contracts that can be awarded to a single vendor.		There is no policy in place for multiple orders made to the same vendor except in the case of stringing. When it is determined that a service is consistently needed, an open-end contract will be bid.	
A written appeal procedure is in place for non-selected vendors.	An appeal process is in place. Appeals are sent to the Purchasing Director and the Legal Department for review.		
The Procurement Division serves as the centralized procurement authority with responsibility and authority to oversee all University purchasing and review of compliance with established policies and procedures.	The purchasing function for the entire University, all departments and the Research Corp, is conducted through the Purchasing Department.		
Procurement authority delegated to departments is audited annually by the Office of Purchasing to ensure compliance with University policies and procedures.	Departments' staff can create requisitions in Banner, but Only purchasing personnel have purchase order approval in Banner.		
Procurement Services is responsible for maintaining a centralized listing of registered vendors.	The Purchasing Department maintains an up-to-date listing of registered vendors in Banner.		
TECHNOLOGY UTILIZATION			
Marshall University utilizes a common procurement software system across all departments.	The University's system for procurement is consistent across all departments.		

Performance Target	Strengths	Potential Improvements	Recommendation
<p>The automated financial system utilized for procurement contains the following elements / functionality:</p> <ul style="list-style-type: none"> • Approved vendor database. • Ability to enter and approve purchase requisitions electronically. • Ability to issue electronic purchase orders. • Ability to make electronic payments to vendors either directly or through an interface with the accounts payable module. • Ability for user agencies to query the system for up to the minute information regarding purchase requisition / purchase order status. 	<ul style="list-style-type: none"> • Yes, the system contains a database of approved vendors. • Yes, departments and purchasing staff can enter, and purchasing staff can edit/remove as necessary. • Yes, the system facilitates electronic PO's • Yes, the system can issue electronic payments to vendors. • Other departments can query the system, but typically staff will keep them updated. 		
<p>Marshall University has utilized the internet homepage to provide the following services:</p> <ul style="list-style-type: none"> • Access to Marshall University procurement policy. • Online electronic vendor registration 	<ul style="list-style-type: none"> • The procurement policy is available on the Purchasing Department page. 	<ul style="list-style-type: none"> • Vendors cannot register electronically on the website. 	<p>Website functionality should be enhanced to allow online vendor registration.</p>

MU Purchasing is currently studying the feasibility of establishing a vendor registration system on the Purchasing website since the State of WV already has one in place.

Performance Target	Strengths	Potential Improvements	Recommendation
<ul style="list-style-type: none"> Online posting and distribution of formal solicitations (ITB, RFQ, RFP) Receipt of formal bids & proposals electronically Posting of bid tabulation results following opening Posting of award notifications online. 	<ul style="list-style-type: none"> Open solicitations are clearly posted on the website. Many bids and proposals can be submitted electronically. Award notifications are posted online. 	<ul style="list-style-type: none"> Bid tabulation results are not posted on the website. 	<p>The Department should consider using the website to post bid tabulations as well as the final result.</p> <p>Bid awards are posted under the Vendor Resource tab titled "Awards", Tabulations can be added</p>
<p>Staff involved with procurement is able to view historical purchases online to evaluate current bids, proposals, and quotations against prior purchase experience.</p>	<p>Purchasing staff can view purchase history to facilitate more efficient and competitive procurement.</p>		
INTERNAL CONTROLS AND PRICING PRACTICES			
<p>Appropriate internal controls are in place within the procurement system to generate reports or flag actions where:</p> <ul style="list-style-type: none"> Total purchase expenditures for common services and/or goods across multiple departments exceed established approval levels. Identification of requested payments that would exceed authorized contract or purchase order limits. 	<p>Purchasing staff conduct periodic spend analyses.</p>	<p>There is no automatic flag in Banner to note when purchase order requests exceed established approval levels.</p>	<p>An Argos report can be generated but there is no software system available at this time for automatic updates</p>

Performance Target	Strengths	Potential Improvements	Recommendation
A sole source policy has been developed and/or reviewed within the last three years. There is a standard form utilized by departments for requesting sole source contract approval.	The sole source policy has been reviewed within the last three years.	No standardized sole source form is used. Instead, departments get a letter verifying sole source status. <i>A standardized sole source form is available for department use</i>	
The sole source policy outlines the acceptable reasons for utilizing a sole source purchasing arrangement.	The sole source policy outlines the acceptable reasons for utilizing a sole source purchasing arrangement.		
All departments are required to follow the University's approval for sole source contracts.	Sole source form must be attached by the department and verified by the purchasing department.		
There is a clear policy in place for addressing violations of the sole source contract policy, including disciplinary actions.	The BOG purchasing policy and the university's purchasing handbook both outline repercussions for violation of purchasing policy, including the sole source policy.		
All sole source purchases are reviewed by Office of Purchasing and approved prior to entering into a purchase agreement.	All sole source purchases are reviewed by Purchasing staff and approved prior to entering into a purchase agreement.		
Departments provide research and backup documentation in writing justifying sole sourcing (e.g., letters from manufacturers about local distributors, solicitation of quotes from vendors, systems integration requirements, etc.)	Departments provide research and backup documentation in writing justifying sole sourcing.		

Performance Target	Strengths	Potential Improvements	Recommendation
Efforts are undertaken to ensure that competitive pricing is achieved from all vendors approved as sole source (i.e. – review of pricing provided to other municipalities, negotiation with vendor, etc.).		The department does not have procedures to achieve competitive pricing in sole source situations. MU is now using Gov Spend for price analysis	
Procurement Services Division maintains a master database / report of all sole source purchases.	Yes, a master list of sole source purchases is kept and can be produced as a report.		
The policy contains appropriate procurement processes to achieve competitive pricing on service contracts not requiring formal bidding / RFPs.	Staff attempt to secure competitive pricing in sole source environments.	The policy does not provide guidelines to achieve competitive pricing in sole source situations.	The policy should include guidelines for practices such as comparing vendor pricing to past clients.
Master databases are maintained of all service and construction contracts entered into by the Marshall University.		The master database contains these purchases, but they are not specially marked.	Construction contracts should be specially designated in Banner. A Class Code can be assigned within Banner to identify Construction contracts.
Appropriate documentation is maintained supporting the selection decision reached by staff.	The department maintains substantial documentation and complies with the State's regulations to support their selection decision.		
All contracts entered into for service contracts are either based upon contracts approved by the Marshall University or if based upon a vendor supplied contract are reviewed by legal staff prior to signature.	Yes, all contracts are based on approved templates or subjected to legal review.		

Performance Target	Strengths	Potential Improvements	Recommendation
Assistance by Procurement Services is provided to departments in negotiating pricing for service contracts. Prior contracts and external research is utilized for determining the appropriateness of consultant rates and fees.	The Purchasing Department routinely helps other departments with negotiating pricing.		
Services and commodities utilized by multiple departments are acquired through a joint effort coordinated by the Office of Procurement to achieve best value for the University.	The Purchasing Department buys services and commodities utilized by multiple departments in bulk, through a joint purchasing arrangement.		
A standard policy has been established across all departments outlining the process to be followed in evaluating and selecting vendors for service contracts (i.e. – numerical ratings, consensus selection, etc.).	Yes, a points system is used to select construction vendors across the University, and the vendor selection criteria used by the Purchasing Department do not vary between departments.		
REPORTING AND DOCUMENTATION			
Basic documentation on service contracts including RFPs/RFQs, vendor submissions, selection process, etc. is maintained by Procurement for all contracts.	The Department thoroughly maintains documentation on service contracts.		
Project Managers are responsible for evaluating performance of vendors on construction contracts and documenting and approving the need for change orders.	Project manager must submit signed approval of any change orders to the Purchasing Department, which then reviews and makes change order in Banner if it looks good.	Purchasing does not coordinate vendor evaluation with the project managers. They may do this on their own, but do not conduct formal evaluations.	

Performance Target	Strengths	Potential Improvements	Recommendation
Quarterly reports are generated identifying major vendors with Marshall University that are doing business with more than one department to identify potential areas for joint purchasing efforts.	The Purchasing Director does these reports as time allows. Annual reports are provided.	This task has become less routine as staffing has been diminished.	
A quarterly report is prepared describing each contract that is ending within the next six months and details the eligibility for contract extension (based upon original contract terms).	Staff track the expirations of their contracts on their calendars, are always alert on when they need to go out to bid. Departments generally get renewal notices from vendors.	A quarterly report is not generated automatically. This can be turned on in iContracts	
The Office of Purchasing identifies and makes users aware of available cooperative purchasing agreements and GSA-like/State schedules available for direct purchases.	The University's cooperative purchasing arrangements are all visible on the public website.		
Marshall University has a defined compliance function with defined tasks, duties, and required reviews.		The compliance office does not exercise oversight of the Purchasing Department.	
Marshall University Office of Purchasing maintains records of procurement activities in accordance with the State of West Virginia Records Retention regulations.	Records of procurement activities are kept in accordance with, and in excess of, state law. They are kept in physical files in the office.		

In addition to this assessment of current operating practices and procedures of the Office of Purchasing against best management practices in the procurement field, the project team also evaluated the Marshall University Office of Purchasing for compliance with statutory requirements and operating practices as required in West Virginia Code Sections 18B-5-4. This analysis is contained in the following chapter.

3. COMPLIANCE REVIEW

This chapter summarizes the project teams findings related to the major areas of compliance with established policy, procedures and State Law. Specific discussion and recommendations are contained in the sections following the initial summary on those areas where specific comments are noted.

The project team utilized various data sampling and file review methodologies in the development of the conclusions reached regarding compliance with established procedures and internal controls required within the procurement function.

THE UNIVERSITY COMPLIES WITH STATE AND UNIVERSITY REQUIREMENTS

In recognition of the requirements placed upon the procurement department from state laws and regulations and Marshall University Board of Governor’s policies, the project team reviewed various areas for internal compliance through several testing methodologies. The following table outlines the findings relative to the compliance issues reviewed:

File Category	Count and Description	Result / Finding
<p>Purchase Orders Not Exceeding Threshold for Competitive Bidding</p> <p>Up to \$25,000 for FY15 Up to \$50,000 for FY16, FY17</p> <p>Note: purchases between \$25,000 and \$50,000 in FY16, FY17 require 3 quotes by University policy.</p>	<p>Sampled 178 purchase orders for compliance with required procedures for adopted thresholds in place at the time, including required signatures and signed terms and conditions. Files included transactions from each fiscal year under review. 179 purchase orders were requested, but P1501247 was unavailable.</p>	<p>The University is in substantial compliance with the use of competitive processes for purchasing thresholds.</p> <p>98.9% of sampled purchase orders were fully compliant. Two transactions were missing supporting documentation to enable a determination of compliance.</p>

File Category	Count and Description	Result / Finding
<p>Purchase Orders Exceeding Threshold for Competitive Bidding</p> <ul style="list-style-type: none"> • Over \$25,000 for FY15 • Over \$50,000 for FY16/17 	<p>Sampled 103 purchase orders for compliance with required procedures for adopted thresholds in place at the time, including evidence of a competitive procurement process. Files included transactions from each fiscal year under review.</p>	<p>The University is in substantial compliance with the use of competitive processes for purchasing thresholds.</p> <p>96.1% of sampled purchase orders were in full compliance with policies and procedures. In four cases, documentation was missing for the transaction (2 instances) and documentation detailing the use of competitive processes was not available (2 instances – one missing a sole source documentation form or approval one with insufficient number of quotes documented).</p>
<p>Procurement Card Transactions</p>	<p>Sampled 167 procurement card transactions for compliance with required procedures. Files included all documentation related to the p-card transaction.</p> <p>Additionally, all transactions were analyzed to review potential stringing issues from purchases made on the same or consecutive days with the same vendor.</p>	<p>The University is in substantial compliance with procurement card policies and procedures.</p> <p>97.0% of transactions tested were fully compliant. Minor issues related to missing documentation (one transaction), mismatched amount (one transaction) and vendor name discrepancy (3 transactions). For the instance of no documentation, the University appropriately suspended the individual's card privileges.</p>

The table above does not include an assessment of sole source purchases or construction contracts, both of which were reviewed separately by the project team. The table below depicts further compliance issues which the project team examined:

Compliance Issue	Process Utilized	Result / Finding
1. Determine compliance with state law, the rules, policies and procedures of the Marshall University Board of Governors as they apply to purchasing, supplies and equipment.	Reviewed West Virginia Code sections §18B-5-4 and §18B-5-4a, and the Board of Governors purchasing policy for comparison with the purchasing practices of the University.	No finding. Full compliance found with the policies and procedures utilized by Marshall University in conducting purchasing activities.
2. Determine whether professional procurement procedures are established and maintained within the University.	Reviewed the written policies and procedures of the University's Purchasing Department, as well as the documentation for selected purchases.	No finding. The policies and procedures in place outline professional processes for purchasing and are well-established and consistently maintained.
3. CPO Designation and performance of assigned duties in accordance with the CPO's responsibilities as outlined in Marshall University Board of Governor's adopted purchasing manual. In general, is the CPO performing the CPO's responsibilities, duties and remedies outlined in the Marshall University Board of Governors Policy and duly adopted Purchasing Manual?	Reviewed the documentation of the designation of CPO duties and observed the responsibilities carried by the CPO, as well as the purchasing records created by the Department.	No finding. The CPO has been duly designated and assigned the appropriate duties in keeping with the Board of Governor's adopted purchasing manual. The CPO is performing the duties as prescribed.
4. Review of delegated authority to Buyers by CPO. Is it in accordance with Board of Governors Policy and duly adopted purchasing manual?	Reviewed the documentation of purchasing authority delegation to buyers by the CPO.	No finding. Purchasing authority has been duly delegated to Buyers by the CPO in accordance with Board of Governors Policy and the purchasing manual.
5. Review of buyer's minimum qualifications.	Reviewed the qualifications of each purchasing agent individually for compliance with Board of Governors policy.	No finding. All buyers in the Department meet the minimum qualifications established by the Board of Governors.

Compliance Issue	Process Utilized	Result / Finding
6. Have institutional guidelines and procedures for purchases of \$50,000 and less been established as required by purchasing manual.	Reviewed the University's written purchasing procedures to ensure that provisions have been made for purchases of \$50,000 and less.	No finding. Provisions have been made for purchases of \$50,000 and less. Prior to FY16, the threshold was \$25,000.
7. Are requirements of the Governing Boards Purchasing Manual being followed?	Reviewed the Board of Governors purchasing policy for comparison with the purchasing practices of the University.	No finding. Marshall University is compliance with the purchasing manual.
8. Review selected purchase order file for compliance with purchasing manual requirements and appropriate documentation.	Randomly selected more than 300 purchase orders and reviewed the documentation in each file for compliance with the requirements of the purchasing manual.	No finding. The University is fully in compliance with purchasing requirements. More detailed findings are outlined below.
9. Review selected special purchase orders (i.e. – sole source) for compliance with purchasing manual requirements and appropriate documentation.	Randomly selected 25 sole source purchase orders over the 3 years under review in addition to the other purchase orders reviewed and examined them for the required documentation.	No finding. All sampled sole source purchase orders contained the appropriate documentation to support the use of sole source procurement.
10. Review of bid documentation for compliance with date and time stamping of received proposals.	Examined each of the competitively bid purchase orders in the random samples, reviewing received bids for date and time stamps.	No finding. The retention of bid documentation is fully compliant with BOG and university policy.

As noted in the table above, the Marshall University procurement practices and policies were found to be in compliance with the requirements of state law and the purchasing manual adopted by the Marshall University Board of Governors. No material findings were noted in any critical area.



Office of Purchasing
MANDATORY VIRTUAL PRE-BID/PROPOSAL MEETING ATTENDEE SHEET
MU21PAUDIT ADDENDUM #3 EXHIBIT C

PROJECT NAME: Marshall University Purchasing Performance Audit
PROJECT NO: MU21PAUDIT
MEETING PLACE: <https://marshall.zoom.us/j/98279946807?pwd=bHJPSEpCYs9UejgxUTE2T1ZkWXRRQT09&from=addon>
DATE: November 16, 2020 @ 10:00 am EST

Confirmed Email Attendees:

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Office of Purchasing
MANDATORY VIRTUAL PRE-BID/PROPOSAL MEETING ATTENDEE SHEET
MU21PAUDIT ADDENDUM #3 EXHIBIT C

Marshall University and Other Attendees on call:

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