

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
ADMINISTRATIVE PROCEDURES
VOLUME VI, CHAPTER 6

SUBJECT: PURCHASING
CHAPTER TITLE: STATEWIDE & AGENCY CONTRACTS

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I. INTRODUCTION

Effective: 8/1/2002

A *contract* is a conditional agreement between a vendor and a buyer for the selling of specific goods or services. The conditions normally include specifications that the products or services must meet, a set price per item and a set time in which the contract is in effect. Therefore, contracts provide agencies with a reasonable assurance of getting the right goods and services in terms of quality, quantity, specification, delivery schedules, etc., at a known cost.

Establishing a contract for goods and services needed on a repetitive basis also benefits the agencies by reducing administrative costs. The competitive bidding requirement is satisfied at the time the contract is developed. Once the contract is executed, agencies simply prepare a release order (Form WV-39) against the contract whenever they need items or services. While a few agencies may be involved in establishing a contract, once established, many agencies can submit orders against a contract.

Both Statewide and Agency Contracts are referred to in the *Agency Purchasing Procedures Manual* (published by Department of Administration Purchasing Division) as Blanket Purchase Orders (BPO). There are State Blanket Purchase Orders (SBPO) and Agency Blanket Purchase Orders (ABPO). The term "blanket" is used because these contracts *cover* goods and services that are purchased often by state agencies (SBPO) or by a particular state agency (ABPO). These contracts for goods and services purchased repeatedly are awarded to the lowest qualified bidder, so that the State may get the best value possible for the taxpayer's money.

In this chapter, however, the terms "Statewide Contracts" and "Agency Contracts" will be used because these are more familiar to DOT personnel, and because the DOT's REMIS Computer System incorporates abbreviations based upon these terms (SCO, ECO, etc.).



A. STATEWIDE OPEN-END CONTRACTS

Effective: 8/1/2002

Statewide contracts are called "open-end" because they do not specify any certain quantities of commodities that may be purchased, although the contracts are for specific time periods.

These contracts are developed by the West Virginia Department of Administration (DOA) Purchasing Division, in cooperation with other state agencies. They are awarded by Purchasing Division (DOA) for and on behalf of all state agencies, including those within the Department of Transportation. Any notice of contract change, renewal, extension, etc., will also be issued by Purchasing Division (DOA).

Statewide contracts include such commodities as vehicle tires, janitorial supplies, interior and exterior paint, and safety and rescue equipment.

B. AGENCY CONTRACTS

Agency Contracts are established with vendors by the Purchasing Division (DOA) to provide specific commodities or services over a period of time to an agency. This procurement method is convenient for recurring purchases of commodities or services that are not available under Agency Purchasing Authority (purchases under \$10,000). The agency will determine its specific needs and then submit the requisition to Purchasing Division (DOA) for processing. Purchasing Division (DOA) requests bid quotations, evaluates bids, and awards the Agency Contract to the lowest responsible bidder. Division of Highways Agency Contracts include those initiated and prepared by the DOH for such commodities as guardrail, aggregates, first aid supplies, steel, and drilling service. The State Rail Authority initiates Agency Contracts for aggregate and for rail inspection. Division of Motor Vehicles Agency Contracts include those with firms who provide remedial training to DUI offenders. Public Transit has a variety of Agency Contracts for vehicles.

Agency Contracts may consist of any of the following three types.

1. **Commodity Contracts** are for often-purchased commodities and are generally referred to as being "open-end," because the actual purchase volumes can only be estimated for the period of the contract.
2. **Business Service Contracts** are for specific types of performance over a contract period and may be for single or multiple types of service or performance. When multiple types of service or performance are required, each must be identified individually. This category may also include equipment rental (not through Equipment Division), maintenance, and lease purchase agreements.
3. **Professional Services Agreements** are used to obtain specialized or skilled services not available within state government. Professional Services are competitive and vendor performance can be evaluated from the DOT's Evaluation Criteria Scoring or Selection Questionnaire.



II. CONTRACT ESTABLISHMENT PROCESSES

Effective: 8/1/2002

A. STATEWIDE CONTRACT ESTABLISHMENT PROCESSES

Statewide Open-End Contracts, for those commodities which represent a common need for all state agencies, are established by Purchasing Division (DOA). Establishment of these contracts is completed by Purchasing Division (DOA) with the input and assistance of the various state agencies. Purchasing Division (DOA) initiates and prepares the required forms, solicits bids, and awards the contract. The "Notice of Contract Award" is provided by Purchasing Division (DOA) to all agencies, indicating their eligibility to participate.

B. AGENCY CONTRACT ESTABLISHMENT PROCESSES

Effective 5/1/2003

Although Agency Contracts originate at the request of a particular agency, or of an organization within the agency, they may be used by any state agency (providing the vendor has no objection). However, some Agency Contracts have special procedures that agencies must follow. For example, all telecommunications systems, upgrades, and expansions (regardless of cost) must be approved prior to bid by the (DOA) Information Services and Communications Division, Telecommunications

Section. In addition, some commodities and services, prior to procurement through any means, must be approved by certain DOT managers. For details, see Chapter 4 of this Purchasing Volume (DOT Volume VI), review the WVDOA/Purchasing Division's *Agency Purchasing Procedures Manual*, or consult Transportation Finance Division, Procurement Section.

1. The DOT organization that (primarily) has need of the commodity or service to be contracted is the initiator of the Agency Contract. This organization must ensure that the Agency Contract Requisition meets all of the requirements as prescribed and established by Purchasing Division (DOA) and any additional requirements prescribed by the DOT.
 - a. The required forms and attachments are known as the "Requisition Package." For commodities, this consists of Form WV-35 and (optionally) Form DOT-35.
 - b. The initiating organization must ensure that the Agency Contract Requisition effectively establishes minimum performance requirements and capabilities, proper justification, projected cost savings, and etc., and that all of the required forms and attachments are satisfactorily completed and documented.
 - In the case of a Request for Proposals (RFP), a Certification of Non-Conflict of Interest must also be completed and signed by all employees involved in the bid evaluation process and included in the Requisition Package.
 - c. Once these assurances are made, the organization manager will approve the Requisition Package and forward the entire package to Transportation Finance Division, Procurement Section.
 - d. The initiating organization will enter a RPO Purchase Master in the REMIS System using all zeros for the FEIN, Check Digit, and branch codes, for tracking purposes.
 - e. One copy of the DOT-35, if used, will remain at the initiating organization as a file copy.
2. Transportation Finance Division, Procurement Section, upon receipt of the Agency Contract Requisition Package, will ensure the following:
 - a. the accounting information is correct,
 - b. the signature is properly affixed,
 - c. the submission format is correct,
 - d. the completed, signed Certification of Non-Conflict of Interest is included.

After it has been determined that all requirements are satisfied, the Requisition Package is forwarded to the Business Manager for review and approval or disapproval.

3. If the Requisition Package is determined to be in the best interest of the DOT and is within budgetary limits, the Business Manager will approve it by affixing his or her signature. The Requisition Package is then returned to Transportation Finance Division, Procurement Section.
4. Transportation Finance Division, Procurement Section transmits the Requisition Package to Purchasing Division (DOA).

5. Purchasing Division (DOA) reviews the Requisition Package, solicits bids (if necessary).
6. Upon receipt of responses to Request for Proposals or bids for complex Request for Quotations, Purchasing Division will return them to the DOT Procurement Section. Procurement will forward the responses or bids to the Agency Evaluation Committee.
7. The Agency Evaluation Committee evaluates the responses or bids, documents the assignment of points and submits a written award recommendation to Procurement Section, who processes the recommendation to Purchasing (Department of Administration).
 - In the case of a Request for Quotations (RFQ), a Certification of Non-Conflict of Interest must also be completed and signed by all employees involved in the bid evaluation process and included with the written award recommendation.
8. Purchasing awards the purchase to the successful vendor; and notifies the DOT of approval and award by providing copies of a Notice of Contract Award to Transportation Finance Division, Procurement Section.
9. Transportation Finance Division, Procurement Section distributes copies of the Notice of Contract Award to the affected organization(s). Transportation Procurement will maintain the central contract file for the DOT.



C. CONTRACT APPROVAL

Effective: 5/1/2003

When contracts are approved, Purchasing Division (DOA) forwards an approved Purchase Order for "Contract Acceptance" to the vendor, while the Notice of Contract Award is submitted to the DOT. The Notice of Contract Award provides the following information:

1. commodity,
2. contract number,
3. Contract period,
4. supersedes,
5. authorized users,
6. contract information, and
7. a listing of commodities and unit prices.

D. CONTRACT CHANGES AND REINSTATEMENT

Any changes to a Statewide Open-End Contract must be initiated by the Purchasing Division (DOA) and cannot be initiated by any other state agency. Changes to an Agency Contract will be initiated by the DOT with the preparation of a new WV-35. The DOT's internal processing of the form will

be done in the same manner as that prescribed for the originally submitted WV-35.

1. The reinstatement of a previously canceled purchase order or contract is permissible if the cancellation was made in error or if circumstances make it desirable to reinstate it.
 - a. The reinstatement may be done for the entire order or for a particular portion of it.
 - b. A reinstatement requisition must be submitted on the same form as the original requisition.
 - c. Submission for a reinstatement will follow the normally prescribed process.
2. Changes, renewals, extensions, etc., must be approved by Purchasing Division (DOA), who will make notification to the affected vendor(s) and to the DOT.



III. **CONTRACT ORDERING PROCESSES**

Effective: 5/1/2003

The following processes assume that a currently valid Statewide Open-End or Agency Contract is in effect and is available for use by the DOT and the requesting organization. The responsibility assignments in these processes, and the processes themselves, are typical for most kinds of purchases at most DOT organizations. However, organization managers are permitted to approve variations of these processes, so long as properly completed paperwork reaches Transportation Finance Division and Procurement Section and the correct entries are made in REMIS. Also, organizations must ensure that adequate separation of responsibilities is maintained, for accountancy purposes.

A. ISSUING, REVIEWING AND APPROVING AN SCO ORDER REQUEST

1. The organization with need of on-contract commodities or services prepares and submits an order request to the agency/organization storekeeper.
 - a. Submit the order request on Form DOT-35, the agency/organization's own form or by telecommunication (phone, E-mail, facsimile or *fax*, etc.)
 - b. The request must itemize what is needed, when it is needed, the quantity and the inventory and accounting coding required.
 - c. All order requests must be signed or requested by an authorized employee.
2. Upon receipt, the agency/organization storekeeper reviews the request to ensure that the order is needed, effective and complies with management

guidelines.

- a. Check inventory (within organization, agency and DOT) for possible transfer of requested item.
 - b. Check for urgency of the request and, whenever feasible, combine orders of like items from multiple organizations.
 - c. Check for REMIS Purchase System and contract order information needs, such as inventory classification, accounting, contract item references, etc.
3. The storekeeper then supplements the order request with any additional information needed for further management review.
 4. The storekeeper assigns a Purchase Number from Form DOT-3, *Purchase Order Control Log*. (See Chapter 4 of this volume for guidance on maintaining control logs and Purchase Number assignment.)
 5. The storekeeper then requests any prior approvals necessary for the commodity or service desired. (See Chapter 4 of this Volume for a listing.)
 6. The storekeeper submits the order request, including prior approval documentation, for management review and approval as specified by his or her organization's chief financial officer.
 - All management approvals must be properly documented, such as a signed Form DOT-35, the agency's own order request form, memo, etc.



B. ESTABLISHING AN SCO PURCHASE MASTER AND PREPARING AND ISSUING THE ORDER

Effective: 5/1/2003

1. Upon approval of the order request, the storekeeper enters a REMIS SCO Purchase Master using the HW-50, "PS" function.
 - a. Use all necessary system control elements, such as, Expense Edit of "B" to "limit" the amounts to be received to the units and dollars ordered.
 - b. Make sure that the contract reference fields (State Contract No., Contract Line Item No. and Model/Part/Reference No.) are correctly completed. Contact Transportation Finance, Accounts Payable for guidance.
2. The storekeeper then prepares Form WV-39, *Blanket Release Order* or Form WV-35, *Purchase Requisition* as required by the contract or by the dollar limits for contract orders (\$50,000 and up requires a Form WV-35.)
 - a. The storekeeper can minimize the order form preparation by

typing "See Attached List" in the "Description" field and by printing and attaching TSO Report #400 (see Volume I, Chapter 7 of these procedures for an example.)

- b. Insert the following address in the "Agency/Invoice To" block of the order:

West Virginia Department of Transportation
Finance Division, Accounts Payable
1900 Kanawha Boulevard East
Building Five, Room A-228
Charleston, WV 25305-0430

- Use the ordering organization's address if there are unknown charges when ordering, such as freight, unloading delay penalties, etc.
3. The storekeeper then submits the order to his or her organization manager or designee for approval.
 4. Upon receipt of the approved order, the storekeeper sends the original to the contract vendor, sends two copies to Transportation Finance Division, Procurement Section including the prior approval documentation and retains a copy for the organization headquarters files.
 - a. If the order was written on Form WV-35, retain a copy and send the original to Transportation Finance Division, Procurement Section for further processing to DOA Purchasing Division.
 - b. Orders may be placed through telecommunications. However, a follow-up mailing of the original order to the vendor with the notation "Confirming Order Only - Do Not Refill" is required.
 5. The storekeeper may now print TSO report #401, *DOT Confirmation of Purchase Order* (CPO) and mail it to the requesting organization to notify them of the order.
 - The organization's receiving clerk should use the CPO as a reference to check for what was ordered and as a log for what the vendor delivers.



C. RECEIVING SCO ORDERED ITEMS AND SERVICES AND RECORDING PURCHASE RECEIPT

Effective: 5/1/2003

1. Upon delivery/receipt of the ordered goods or services, the authorized receiver (see DOT Volume VI, Chapter 10, Section III) must:
 - a. inspect the delivery for correct model/part/type number,

- quantity, quality, damage, etc.;
 - b. sign and date the delivery ticket and make any necessary notations;
 - items damaged
 - overweight vehicle - number of axles, license number
 - c. and give the delivery ticket to the organization's accounts payable/storeroom clerk.
2. The accounts payable/storeroom clerk will:
- a. annotate the delivery ticket with purchase org., purchase no., line item no., inventory units, etc. or complete Form DOT-5;
 - b. assign a five-digit Receipt Document Number from the *Document Control Log*, Form DOT-1 and perform REMIS Purchase Receipt (PR) entry;
 - The Receipt Document Number, once assigned an order, is used by the organization for all subsequent receipts of that order. Each subsequent receipt is identified by assigning a two-digit Session Number as a suffix.
 - c. initial and date the delivery ticket/receipt document to signify entry;
 - d. file a copy of the receipt document;
 - e. and send the original receipt document to the organization/agency's storekeeper or designee.



D. PROCESSING SCO INVOICES FOR PAYMENT

Effective: 5/1/2003

1. The organization/agency's storekeeper or designee will:
 - a. print TSO Report #403, *Receipt of Materials/Services - DOT-5* for each delivery on a daily basis or as required for his or her organization(s);
 - b. ensure that each delivery document bears an authorized receiver's signature and user ID number (see DOT Volume VI, Chapter 10, Section III);
 - c. print the authorized receiver's name in blue ink on each Report #403 as it appears on the official authorized receivers list and his or her user ID number (see DOT Volume VI, Chapter 10, Section III);
 - d. match the receipt document(s) to the associated Report

- #403s as well as any invoices from the vendor and check entries for correctness;
- e. sign and date the Report #403s, print name under signature, and for any invoices apply the "Payment Stamp," sign and date them;
- f. when processing invoices, check WVFIMS Vendors Status or Bureau of Employment Programs website to confirm that the vendor is not in default with workers compensation and/or unemployment compensation taxes;
- g. and prepare a *Transmittal Letter*, Form DOT-104 and attach the associated Report #403s (originals and one copy each) and invoices and forward them to the organization's chief financial officer.

2. The chief financial officer will:

- a. review the documents for accuracy and sign the *Transmittal Letter*;
- b. retain a copy of all documentation for the organization's files and;
- c. send the original *Transmittal Letter*, with the original Report #403s and one copy of each, and the original and one copy of any invoices to Transportation Finance, Accounts Payable.

E. OUTSIDE AGENCIES ORDERING FROM AN SCO

Effective: 5/1/2003

Other state, municipal, or local (county) government agencies, or quasi-government entities (such as public services districts) may procure goods or services from a DOT Agency Contract if the contract vendor has no objection. Non-DOT agencies or entities who contact a DOT organization regarding such a procurement will be supplied a copy of the contract and advised to contact the vendor to assure their ability to participate. In cases where there are multiple vendors on the same contract (such as in paving contracts), the agency or entity will be advised to examine the contract carefully to determine which vendor is appropriate for them to use.



IV. ADJUSTMENTS TO CONTRACT ORDERS

A. APPLICATION OF TRADE DISCOUNTS

A trade discount is a method that a vendor uses to quote prices for the sale of commodities to the DOT in relation to the vendor's listed retail price. It may involve the use of a formula or may simply be a percentage that is applied against the retail price to determine the actual cost to the Department. The trade discount is prescribed in each contract.

1. The trade discount will be computed, noted, and applied in the preparation of the DOT-35 (and attached TSO Report #400) and is loaded into the SCO Purchase Order/Line Item Masters (PS) by organization management. Commodities quoted at list less a trade discount will require the application of the discount to the unit cost. Afterwards, enter the net unit cost for each individual line item upon establishment of the DOT-35 and line item master(s).
2. Preparation of the WV-39 will require that the unit costs be reflected as stated in the Statewide Contract with the discount stated as the last line item. The net cost reflected on both the DOT-35 (and attached TSO Report #400) and the WV-39 must be identical.

B. APPLYING PENALTIES

Effective: 5/1/2003

Penalties may include, but are not limited to: demurrage, overweight delivery vehicles, and fall down in gradation. These require the establishment of an additional Purchase Line Item Master including a description of the type of penalty. This line item will be established with accounting and inventory data identical to that of the item purchased, but the Purchase Receipt for the penalty will be received at zero units. Also, since penalties typically apply to specific deliveries, the receipt entry must specify the ticket number(s) involved. Receipt entry of the penalty will be documented and processed for payment on Form DOT-5 (or other receipt document).

1. Depending upon the circumstances (such as demurrage paid by the DOT, or a late delivery penalty to be deducted from the vendor's payment) the receipt may be in positive or negative dollar amounts. The cost of penalties must be applied at the prescribed rates.
2. The processing of penalties requires supportive documentation. The following examples are of penalties that might be applied by the Division of Highways.
 - a. For overweight delivery vehicles, the license number and the number of axles must be noted on the weigh ticket, in addition to the standard weight ticket information requirements.
 - b. Deliveries that fall down in gradation will be documented on a Form ST-4 prepared by Materials Control, Soils and Testing Division.
 - c. A copy of the penalty related weigh ticket and a copy of the Form ST-4, if the penalty is for a fall down in gradation, must be submitted with the Form DOT-5 (or other receipt document) to the District Storekeeper to support the establishment of the Purchase Line Item Master and to facilitate review.
3. The storekeeper must attach a legible copy of all penalty related support documentation to the Form DOT-5 (or other receipt document) for submission to Transportation Finance Division, Accounts Payable

Section for payment processing.



C. CHANGE ORDERS

Effective: 5/1/2003

A Change Order is required for an SCO when the original estimated amount of the purchase order is exceeded (or if the five percent allowable overrun of ordered quantity for Class 11 is exceeded), the amount to be received is less than the original estimate, or a close-out or termination is required.

The Change Order is initiated with the preparation and processing of the same form used for the original order (Form DOT-35 or the Form WV-39) with the changes, corrections, or cancellation noted, and the entry of the data into the REMIS Purchase Order Master. A Change Order for an SCO is processed in the same manner as is used to establish the original purchase order.

D. TERMINATION DATE

Effective: 5/1/2003

Each DOT organization is responsible for periodically reviewing all of their established Purchase Master Records and assigning a Termination Date for completed purchases. Proper assignment of the date aids in managing purchases by preventing further entry of receipts and permitting the purging of completed purchases from REMIS.

- For invoice-processing purposes, organizations must make sure that, at the termination date, there is no more than a \$1.00 difference between the amount owed on the invoice and the amount specified on the Purchase Master. If a greater difference exists, either the invoice or the Purchase Master must be adjusted before payment can be made.

