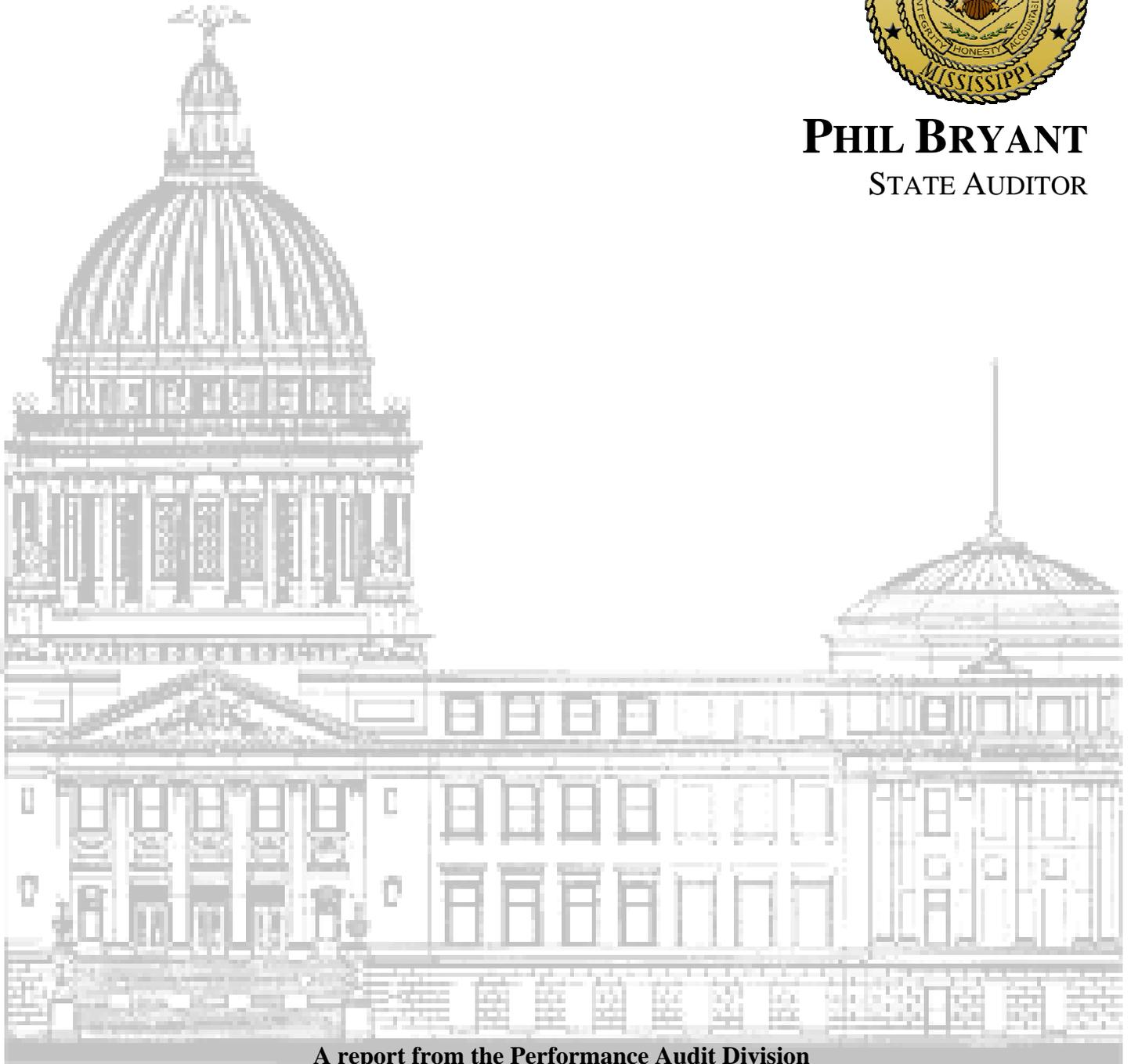


A DISCLOSURE OF EMERGENCY PURCHASES MADE BY STATE AGENCIES IN FISCAL YEAR 2007



PHIL BRYANT
STATE AUDITOR



A report from the Performance Audit Division

#114

September 1, 2007

www.osa.state.ms.us



STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
PHIL BRYANT
AUDITOR

September 1, 2007

Senate Fees, Salaries and Administration Committee
House Fees and Salaries of Public Officers Committee
Joint Legislative Budget Committee

Dear Members of the Legislature:

Pursuant to Section 31-7-13 (j), Mississippi Code of 1972, Annotated, the Office of the State Auditor (OSA) has completed *A Disclosure of Emergency Purchases Made By State Agencies In Fiscal Year 2007*. This disclosure is presented to you in the report published herein. OSA does not approve or disapprove any emergency purchase by other state agencies. The Department of Finance and Administration and the Department of Information Technology Services have final approval on all emergency purchases. OSA is tasked with reviewing and summarizing these emergency purchases.

This report is available on the OSA's web page (<http://www.osa.state.ms.us>). Additional copies may be downloaded from this site.

This year's report shows a significant decrease in emergency purchases based on all emergency purchases from Fiscal Year 2006, which included Hurricanes Katrina, Rita and Dennis. However, based solely on non-hurricane related emergency purchases, Mississippi saw a slight increase from the previous year.

I trust that by publishing this report of emergency purchases for the Legislative Committees and the public, all state agencies will remain circumspect in exercising emergency purchase exceptions to state purchasing laws.

Sincerely,

A handwritten signature in black ink that reads "Phil Bryant". The signature is fluid and cursive, with a large initial "P" and "B".

Phil Bryant
State Auditor



STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
PHIL BRYANT
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Introduction

Each year, the Performance Audit Division of the Office of the State Auditor (OSA) issues a disclosure report detailing state agency emergency purchases. Emergency purchases are allowed under State law when using normal purchasing procedures would cause a hardship due to the occurrence of an emergency situation. The head of each agency, university, community college, or other governing entity is allowed to declare the necessity of emergency and make emergency purchases. The Department of Finance and Administration (DFA) and the Department of Information Technology Services approve emergency purchases. OSA reports state agency and university emergency purchases each year.

This report includes prior Fiscal Year comparisons and it should be noted that the percent decreases between Fiscal Year 2006 and Fiscal Year 2007 are large. However, percentage decreases between Fiscal Year 2006 and Fiscal Year 2007 closely resemble the increases between Fiscal Year 2005 and Fiscal Year 2006 – all due to the severe hurricane season of 2005.

Summary of All Emergency Purchases Reported in Fiscal Year 2007

Table 1 provides a summary of emergency purchases in Fiscal Year 2007. There were no unexpected wide-spread or large-scale disasters or emergencies in Mississippi in Fiscal Year 2007. The number of emergency purchases for the year reflects that fact.

There were a total of 61 emergency purchases by state agencies and universities in Fiscal Year 2007 totaling \$7,414,235.92.

By comparison, Fiscal Year 2006 had a total of 54 non-hurricane related emergency purchases totaling \$2,846,231.27, and Fiscal Year 2005 had 72 emergency purchases totaling \$6,737,175.74.

Table 1

Fiscal Year 2007 Emergency Purchase Summary		
	Total Number of Purchases	Total Amount of Purchases
DFA-Purchasing	35	\$1,874,922.73
DFA-Buildings	14	\$2,334,063.05
ITS	12	\$3,205,250.14
Totals	61	\$7,414,235.92



Purpose

Pursuant to Section 31-7-13 (j), Mississippi Code of 1972, Annotated, the Office of the State Auditor (OSA) Performance Audit Division (Division) initiated an inquiry concerning emergency purchases made by state agencies. The purpose of this review was to disclose emergency purchases made by state agencies for Fiscal Year 2007.

This report will:

- summarize information on the number and dollar amount of emergency purchases reported by agencies;
- provide background information on current state law concerning emergency purchases by state agencies; and
- provide information, as available, about any extenuating circumstances that led to the need for emergency purchases.

Scope

By statute, the scope of the performance review is limited to disclosing all emergency purchases by state agencies for Fiscal Year 2007 that were reported to the Department of Finance and Administration (DFA), Office of Purchasing and Travel; DFA, Bureau of Buildings, Grounds, and Real Property Management; and the Department of Information Technology Services (ITS).

Method

In conducting the review, the Division performed the following procedures:

- reviewed relevant Mississippi statutes;
- reviewed emergency purchase documentation;
- interviewed appropriate state agency personnel;
- summarized emergency purchase requests; and
- performed other necessary procedures.



Background

Emergencies Defined By State Purchasing Law

Section 31-7-1 (f), Mississippi Code of 1972, Annotated, defines the term, emergency as:

“Emergency’ shall mean any circumstances caused by fire, flood, explosion, storm, earthquake, epidemic, riot, insurrection or caused by any inherent defect due to defective construction, or when the immediate preservation of order or of public health is necessary by reason of unforeseen emergency, or when the immediate restoration of a condition of usefulness of any public building, equipment, road or bridge appears advisable, or in the case of a public utility when there is a failure of any machine or other thing used and useful in the generation, production or distribution of electricity, water or natural gas, or in the transportation or treatment of sewage; or when the delay incident to obtaining competitive bids could cause adverse impact upon the governing authorities or agency, its employees or its citizens; or in the case of a public airport, when the delay incident to publishing an advertisement for competitive bids would endanger public safety in a specific (not general) manner, result in or perpetuate a specific breach of airport security, or prevent the airport from providing specific air transportation services.”

State Agencies Must Notify Department of Finance and Administration (DFA) Of Emergency Purchases

State purchasing laws provide an exemption for state agencies experiencing an emergency situation. Section 31-7-13 (j), Mississippi Code of 1972, Annotated, states:

*“If the governing board or the executive head, or his designee, of any agency of the state shall determine that an emergency exists in regard to the purchase of any commodities or repair contracts, so that the delay incident to giving opportunity for competitive bidding would be detrimental to the interests of the state, then the provisions herein for competitive bidding shall not apply and the head of such agency shall be authorized to make the purchase or repair. Total purchases so made shall only be for the purpose of meeting needs created by the emergency situation. In the event such executive head is responsible to an agency board, at the meeting next following the emergency purchase, documentation of the purchase, including a description of the commodity purchased, the purchase price thereof and the nature of the emergency shall be presented to the board and placed on the minutes of the board of such agency. The head of such agency, or his designee, shall, at the earliest possible date following such emergency purchase, file with the Department of Finance and Administration (i) a statement explaining the conditions and circumstances of the emergency, which shall include a detailed description of the events leading up to the situation and the negative impact to the entity if the purchase is made following the statutory requirements set forth in paragraph (a), (b) or (c) of this section, and (ii) a certified copy of the appropriate minutes of the board of such agency, if applicable. **On or before September 1 of each year, the State Auditor shall prepare and deliver to the Senate Fees, Salaries and Administration Committee, the House Fees and Salaries of Public Officers Committee and the Joint Legislative Budget Committee a report containing a list of all state agency emergency purchases and supporting documentation for each emergency purchase.”***



Information Technology Emergency Purchases

When state agencies make emergency purchases related to computers, telecommunications, and other information technology, agencies notify ITS rather than DFA, Office of Purchasing.

Section 25-53-5 (p), Mississippi Code of 1972, Annotated, describes the powers of ITS regarding state procurement of telecommunications equipment, software, and services by stating:

"When applicable, the authority may procure equipment, systems and related services in accordance with the law or regulations, or both, which govern the Bureau of Purchasing of the Office of General Services or which govern the Mississippi Department of Information Technology Services procurement of telecommunications equipment, software and services."

Based on this statute, ITS developed the following procurement procedure regarding emergency purchases of information technology by state agencies:

"ITS oversees sole source and emergency information technology procurements consistent with Public Purchasing Laws and guidelines. Agencies and institutions making sole source or emergency purchases should follow Public Purchasing guidelines, sending documentation to ITS rather than to DFA, where Public Purchasing Laws and Procedures prescribe DFA sign-off, approval, or notification."



Below is a list of agency name abbreviations used throughout this report:

List of Agency Abbreviations

DFA Bureau of Capitol Facilities	Bureau of Capitol Facilities
DPS Criminal Information Center	Criminal Information Center
East Mississippi State Hospital.....	E. MS State Hospital
Military Department/Military Special Fund	MD/MSF
Mississippi Department of Corrections	MDoC
Mississippi Department of Education.....	MDoEd
Mississippi Department of Environmental Quality	MDEQ
Mississippi Department of Finance and Administration	DFA
Mississippi Department of Human Services.....	MDHS
Mississippi Department of Marine Resources	MS DMR
Mississippi Department of Public Safety	MDPS
Mississippi Department of Rehabilitation Services.....	Rehabilitation Services
Mississippi Department of Transportation	MDoT
Mississippi Department of Wildlife, Fisheries and Parks	MDWFP
Mississippi Development Authority	MDA
Mississippi Emergency Management Agency.....	MEMA
Mississippi State Fire Academy	State Fire Academy
Mississippi State Forestry Commission.....	MFC
Mississippi State University	MSU
Mississippi University for Women.....	MUW
Mississippi Valley State University	MVSU
University of Mississippi Medical Center	UMC



State Agencies Utilizing the Emergency Exemption From State Purchasing Laws

List of Emergency Purchases Reported By State Agencies to DFA, Office of Purchasing

Table 2 lists emergency purchases by state agencies for Fiscal Year 2007 (July 1, 2006 through June 30, 2007) that were reported to DFA, Office of Purchasing: thirty-five (35) purchases by fourteen (14) state agencies totaling \$1,874,922.73.

Table 2

Emergency Purchases Reported To DFA, Office of Purchasing		
July 2006 - June 2007		
Institution/Agency	Amount	Description/Explanation
E. MS State Hospital	\$7,510.00	Install gas lines to kettle and steamer; to replace boiler that powers two 60 gallon steam kettles and a steam cabinet recently quit and deemed beyond repair
Ellisville State School	\$18,720.00	Removal of all paperbacked insulation above suspended ceilings - per Health Department; imperative to the safety and health of both the clients and employees
MD/MSF	\$9,600.00	Purchase a heater for Camp Shelby, bldg. 2185; work must be done prior to 09-01-06; there are no other facilities that can be utilized for this mission at Camp Shelby Joint Forces Training Center
MD/MSF	\$9,600.00	All L/M/S/E necessary to install a new HVAC unit
MD/MSF	\$5,000.00	Clean up debris and dispose of waste at wreck site on Hwy. 330 in Yalobusha County
MD/MSF	\$18,000.00	For all L/M/E to repair 2 service pumps at DPW Camp Shelby, MS
MDA	\$114,609.72	Leased furniture for the Homeowners Assistance Program on the Gulf Coast, needed due to Hurricane Katrina at the application centers
MDA	\$10,921.00	Carpet installed; outlet mall, Gulfport, MS; needed to prevent applicants from falling, due to an uneven floor
MDHS	\$26,750.00	Replace 2" steel line damage on bridge structure
MDHS	\$18,464.65	1,000 oxygen tanks and 1,000 cumulative oxygen tanks (rentals); needed for Hurricane Katrina response
MDoC	\$493,120.00	Electronic combo rebuilt retrofit lavatory plumbing
MDoC	\$83,374.96	2008 prisoner transport bus to replace one burnt in a fire
MDoC	\$30,492.00	Corn seed - shipped to Parchman, MS Ag. Farm; due to the shortage of corn seed for the 2007 crop; needed by March 1, 2007 to be able to plant in a timely manner
MDoC	\$32,500.00	Purchase a used bus - (1999 Thomas); replaced bus destroyed by fire; used to transport offenders
MDoC	\$29,416.00	100 gallon natural gas heater; replaced hot water heater
MDoC	\$19,898.88	200 gallon water heater
MDoEd	\$56,368.00	Sink compartments; dish tables, try carts, utility units, etc.; items needed to replace lost and destroyed items because of Hurricane Katrina



Emergency Purchases Reported To DFA, Office of Purchasing		
July 2006 - June 2007		
Institution/Agency	Amount	Description/Explanation
MDoEd	\$17,558.25	Building repairs; needed because of the devastation caused by Hurricane Katrina
MDoEd	\$334,207.00	Repair of windows and doors in various locations of schools; repairs are needed because of the devastation caused by Hurricane Katrina
MDoT	\$23,000.00	Fuel tanker trailer; placed at the Collins, MS to needed for effective emergency response - (emergency preparedness for fuel services)
MDoT	\$4,739.00	Storage tank rental; needed to hold spilled out and contaminated water and backfill material until contents could be properly disposed as per DEQ
MDoT	\$16,369.12	Replace fuel tanks at the Newton facility, to be used in the event of a natural disaster
MDoT	\$26,096.00	Purchased two (2) 15,000 gallon tanks for fuel; to be used in the event of a natural disaster
MDoT	\$86,000.00	Purchased 1 used trailer at \$9K and 7 used trailers at \$11K
MDPS	\$68,790.00	Purchase 6 aircraft radios and associated equipment for disaster response missions
MDPS	\$29,920.00	22,000 Buccal swab kits; used to perform saliva DNA identification in solving criminal cases
MDPS	\$33,687.48	A variety of communication parts (antennas, connectors, cables, etc.); needed to complete mobile data network governed by the Federal Communications Commission (FCC)
MSU	\$30,000.00	Replaced ducts and pipe insulation in Dorman basement due to fire
MSU	\$4,236.00	SF-1 product, 5 gallon size (asbestos sampling/abatement); needed for clean-up and restoration services due to major fire damage at Dorman Hall on October 11, 2006
MSU	\$7,272.27	Air conditioning work for Allen Hall
MUW	\$35,663.73	Electrical installation at Painter Hall; due to an electrical accident on September 8 th , 2006, the accident resulted in the destruction of the main distribution panel in Painter Hall
MUW	\$89,527.00	Hobart flight type dishwasher; to replace dishwasher that can not be repaired
Rehabilitation Services	\$35,141.23	Purchase air condition unit
UMC	\$20,960.44	Bulk oxygen - rental of gallon vessel; rental of 120 gallon liquid cryogenic vessel for helicopter dept.
WLF&P	\$27,410.00	Repairs to Wolf River Wildlife Management Area (Katrina damage)
TOTAL	\$1,874,922.73	

Source: Department of Finance & Administration / State Agencies



**List of Emergency Purchases Made By State Agencies Through
DFA, Bureau of Buildings, Grounds, and Real Property Management**

Table 3 lists emergency purchases made in Fiscal Year 2007 by state agencies through DFA, Bureau of Buildings, Grounds, and Real Property Management (Bureau of Buildings).

Fourteen (14) purchases by eleven (11) state agencies totaling \$2,334,063.05.

Table 3

Emergency Purchases Reported To DFA, Bureau of Buildings		
July 2006 - June 2007		
Institution/Agency	Amount	Description/Explanation
Bureau of Capitol Facilities	\$48,835.00	New Court Facility tenant work - due to failure of caulk joints at the columns and plaza area
Bureau of Capitol Facilities	\$25,877.00	Repaired ceiling plaster in the Speaker's suite of the New Capitol Building
DFA	\$41,000.00	Repaired gutters/roof - Hurricane Katrina weakened an already weak situation
MDEQ	\$21,998.00	Chiller replacement
MDHS	\$330,000.00	Roof repairs - multiple buildings (Columbia Campus - Youth Services)
MDPS	\$28,164.00	Drain pipe and sewer work at headquarter office
MEMA	\$110,400.00	Lease - MS Alternative Housing Program Call Center in Gulfport, MS
MEMA	\$36,396.00	Lease - MS Alternative Housing Program Call Center in Gulfport, MS
MFC	\$93,160.59	Rooftop unit replacement at the Trademart Building
MSU	\$280,134.00	Replacement of existing damaged roof at Giles Hall
MUW	\$816,000.00	Repair/restoration of the mechanical systems in Frazer Hall
MVSU	\$180,000.00	Mold / mildew remediation
State Fire Academy	\$87,447.46	Auditorium foundation repairs due to deterioration
State Fire Academy	\$234,651.00	Repaired roof leaks due to presence of mold and mildew
TOTAL	\$2,334,063.05	

Source: Department of Finance and Administration, Bureau of Buildings, Grounds and Real Property Management



List of Emergency Purchases Made By State Agencies Through Information Technology Services

Table 4 lists emergency purchases made by state agencies in Fiscal Year 2007 through Information Technology Services (ITS) but not reported to DFA, Office of Purchasing: twelve (12) emergency purchases by six (6) state agencies totaling \$3,205,250.14.

Table 4

Emergency Purchases Reported To ITS		
From July 2006 - June 2007		
Institution/Agency	Amount	Description/Explanation
Criminal Information Center	\$2,287,133.00	Upgrade of the Automated Fingerprint ID System (AFIS)
MS DMR	\$54,060.25	Technical assistance to enhance and update existing permitting database; will provide a better medium to track and analyze wetland permit activities in Mississippi's coastal zone
MDA	\$342,532.00	Managed hosting services for the Homeowners Assistance Program - Hurricane Katrina
MDA	\$88,261.18	Software licenses and support; will be used to renew Oracle support for three (3) years
MDA	\$16,418.56	Additional services for the Homeowners Assistance Program - Hurricane Katrina; MDA requires an additional server for the Homeowners Assistance Program - Hurricane Katrina
MDHS	\$30,300.00	Purchase of fingerprinting software and subscription licenses; will allow the Mississippi Department of Health to continue to pay invoices for processing fingerprints for childcare or healthcare providers
MDoC	\$214,650.00	Maintenance and support of the CISCO Security Agent System; ongoing maintenance and support was requested; however, was not included on CP-1 #20060091.
MDoEd	\$22,572.24	Purchase of Renaissance Licenses and training for Sacred Heart Catholic Elementary School - Long Beach, MS
MDoEd	\$19,240.50	Purchase of My Reading Coach Professional Edition licenses and training for St. Thomas School - Long Beach, MS
MDoEd	\$37,161.04	Purchase of a server and desktops for St. James Elementary School - Long Beach, MS
MDoEd	\$33,426.71	Purchase of laptops and monitors for St. Thomas School - Long Beach, MS
MDoEd	\$59,494.66	Purchase of desktops of Sacred Heart Catholic Elementary School - Long Beach, MS
TOTAL	\$3,205,250.14	

Source: Information Technology Services



**Comparison of Emergency Purchases Amount and Percentage Change
From Fiscal Year 2006 to Fiscal Year 2007**

Table 5 gives a comparison of the total amount spent and percentage change for all emergency purchases for Fiscal Year 2006 and Fiscal Year 2007.

Table 5

Decrease in Emergency Purchases From Fiscal Year 2006 to Fiscal Year 2007				
	Fiscal Year 2006	Fiscal Year 2007	Dollar Amount Increase/(Decrease)	% Increase/ Decrease
DFA- Purchasing	\$23,919,721.21	\$1,874,922.73	(\$22,044,798.48)	-92%
DFA- Buildings	\$3,862,792.03	\$2,334,063.05	(\$1,528,728.98)	-40%
ITS	\$3,028,753.09	\$3,205,250.14	\$176,497.05	6%
Total	\$30,811,266.33	\$7,414,235.92	(\$23,397,030.41)	-76%

The total amount spent for emergency purchases for Fiscal Year 2006 was \$30,811,266.33, while the amount for Fiscal Year 2007 was \$7,414,235.92. Overall, there was a 76% decrease in the total dollar amount of emergency purchases from Fiscal Year 2006 to Fiscal Year 2007.

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