
SUBJECT: PURCHASING

CHAPTER TITLE: GENERAL POLICIES

Effective: 9/6/2010

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SUBJECT: PURCHASING

CHAPTER TITLE: GENERAL POLICIES

I. **BUYING FROM REGISTERED VENDORS**
Effective: 8/1/2003

All vendors doing business with the State of West Virginia must be registered with the Department of Administration (DOA) Purchasing Division, except for those who accept the State Purchasing Card in making a sale that qualifies under the Purchasing Card program (see Chapter 5 of this volume). It is the responsibility of each storekeeper and/or buyer to ensure that the vendor is registered before making a purchase (unless by Purchasing Card).

A. **VENDOR REGISTRATION**

Vendors may register by completing Form WV-1 or WV-1A, as specified below.

1. Form WV-1 is for vendors who wish to participate in the competitive bid process to receive purchase orders from State agencies (see Section IV. of this chapter) in aggregate amounts of more than \$1,000 per calendar year.
2. Form WV-1A is for vendors supplying sole source items/services, emergency purchases, or aggregate competitive purchases of \$1,000 or less in any one calendar year. "Sole source" and "emergency" purchase types are explained in Chapter 4 of this volume.
3. Form WV-1 must be used for any vendors who wish to receive the "West Virginia Purchasing Bulletin" from the DOA Purchasing Division.

4. The DOA Purchasing Division assigns a registration number to each vendor. This is a nine digit number: either the vendor's Federal Employee Identification Number (FEIN) or a Social Security Administration Number (SSN).
 - a. The DOA Purchasing Division also assigns a two digit Branch Code for each of the vendor's locations. When no more than one location is registered, the Branch Code is "00."
 - b. Organizations must use this nine digit Vendor Registration Number on all purchase forms that require it. Any such purchasing document submitted without the Vendor Registration Number will be returned to the originating organization.
5. The DOA Purchasing Division makes available a listing of registered vendors, along with their Vendor Registration Number, Branch Code Number, address, and other pertinent information, through TEAMS, on the mainframe computer system.
6. The State Auditor's Office also makes a listing of registered vendors available (through FIMS on the mainframe computer system). On FIMS, the State Auditor's approval (meaning that the invoice will be paid) is indicated by a "Y" status. If the vendor is in an "I" status (inactive), the invoice will not be paid.
7. Organizations initiating a purchase will:
 - a. first, check TEAM to see if the vendor is registered,
 - b. then check FIMS to make sure the vendor is in a "Y" status,
 - c. and use the FEIN (or SSN) and Branch Code that matches the vendor's "Remit to" address on the invoice, using FIMS.
8. The correct FEIN (or SSN) and Branch Code must be used with the DOT REMIS Purchase Master.

9. Periodically, organizations should confirm the correct FEIN (or SSN) and Branch Code is being used even for vendors with which they do business continuously.
10. Should an organization need to do business with a vendor thought to be registered with the DOA Purchasing Division, but not appearing on the FIMS listing (or not in "Y" status), Transportation Procurement Division must be contacted for assistance.

B. VENDOR FEE

Effective: 8/1/2003

A \$45 annual fee is required by the DOA Purchasing Division of vendors prior to receiving purchase orders on competitive products and/or services for more than \$1,000. The fee is also required of any vendor wishing to receive the "West Virginia Purchasing Bulletin." Vendors not exempt from paying the fee, or vendors not responding to two renewal notifications are placed on "hold" and may not do business with State agencies until payment is received.

C. VENDOR PREFERENCE

Under the "Jobs for West Virginians Act of 1990," vendor preference is offered for construction services in the amount of \$50,000 or more, and for purchases of commodities and printing, which are competitively bid. Construction services (also contracting services) can be defined as the furnishing of work, or both materials and work, in fulfillment of a contract for the construction, alteration, repair, decoration, or improvement of a new or existing building or structure, or any part thereof; the removal or demolition of a building or structure, or any part thereof; or supplies, material, equipment, contractual services, and any other articles used by or furnished to a department agency or institution of the State government.

Contractual services includes telephone, telegraph, electric light and power, water, and other similar services.

1. Only qualified resident vendors may receive a vendor preference. To qualify, a resident vendor must:
 - a. be registered with the DOA Purchasing Division,
 - b. maintain its headquarters or principle place of business within West Virginia,
 - c. have maintained its headquarters or principle place of business within the State continuously for four years prior to the date the qualified bid is submitted,
 - d. and have actually paid - not just applied to pay - all required business and personal property taxes imposed by Chapter 11 of the West Virginia Code.
2. A partnership, association, or corporation can meet the four years of continuous residency requirement if at least 80% of the ownership interest is held by an individual, partnership, association, or corporation resident vendor who otherwise meets the four year continuous resident requirement.
3. A vendor submitting a bid and requesting a preference must actually be performing the services required as a regular commercial activity of the bidder, or be usually supervising the performance of such services as a general contractor. If a bidder has changed the name under which it does business but still meets the preference requirements that it had met under the previous name, then the bidder can be allowed the preference.
4. In order to be eligible for vendor preference, appropriate certification and application in writing must be made at the time the qualified bid is submitted.
 - a. A 2.5% preference will be provided on a qualified bid submitted by a resident vendor (as defined above).

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- b. A 2.5% preference will be applied to a qualified bid submitted by a resident or non-resident vendor which certifies that, on average, at least 60% of its employees will be persons who have been residents of West Virginia for at least two consecutive years at the time of bid submission.
 - c. A qualified bid may receive a total of a 5% preference if the vendor meets both of the (above) requirements.
 5. A Preference Certificate will be included with bid packages. If a vendor makes a bid by telephone and requests preference, a written Preference Certificate must still be submitted, for preference to be extended to the bidder.
 6. For examples of how the Vendor Preference works, see the Appendix, "Low Bid Determination," at the end of this chapter.

D. **VENDOR PARTICIPATION**

Effective: 8/1/2003

By law, no qualified bidder shall be arbitrarily or capriciously excluded from doing business with the State. The DOT encourages broad vendor participation, particularly with West Virginia companies, small businesses, and minority businesses.

E. **AWARDING CONTRACTS**

After competitive bids are received and properly evaluated, awards will be made to the lowest responsible bidder. This is a bidder who has a reputation for good performance and financial capabilities, and is able to furnish the needs of the DOT, as requested. If, after a proper evaluation, an award is made to other than the lowest bidder, a thorough justification must be written and retained for public record. The justification must be signed by the evaluator(s) and retained as part of the bid file.

Prior to an award, a vendor must be in compliance with the following.

1. In accordance with the **West Virginia Code**, §21A-2-6, a Workers Compensation/BEP default account search must be performed to verify that the vendor is not in default with workers compensation and unemployment compensation taxes. Agency personnel may check the [Bureau of Employment Programs](http://www.state.wv.us/scripts/bep/ucwcdflt.cfm) website (<http://www.state.wv.us/scripts/bep/ucwcdflt.cfm>) to ensure compliance.
2. The vendor must complete a **No Debt Affidavit** on all contracts over \$5,000.
3. An **Agreement Addendum** (Form WV-96) is required for all contracts/agreements. If vendors submit alternate terms and conditions with bids, these terms must be submitted to, and accepted by, the State Attorney General's Office.

F. **VENDOR PERFORMANCE**

Effective: 8/1/2003

DOT organization managers will submit a Form WV-82, Vendor Performance, to Transportation Finance Division, Procurement Section any time there is an incident of poor performance by a vendor. Procurement Section will make every effort to resolve the problem, but if they cannot, they will report the incident to the DOA Purchasing Division and forward the form to them. Organizations are also encouraged to document positive performance by vendors.

II. **HONORING CONTRACTS**

Generally, the DOT expects quality services/goods to be supplied by the contracted vendor within the time allotted in the contract, and at the contracted price. For positive performance, the DOT will honor its part of the contract in seeing that the vendor is paid in a timely manner. However, some occasional variation to these principles is expected and allowable, subject to the following regulations.

A. PRICE AND QUANTITY DEVIATIONS

Effective: 8/1/2003

1. When goods are received, DOT employees are to make sure that the quantity matches the amount ordered, and to take corrected measures if it does not, as explained in Volume 5, Chapter 3 of the *DOT Administrative Procedures*, "Receiving Inventory."
2. Invoice prices should match the prices indicated on the purchase order/contract. If they do not, the vendor must be contacted immediately to resolve the issue.
3. An exception to the above two points would be the case of loose materials, such as Class 11 aggregates, which are ordered by the ton.
 - a. Penalties may be applied which can cause the invoice and/or the actual amount payable to differ from the purchase order/contract amount. These penalties include, but are not limited to, demurrage, overweight delivery vehicle charges, and fall down in gradation. The processes for applying these penalties are detailed in Chapter 6 of this volume.
 - b. Because of the difficulty of loading a specific weight of some materials, vendors are permitted to overrun the ordered amount of Class 11 materials by 5%; the vendor's invoice will be honored. If, however, the overrun is more than 5%, a Change Order is required. This process also is detailed in Chapter 6 of this volume.
 - c. If, in the course of a Class 11 contract, it is determined that the DOT will not need as much of a material as was initially contracted for, a Change Order must be issued in order to alleviate the Department from having to purchase the full original contracted amount.

B. TIME EXTENSIONS

Effective: 8/1/2003

Purchase orders/contracts may be extended, by mutual written agreement of both parties, for any period of time up to but not exceeding 12 months beyond the initial term of the contract or beyond expiration of a renewal.

1. Extensions should be made not less than 30 days prior to the expiration date of a purchase order/contract.
2. Time extensions on Division of Highways (DOH) construction project contracts will be governed in accordance with the *WVDOH Standard Specifications: Roads and Bridges*, published by DOH's Construction Division.

C. PENALTIES FOR CONTRACTUAL VIOLATIONS

In accordance with the DOA Purchasing Division's *Agency Purchasing Procedures Manual*, and with the DOH Construction Division's *Standard Specifications: Roads and Bridges*, vendors who have exhibited a pattern of poor performance in fulfilling their contractual obligations to the DOT may be subject to the following penalties:

1. cancellation of contract,
2. exclusion from a purchase order award,
3. or suspension from the competitive bidding process for one year.

Any such penalties require full documentation of the reasons and processing must be through the proper channels, as directed by Transportation Finance Division, Procurement Section.

D. PROMPT PAYMENT

Effective: 8/1/2003

The DOT's part of a purchasing contract is, primarily, ensuring that vendors are paid in a timely manner. This may be accomplished through the prompt, accurate completion and submission of all purchasing paperwork. Payments not made promptly may be subject to the "Prompt Payment Act of 1990." This Act entitles a vendor to interest on a legitimate, uncontested invoice calculated from the sixty-first day after the invoice was received by a State agency until the date on which the State check is mailed to the vendor.

1. The postage metered envelope in which the invoice was received is the DOT's proof of when the invoice was received, and it must be retained by the organization on file with the purchasing documents.
2. If an invoice is contested (i.e. due to pricing irregularities), the vendor must be notified and the 60-day cycle does not begin until the invoice is accepted by the DOT.

III. PURCHASING AUTHORITY AND PRIOR APPROVAL

Requisitions for products and services of \$10,000 or over must be submitted, through Transportation Finance Division, Procurement Section to the DOA Purchasing Division on Form WV-35. Other requirements and details of making such purchases are covered in Chapter 8 of this volume.

The DOT (and other State agencies) may make purchases of less than \$10,000 independently (termed "small purchases" or "agency purchases"), although documentation of such purchases (fulfilling bid requirements where necessary, and other justifications) must be retained by the DOT and is reviewed periodically by the DOA Purchasing Division, as well as by the DOT's internal auditors. This subject is covered in depth in Chapters 5 and 7 of this volume.

In addition to these two broad controls, the DOT requires that an approval number (purchase number) be assigned, by an organization storekeeper or other management-designated employee, to all purchases. Contract purchases are also documented and are, also, "charged" against a purchase "master"; the "master" is created using the purchase contract and contains the price and quantity limitations of the contract. All purchases must be either authorized by organization management, or else made by employees to whom organization management has delegated purchasing authority.

Vendors are required to complete a **No Debt Affidavit** on all purchases over \$5,000. However, this is not required for Blanket Release Orders to Statewide or Agency Contracts. Furthermore, certain products and services require the approval of certain DOT organizations and authorities. For details, see Chapter 4 of this volume, "REMIS Purchase Types and Purchase Decision Making."

A. Processing Requests for Information Technology Purchases
Effective 9/6/2010

To obtain prior approval for the purchase of technology equipment, software and services please refer to the following attachment "[Processing Requests for Information Technology Purchases](#)".

IV. **BIDDING**

Effective: 8/1/2003

The purpose of soliciting bids is to obtain the needed materials and services at the best value possible. Consequently, materials or services specifications must not be written to prevent competitive bidding. Brand names may be used to identify the needed item, but the words "Or Equivalent" must be included in the description.

A "no bid" response is not a bid, but an attempt to obtain bids. If an organization's efforts to obtain three bids falls short, all bids and "no bids" will be retained or transmitted to Transportation Finance Division, Procurement Section, as required.

Upon receipt of bids, the organization must evaluate each vendor's quotation to ensure that all specifications, terms, and conditions have been adequately addressed. Care must be taken to ensure that

the apparent "low-bidder" has not failed to meet some of the specifications, or has not added extra unnecessary features to try and make the bid look more attractive.

A. **PURCHASES OVER \$10,000**

Effective: 8/1/2003

When requisitioning the DOA Purchasing Division for products or services valued at over \$10,000, DOT agencies will submit bid specifications to Transportation Finance Division, Procurement Section on Form WV-35.

1. Specifications must be written so that the DOA Purchasing Division will receive bids on products/services that meet, at least, the minimum standards required to satisfy the needs of the DOT.
2. Help on writing specifications is available from the WVDOA/Purchasing Division *Agency Purchasing Procedures Manual* (Chapter 11 of this volume), from Procurement Section, and from the State Buyers in the Acquisition & Contract Administration Section of the DOA Purchasing Division.

B. **PURCHASES LESS THAN \$10,000**

1. \$1,000 and less:
No competitive bids are required, however purchasers should strive for the lowest available price and do comparison shopping when possible. Most purchases in this category should be made with the Purchasing Card.
2. \$1,001 to \$5,000:
Obtain a minimum of three verbal bids. Record and retain all bids for public record using Form DOT-105B.
3. \$5,001 to \$10,000:
Obtain a minimum of three written bids using Form DOT-35A.

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4. When bidding is required, bids will be requested in terms of final net unit prices (with any discount offered already applied), and F.O.B. delivery point (include any freight, shipping, or delivery charges). "No-Bid" responses are not to be considered as bids.
 5. In the event that a commodity or service with a purchase price of over \$1,000 is available from only two sources, then bids will be obtained from the two vendors. A notation stating, "Only two sources available," will be made in the "Comments" section of Form DOT-105B or in the "For Justification of Suggested Vendor" section of Form DOT-35A (whichever is required).

C. **ONLY SOURCE OF SUPPLY**

Effective: 8/1/2003

If an item is unique and possesses specific characteristics that are available from only one source, no bids are required, regardless of the cost. The reason or explanation noted on the appropriate form would be "Only Source of Supply." Additionally, a statement must be attached to the vendor's file folder indicating that this particular vendor is the only source of supply available. This statement, dated and signed by the storekeeper (or other appropriate designee) will satisfy bid requirements for any future purchase of a like item from that vendor. The statement will be updated quarterly, so long as the vendor is still the only source of supply.

D. **EXEMPTIONS**

Some purchase are not subject to formal competitive bidding requirements, because of their nature or other circumstances. Following, are examples:

1. advertising (tear sheet and notarized certification is required);

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2. automotive and aviation fuel (not bulk purchases);
 3. employee expense accounts;
 4. employee reimbursements (Form BF-38 required);
 5. fees imposed by Governmental entities;
 6. grants to, from, or between State agencies and the federal government, cities, counties, volunteer fire departments, primary care centers, community mental health centers, emergency medical service entities, etc. These transactions may be made as Inter-Governmental Transfers (IGT's). Grants with other organizations also qualify as long as professional or business services are not provided and the primary or sole purpose of the contract is to transfer funds from one organization to the other;
 7. hospitality (prior approval of Travel Management required if estimated to exceed \$5,000);
 8. legal services - solicit competition for services under \$10,000 and proposals for services over \$10,000 and submit recommendation and signed WV-48 to Purchasing Division (approved by Attorney General);
 9. media license fees (program licenses for radio, television, or computer services);
 10. emergency medical - fees from doctors, hospitals, nurses, etc. (includes metabolic formulas);
 11. postage (Form BF-38 required);
 12. professional association dues;
 13. shipping charges and freight (separately billed and not connected in any way to a purchase for the delivery of goods);
 14. software license;
 15. subscriptions, periodicals, publications;
 16. trash hauling, disposal, and container rental (if only one PSC approved hauler in the area - hauler must be PSC regulated);
 17. tuition, stipends, accreditation, and registration fees;
 18. and PSC-regulated utilities (includes cable/TV service and connection).

E. SPECIAL PROCEDURES

Effective: 8/1/2003

The following are purchases that require special procedures to be followed. Each instance is briefly explained, but purchasers should consult Purchasing Division's *Agency Purchasing Manual*, Section 11.1, to gain a full understanding of the requirements.

1. Maintenance
 - a. Software: The Governor's Office of Technology must review new software maintenance agreements or changes to existing agreements.
 - b. Equipment: No bids are required when only one factory authorized maintenance provider is available in the immediate area (within 50 miles of the user organization).
2. Design Services/Consultant: No individual, corporation, or firm used to custom *design* a modular office system, computer system, construction, or other project will be permitted to competitively bid to *provide* the product or service that was designed.
3. GSA Contracts: Organizations may, with the approval of Purchasing Division, purchase from U.S. General Services Administration (GSA) contracts. Generally, Purchasing Division will approve such purchases provided that GSA pricing is less expensive than the cost resulting from the normal competitive bidding process.
4. Telecommunications Systems: All telephone systems with a total cost (purchase price or total of lease purchase agreement, including maintenance if included) of over \$10,000 must be bid through the Purchasing Division. Upgrades *may* also have to be bid through Purchasing Division (see *Agency Purchasing Manual* for details).

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- All telecommunications systems, upgrades, and expansions must be approved by Information Services and Communications Division (Dept. of Administration) prior to bidding. All telecommunications purchase orders greater than \$10,000 must be approved by the Chief Technology Officer of the Governor's Office of Technology.
5. WVU/Marshall University Research Corporations: Requests for research to be performed by either of these institutions must be approved by the Purchasing Division Director (Division of Highways excepted). Printing and Printing Equipment (Including copiers requiring 90+ copies per minute capability and all color copiers): Approval is required by the Consolidated Publishing Facility and Prison Industries unless the in-house facilities of Office Services Division (DOH) are being used.
 6. Promotional: All promotional items, events or functions estimated to cost \$5,000 or more must have prior approval of the Travel Management Office of the Purchasing Division.
 7. Data Processing Equipment/Software: Approval is required by the Chief Technology Office (CTO), in conjunction with Information Systems & Communications (IS&C).
 - a. Agencies may process computer hardware, software, and consulting services with an estimated value of less than \$10,000 using the statewide contract for Information Processing Equipment (SWC-IP).
 - b. All purchases of computer hardware, software, and consulting services in excess of \$10,000 must have prior approval of the Chief Technology Officer.
 9. Vehicles: Approval is required by the Fleet Management Office (Division of Highways excepted).

10. Lease/Lease Purchase of Equipment: Approval is required by the Purchasing Division if the amount is over \$10,000.
11. Rentals (over 30 days): Approval is required by the Purchasing Division (excluding linen rentals) if the amount is over \$10,000.
12. Capitol Building Commission: Any contracts or purchase orders relating to renovations to any building within the Capitol Complex must be approved before bidding or execution by the Capitol Building Commission.

V. **RESPONSIBILITIES IN PURCHASING PROCESS**

Effective: 8/1/2003

Following, the authorities and responsibilities of Transportation Finance Division, Procurement Section and of individual DOT purchasing organizations are noted, in general terms, as they pertain to the various levels of purchases. For authority and responsibility, the purchase price is usually the determining factor. This is general guidance only; for specific approval and responsibility guidance, read the chapter in this volume that pertains to the type of purchase sought.

A. **RESPONSIBILITIES OF TRANSPORTATION FINANCE DIVISION, PROCUREMENT SECTION**

Procurement Section will:

1. provide support and guidance to all DOT organizations on purchasing and to, in general, administer the DOT purchasing program,
2. review the purchasing documentation for purchases in the \$5,000 to \$10,000 range, making sure that the proper forms are completed, the REMIS purchase records have been established correctly, and that the submitting organization's bidding efforts meet the intent of the requirements for competitive bidding and

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- (a) complete the Purchase Order with their recommendation of vendor award,
 - (b) submit the documentation to the DOT Finance & Highway Business Manager for review and approval or disapproval,
 - (c) upon the Business Manager's approval, issue the Purchase Order to the chosen vendor,
 - (d) make any necessary corrections to the REMIS system if the awarded vendor differs from that previously established by the purchasing organization,
 - (e) and retain copies of all records,
3. review all purchasing documentation for purchases of over \$10,000 and
 - (a) obtain any necessary DOT approvals, submit paperwork to the DOA Purchasing Division,
 - (b) and distribute copies of the Notice of Contract Award to the affected organizations,
 4. and act as the liaison between purchasing organizations and the DOA Purchasing Division in any matter that requires Purchasing Division' approval, guidance or assistance.

B. RESPONSIBILITIES OF A PURCHASING ORGANIZATION

Effective: 8/1/2003

Purchasing organizations will:

1. for all purchases, initiate the necessary paperwork and REMIS entries;
2. obtain any necessary purchasing approvals;
3. observe all "authorized receiver" rules, as explained in DOT Volume VI, Chapter 10, Section III or (if purchase is made with Purchasing Card) Volume VI, Chapter 5.
4. inspect goods or services upon receipt for ordered quantity, quality, etc., and take the actions prescribed in Volume V, Chapter 3 (Section II) of these Procedures if there are damaged goods, whether the items received are considered to be inventory items or not;

- all purchasing contracts that the DOT enters into should specify "FOB Destination," meaning that the title to the merchandise remains with the vendor until the goods are received, therefore this process must be followed carefully to ensure that prompt restitution is made to the DOT if goods are damaged or short;
5. retain copies of all purchasing documentation;
 - a. files will be established for each vendor;
 - b. files will be organized in an orderly manner for fast and easy reference;
 - c. all purchasing documents are public record and must be readily available for public inspection during normal working hours;
 - d. purchasing documents will be retained at the organization for at least two years, and then will be retained in a storage facility, on microfilm, or as images on a computer disk for three more years;
 - federally funded (project) purchase records must be retained by the DOT (at the purchasing organization or elsewhere) for three years after the final voucher is issued;
 - e. bid records will be checked by Purchasing Division (Department of Administration) inspectors on a periodic basis, as well as by Transportation Auditing Division;
 6. and, in all purchasing actions, follow established policies and procedures.

C. VENDOR SOLICITATIONS

Effective: 8/1/2003

Only authorized employees may receive vendor solicitations. This applies to solicitations made in person, by telephone, by FAX, by email, or by any other means.

Authorization to receive vendor solicitations may be granted by the Secretary of Transportation, the Assistant Secretary for Finance and Highways Business Manager, or the Commissioner or Director of the employee's agency. For Highways, the District Engineers and Division Directors are authorized to receive vendor solicitations and they may authorize other employees, such as the Comptroller or District Storekeepers, to do so. However, such assignments will be restricted to District or Division headquarters personnel only.

Managers must advise all organization employees as to who is authorized to receive solicitations. Additionally, a list of all positions in the organization entrusted with receiving solicitations must be maintained at organization headquarters.

If a vendor representative approaches an employee not authorized to receive vendor solicitations, the employee must advise the representative of this policy and direct him or her to the person who is authorized to receive solicitations.

VI. **APPENDIX: LOW BID DETERMINATION - VENDOR PREFERENCE**

Effective: 7/1/97

Those employees responsible for evaluating vendor's bids and recommending which vendor should be awarded the order, must include in their evaluation any valid requests for preference. Bid evaluators must perform the following, if any bidder submits a "Preference Certificate."

A. Confirm that the vendor meets the resident vendor qualifications (unless the vendor applied as non-resident) by contacting the Secretary of State's office and confirming that the vendor:

1. has been registered to do business in the State for the last four years consecutively;
2. maintained their headquarters or principle place of business in the State for that period;
3. and applied for and paid all business and personal property taxes under Chapter 11 of the State Code.

B. Determine the "Low Bid" vendor by recomputing the bids of the vendors that did not request nor qualify for preference. However, remember that the bids of "in-state" vendors **must not** be recomputed as mandated by court order. Examples of recomputation of the bids and the determination of low bid are shown here:

1.	Bid (a)	Bid (b)	Bid (c)
	Out-of-State	In-State	In-State
	\$9,995.00	\$10,000.00	\$10,100.00
		Requests (1)	No request
	X 1.025		
	<u>\$10,244.88</u>		

In this example, Bid (b) has requested a 2.5% preference based on its principle place of business being in West Virginia. Since a preference cannot be applied to another in-state vendor, Bid (c) is unaffected by Bid (b)'s preference. Bid (a), an out-of-state vendor who has requested no preference, is affected by Bid (b)'s preference. 2.5% has been added to Bid (a) as per Bid (b)'s request, increasing Bid (a) by \$249.88. Bid (b), \$10,000.00, would be accepted as the low bid.

2.	Bid (a)	Bid (b)	Bid (c)
	Out-of-state Requests (2) \$9,995.00	In-State Requests (1) \$10,000.00	In-State Requests (1) \$10,100.00

In this example, Bids (b) and (c) requested a 2.5% preference based on their principle places of business being in West Virginia. This preference can't be used against in-state vendors, so Bid (a) is the only bid it is applicable against. However, Bid (a) has requested a 2.5% preference based on the fact that 60% or greater of it's workforce are resident West Virginians. Therefore, the two preferences **cancel each other out** and the bids are accepted as entered. Based upon those totals, Bid (a) is accepted as the low bid.

3.	Bid (a)	Bid (b)
	Out-of-State Requests (2) 2.5% \$9,995.00 <u>X 1.025</u> \$10,244.88	In-State Requests (1&2) 5% \$10,000

Bid (c)

In-State
 Requests (2)
 \$10,100.00

Bid (a) has requested a 2.5% preference based on the fact that 60% or greater of its workforce are resident West Virginians. Bid (b) has requested the same preference plus a 2.5% preference based on their principle places of business being in West Virginia, for a total vendor preference of 5%. Bid (c) has requested a 2.5% preference based on their principle places of business being in West Virginia. The two in-state bidders' preferences cannot be used against one another. The out-of-state Bid (a) has requested a preference of 2.5%, which **cancel out** Bid (c)'s preference (2.5%) and **cancel out** half (2.5%) of Bid (b)'s preference. The remaining preference of 2.5% from Bid (b) is then applied to Bid (a) for the totals used to determine which vendor will receive the contract. Based upon these totals, the contract would go to Bid (b).

4. Bid (a) Out-of-State No Request \$9,995.00 X 1.025 <u> </u> \$10,244.88	X 1.05 <u> </u> \$10,494.75	Bid (b) Out-of-State Requests (2) 2.5% \$10,000.00 X 1.025 <u> </u> \$10,250.00
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Bid (c)

In-State
 Requests (1&2) 5%
 \$10,000.00

Bid (c) has requested a 2.5% preference based on the fact that 60% or greater of their workforce are resident West Virginians, and a 2.5% preference based on their principle places of business being in West Virginia, for a total vendor preference of 5%. Bid (b) has requested a 2.5% preference based on the fact that 60% or greater of their workforce are resident West Virginians. Bid (a)'s total after the addition of the 2.5% preference (\$10,244.88) from Bid (b) is then compared against Bid (b)'s unmodified total (\$10,000). Bid (a)'s total after Bid (c)'s 5% preference is added (\$10,494.75) is then compared to Bid (c)'s total (\$10,000). Bid (a) is the high bidder both times and is eliminated from the competition. Bid (b)'s request for a 2.5% preference **cancel out** 2.5% of Bid (c)'s 5% preference, leaving Bid (b)'s total (\$10,000.00) modified by the remaining 2.5% preference (\$10,250.00) assigned to Bid (c). Comparison between Bid (b) (\$10,250.00) and Bid (c)'s totals (\$10,000.00) shows Bid (c) to be the low bid.

5.	Bid (a)	Bid (b)	Bid (c)
	Out-of-State No Requests \$9,995.00 <u>X 1.025</u> \$10,244.88	Out-of-State Requests (2) 2.5% \$10,000.00	In-State No request \$10,100.00

Bid (b) has requested a 2.5% preference based on the fact that 60% or greater of their workforce are resident West Virginians. Vendor preference cannot be used against in-state vendors, so Bid (c) is unaffected. Bid (a), an out-of-state vendor, is modified by Bid (b)'s 2.5% vendor preference. An evaluation of the three totals shows Bid (b) to be the low bid.