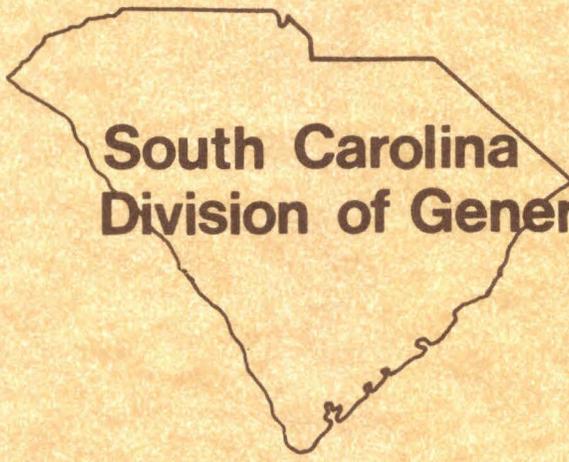


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**South Carolina
Division of General Services**

PROCUREMENT AUDIT AND CERTIFICATION

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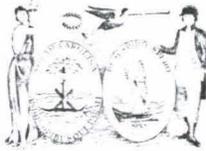
AIKEN COUNTY SCHOOL DISTRICT

AGENCY

OCTOBER 1, 1992 - JUNE 30, 1995

DATE

STATE OF SOUTH CAROLINA
State Budget and Control Board
OFFICE OF GENERAL SERVICES



DAVID M. BEASLEY, CHAIRMAN
GOVERNOR

RICHARD A. ECKSTROM
STATE TREASURER

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL

JOHN DRUMMOND
CHAIRMAN, SENATE FINANCE COMMITTEE

HENRY E. BROWN, JR.
CHAIRMAN, WAYS AND MEANS COMMITTEE

LUTHER F. CARTER
EXECUTIVE DIRECTOR

HELEN T. ZEIGLER
DIRECTOR

MATERIALS MANAGEMENT OFFICE
1201 MAIN STREET, SUITE 600
COLUMBIA, SOUTH CAROLINA 29201
(803) 737-0600
Fax (803) 737-0639

RAYMOND L. GRANT
ASSISTANT DIRECTOR

June 6, 1996

Ms. Helen T. Zeigler, Director
Office of General Services
1201 Main Street, Suite 420
Columbia, South Carolina 29201

Dear Helen:

I have attached the procurement audit report of the Aiken County School District and the recommendation made by the Office of Audit and Certification. The audit was performed in accordance with Section 11-35-70 of the South Carolina Consolidated Procurement Code. Since the Budget and Control Board action is not required, I recommend the report be presented as information.

Sincerely,

A handwritten signature in cursive script that reads "Raymond L. Grant".

Raymond L. Grant
Materials Management Officer

RLG/tl

THE CONSOLIDATED SCHOOL DISTRICT
OF AIKEN COUNTY, SOUTH CAROLINA

PROCUREMENT CODE, REGULATIONS,
AND PROCEDURES EXAMINATION
OCTOBER 1, 1992 - JUNE 30, 1995

THE CONSOLIDATED SCHOOL DISTRICT OF AIKEN COUNTY, SOUTH CAROLINA

AIKEN, SOUTH CAROLINA

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WADE & COMPANY, P.A.

CERTIFIED PUBLIC ACCOUNTANTS
Member of American Institute of CPA's • Division for CPA Firms

INDEPENDENT ACCOUNTANTS' REPORT

Members of the Aiken County Board of Education
The Consolidated School District of Aiken County, South Carolina
Aiken, South Carolina

We have examined management's assertion included in its representation letter dated December 18, 1995, that The Consolidated School District of Aiken County, South Carolina complied with its procurement code, regulations, and procedures for the thirty-three (33) months ended June 30, 1995. As discussed in that representation letter, management is responsible for The Consolidated School District of Aiken County, South Carolina's compliance with those requirements. Our responsibility is to express an opinion on management's assertion about the District's compliance based on our examination.

Our examination was made in accordance with standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about The Consolidated School District of Aiken County, South Carolina's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on The Consolidated School District of Aiken County, South Carolina's compliance with specified requirements.

In our opinion, management's assertion that The Consolidated School District of Aiken County, South Carolina complied with its procurement code, regulations, and procedures for the thirty-three (33) months ended June 30, 1995 is fairly stated in all material respects.

This report is intended solely for the information of the Aiken County Board of Education, management, and the State of South Carolina Budget and Control Board. However, this report is a matter of public record and its distribution is not limited.

Wade & Company, P.A.
Certified Public Accountants

December 18, 1995

225 Chesterfield St. NW • P. O. Box 930 • Aiken, SC 29802-0930 • (803) 649-6294 • FAX (803) 649-0481

ROBERT D. WADE, CPA, CFP • LEONARD M. QUATTLEBAUM, CPA • WANDA FORDHAM SCOTT, CPA, CFP

CINDY T. BLISSIT, CPA • KRISTINE U. GLENN, CPA • KAREN J. SKIFF, CPA • WILLIAM H. WOODWARD, CPA, CVA

THE CONSOLIDATED SCHOOL DISTRICT
OF AIKEN COUNTY, SOUTH CAROLINA

PROCUREMENT CODE, REGULATIONS,
AND PROCEDURES EXAMINATION

For the Thirty-Three Months Ended June 30, 1995

SCOPE

Our examination encompassed a detailed analysis of the internal procurement operating procedures of The Consolidated School District of Aiken County, South Carolina, and its related policies and procedures manual to the extent we deemed necessary to formulate an opinion on management's assertion included in its representation letter dated December 18, 1995.

We selected random samples of procurement transactions for the period October 1, 1992 - June 30, 1995, for compliance testing and performed other procedures that we considered necessary to formulate this opinion. Specifically, the scope of our examination included, but was not limited to, the following:

1. We examined a sample of sixty (60) procurement transactions as selected from purchase orders written which exceeded the thresholds for competition. For the period October 1, 1992, through June 23, 1994, the threshold for competition was \$500. For the period June 24, 1994, through June 30, 1995, the threshold for competition was \$1,500.
2. We examined forty-two (42) randomly selected disbursements which included sixty-four (64) "small purchases," as defined by the Procurement Code and Regulations for compliance with the Procurement Code, Regulations, and Procedures.
3. We examined a sample of ten (10) construction contracts which included eight (8) competitive sealed bids, one (1) competitive sealed proposal, and one (1) small purchase. We also tested this sample for compliance with the South Carolina School Facilities Planning and Construction Guide.
4. We examined a sample of six (6) sealed bids which included six (6) supply term contracts.
5. We examined one (1) state contract.
6. We examined the selection and approval of five (5) Attorney and Audit Service Contracts.
7. We examined a block sample of nine hundred (900) sequentially numbered purchase orders.
8. We reviewed the Educational Technology Strategic Plan.
9. We examined all of the District's Sole Source and Emergency Procurements for the period October 1, 1992 through June 30, 1995.
10. We examined the District's Minority Business Enterprise Plan and reports to the School Board.

THE CONSOLIDATED SCHOOL DISTRICT
OF AIKEN COUNTY, SOUTH CAROLINA

PROCUREMENT CODE, REGULATIONS,
AND PROCEDURES EXAMINATION

For the Thirty-Three Months Ended June 30, 1995

SCOPE

(Continued)

Scope of Examination (Continued)

11. We considered the District's adherence to applicable procurement laws, regulations, and internal policy.
12. We considered the District's procurement staff and training.
13. We considered whether the District's procurement system had adequate audit trails.
14. We examined evidence of competition and sealed bidding procedures, and format.
15. We examined warehousing, inventory, and disposition of surplus property procedures.
16. We considered property management accountability.
17. We considered the economy and efficiency of the procurement process.

THE CONSOLIDATED SCHOOL DISTRICT
OF AIKEN COUNTY, SOUTH CAROLINA

PROCUREMENT CODE, REGULATIONS,
AND PROCEDURES EXAMINATION

For the Thirty-Three Months Ended June 30, 1995

SUMMARY OF FINDINGS AND NONCOMPLIANCE

Below is a highly condensed summary of our findings and noncompliance.

PROCUREMENT TRANSACTIONS ABOVE THE COMPETITION THRESHOLDS:

- * Two (2) procurement transactions did not have evidence of the required competition.
- * Two (2) state contracts were not evidenced on the purchase orders.
- * Five (5) procurement transactions did not have evidence of the required competition; however, management maintains that these purchases were in compliance with the *South Carolina Consolidated Procurement Code* in effect as of July 1, 1993.

SMALL PURCHASES:

- * Small purchases below the competition thresholds were not annotated as fair and reasonable in accordance with the Procurement Code.
- * There were twenty-five (25) instances where the District's internal use forms were not properly signed and/or dated.

CONSTRUCTION CONTRACTS:

- * Five (5) construction procurements were not advertised in *South Carolina Business Opportunities*.
- * Three (3) construction procurements did not have evidence of the bid tabulations being witnessed.
- * One (1) contract was awarded in less than sixteen (16) days after the Notice of Intent to Award was issued.
- * Two (2) construction procurements did not have documentation substantiating the eighteen (18) day exception to the required thirty (30) day advertisement period.
- * One (1) payment for a change order was made before the change order was approved.

SEALED BIDS:

- * One (1) multi-term contract did not have the required documentation.

**THE CONSOLIDATED SCHOOL DISTRICT
OF AIKEN COUNTY, SOUTH CAROLINA**

**PROCUREMENT CODE, REGULATIONS,
AND PROCEDURES EXAMINATION**
For the Thirty-Three Months Ended June 30, 1995

SUMMARY OF FINDINGS AND NONCOMPLIANCE
(Continued)

STATE CONTRACTS:

- * One (1) copier rental agreement was not signed by the appropriate Purchasing Agent or designee.

ATTORNEY AND AUDITING SERVICE CONTRACTS:

- * Three (3) approvals for attorney services were not evidenced in the Board minutes.

SOLE SOURCE AND EMERGENCY PROCUREMENTS:

- * One (1) item purchased as a Sole Source did not appear to qualify as a Sole Source item.
- * Two (2) Emergency purchases did not appear to qualify as Emergency purchases.

DISTRICT'S MINORITY BUSINESS ENTERPRISE PLAN:

- * The District's Minority Business Enterprise Plan was not submitted to the Aiken County Board of Education within the required fifteen (15) day period on two (2) occasions.
- * The District does not maintain evidence to support whether the Minority Business Enterprise Plan progress reports were submitted to the District Superintendent and/or Comptroller.

THE CONSOLIDATED SCHOOL DISTRICT
OF AIKEN COUNTY, SOUTH CAROLINA

PROCUREMENT CODE, REGULATIONS,
AND PROCEDURES EXAMINATION

For the Thirty-Three Months Ended June 30, 1995

DETAIL OF FINDINGS AND NONCOMPLIANCE

PROCUREMENT TRANSACTIONS ABOVE THE COMPETITION THRESHOLDS:

Below are our findings noted during our examination of a sample of sixty (60) procurement transactions as selected from purchase orders written which exceeded the thresholds for competition.

Condition:

Of the sixty (60) procurement transactions we sampled, that required competition unless an exception was met, two (2) did not have evidence of the required competition. One (1) of the purchases required three (3) written quotes, and one (1) of the purchases required three (3) verbal or written quotes.

Criteria:

According to the Procurement code, different levels of purchases require certain levels of competition unless an exception to competition is met.

Condition:

Of the sixty (60) procurement transactions we sampled, two (2) that were under state contract did not have the state contract number referenced on the purchase order.

Criteria:

As noted in the prior procurement system audit performed by the State of SC-Division of General Services, "For compliance verification, every purchase made from an existing state contract should reference the contract number."

**THE CONSOLIDATED SCHOOL DISTRICT
OF AIKEN COUNTY, SOUTH CAROLINA**

**PROCUREMENT CODE, REGULATIONS,
AND PROCEDURES EXAMINATION**

For the Thirty-Three Months Ended June 30, 1995

DETAIL OF FINDINGS AND NONCOMPLIANCE

(Continued)

PROCUREMENT TRANSACTIONS ABOVE THE COMPETITION THRESHOLDS:

(Continued)

Condition:

Of the sixty (60) procurement transactions we sampled, five (5) did not have the level of competition as required by the District's Procurement Code in effect at the date of the purchase. According to management, the *South Carolina Consolidated Procurement Code* was amended on July 1, 1993, to reflect higher thresholds for requiring competition, and the District was in compliance with the state's new requirements.

Criteria:

According to the Procurement Code, different levels of purchases require certain levels of competition unless an exception to competition is met.

THE CONSOLIDATED SCHOOL DISTRICT
OF AIKEN COUNTY, SOUTH CAROLINA

PROCUREMENT CODE, REGULATIONS,
AND PROCEDURES EXAMINATION

For the Thirty-Three Months Ended June 30, 1995

DETAIL OF FINDINGS AND NONCOMPLIANCE

(Continued)

SMALL PURCHASES

Below are our findings noted during our examination of a general sample of sixty-four (64) "small purchases," as defined by the Procurement Code and Regulations:

Condition:

Of the sixty-four (64) small purchases sampled, none were properly annotated by writing on the purchase requisition, in accordance with the Procurement Code Regulations.

Criteria:

The Procurement Regulations in effect for the period June 24, 1994 through June 30, 1995 state "small purchases not exceeding \$1,500 may be accomplished without securing competitive quotations if the prices are to be considered reasonable. The Purchasing Office shall annotate the purchase requisition: 'Price is reasonable,' and sign." The Procurement Regulations in effect for the period October 1, 1992 through June 23, 1994 state "small purchases not exceeding \$500 may be accomplished without securing competitive quotations if the prices are considered to be reasonable. The Purchasing Agent or designee indicates by signature on the requisition that: 'price is fair and reasonable.' "

Condition:

Of the sixty-four (64) small purchases sampled, we noted thirteen (13) instances where the District's Form 51 was not properly completed.

Criteria:

In order to help ensure compliance with the District's procurement code, the District has developed certain policies, procedures, and forms. Form 51 is a purchase order used by the Maintenance Department for purchases not exceeding \$100. Form 51 is designed and intended to be properly approved and dated by the issuing clerk.

**THE CONSOLIDATED SCHOOL DISTRICT
OF AIKEN COUNTY, SOUTH CAROLINA**

**PROCUREMENT CODE, REGULATIONS,
AND PROCEDURES EXAMINATION**

For the Thirty-Three Months Ended June 30, 1995

DETAIL OF FINDINGS AND NONCOMPLIANCE

(Continued)

SMALL PURCHASES (Continued)

Condition:

Of the sixty-four (64) small purchases sampled, we noted eleven (11) instances where the District's Form 9B and/or Form 9BS was not dated and one (1) instance where the Form 9B was not signed.

Criteria:

In order to help ensure compliance with the District's procurement code, the District has developed certain policies, procedures, and forms. The District's Form 9B and/or 9BS, which is used as a purchase requisition, is designed and intended to be properly completed, including dates and signatures.

THE CONSOLIDATED SCHOOL DISTRICT
OF AIKEN COUNTY, SOUTH CAROLINA

PROCUREMENT CODE, REGULATIONS,
AND PROCEDURES EXAMINATION

For the Thirty-Three Months Ended June 30, 1995

DETAIL OF FINDINGS AND NONCOMPLIANCE

(Continued)

CONSTRUCTION CONTRACTS

Below are our findings noted during our examination of a sample of ten (10) construction contracts which included eight (8) competitive sealed bids, one (1) competitive sealed proposal, and one (1) small purchase.

Condition:

Of the ten (10) construction contracts we sampled, five (5) were not advertised in *South Carolina Business Opportunities*.

Criteria:

The *South Carolina School Facilities and Construction Guide* states "in addition to newspaper advertisements, full information regarding the project should be furnished by the architect to appropriate trade organizations for publications in their respective bulletins." The District's policy is to advertise in *South Carolina Business Opportunities* to ensure compliance with this requirement.

Condition:

Of the ten (10) construction contracts we sampled, three (3) did not have documentation indicating the bid tabulation was witnessed.

Criteria:

The Procurement Regulations require that bid openings be publicly opened, and that the amount of each bid and such other relevant information, together with the name of each bidder, be tabulated. The tabulation is to be reviewed for accuracy and certified by the Purchasing Agent or his designee. In our opinion, to adequately document compliance, the bid tabulation sheets should have evidence of the Purchasing Agent's (or designee) signature and the signature of a witness.

**THE CONSOLIDATED SCHOOL DISTRICT
OF AIKEN COUNTY, SOUTH CAROLINA**

**PROCUREMENT CODE, REGULATIONS,
AND PROCEDURES EXAMINATION**

For the Thirty-Three Months Ended June 30, 1995

DETAIL OF FINDINGS AND NONCOMPLIANCE

(Continued)

CONSTRUCTION CONTRACTS (Continued)

Condition:

Of the ten (10) construction contracts sampled, one (1) contract was awarded in less than sixteen (16) days after the Notice of Intent to Award was issued.

Criteria:

The Procurement Code states "sixteen days after notice is given the District may enter into a contract with the bidder named in the notice in accordance with the provisions of this code and of the bid solicited."

Condition:

Of the ten (10) construction contracts sampled, two (2) were not advertised for the required thirty (30) day period, and there was no documentation in the file as to whether these projects met the eighteen (18) day exception allowed by Office of School Planning and Building. During our procedures, Office of School Planning and Building did confirm that these projects met the eighteen (18) day exception.

Criteria:

The *South Carolina Facilities Planning and Construction Guide* requires a thirty (30) day minimum advertisement period. The *Guide* does allow smaller projects meeting certain criteria to be advertised for only eighteen (18) days. This exception is at the option of Office of School Planning and Building.

**THE CONSOLIDATED SCHOOL DISTRICT
OF AIKEN COUNTY, SOUTH CAROLINA**

**PROCUREMENT CODE, REGULATIONS,
AND PROCEDURES EXAMINATION**

For the Thirty-Three Months Ended June 30, 1995

DETAIL OF FINDINGS AND NONCOMPLIANCE

(Continued)

CONSTRUCTION CONTRACTS (Continued)

Condition:

Of the ten (10) construction contracts sampled, we found one (1) contract with payments made on change orders before they were properly approved.

Criteria:

We recommend that all change orders should be properly approved before payment is made.

THE CONSOLIDATED SCHOOL DISTRICT
OF AIKEN COUNTY, SOUTH CAROLINA

PROCUREMENT CODE, REGULATIONS,
AND PROCEDURES EXAMINATION

For the Thirty-Three Months Ended June 30, 1995

DETAIL OF FINDINGS AND NONCOMPLIANCE

(Continued)

SEALED BIDS

Below is our finding noted during our examination of a sample of six (6) sealed bids which consisted of six (6) supply term contracts.

Condition:

Of the six (6) sealed bid contracts we examined, one (1) contract for propane has not been bid since 1991. This contract is renewed each year, under the multi-term contract provisions. However, prior to utilization of the multi-term contract, the required determinations were not made.

Criteria:

The Procurement Code in effect for the initial contract states "Prior to the utilization of a multi-term contract, it shall be determined in writing: a.) that estimated requirements cover the period of the contract and are reasonable, firm and continuing; b.) that such a contract will serve the best interests of the District by encouraging effective competition."

**THE CONSOLIDATED SCHOOL DISTRICT
OF AIKEN COUNTY, SOUTH CAROLINA**

**PROCUREMENT CODE, REGULATIONS,
AND PROCEDURES EXAMINATION**

For the Thirty-Three Months Ended June 30, 1995

DETAIL OF FINDINGS AND NONCOMPLIANCE

(Continued)

STATE CONTRACTS

Below is our finding noted during our examination of one (1) state contract.

Condition:

The contract we examined, a copier rental agreement, was signed by a Grants Management Specialist rather than by a Purchasing Agent or designee.

Criteria:

All contracts and agreements should be signed by the District's purchasing Agent or designee.

**THE CONSOLIDATED SCHOOL DISTRICT
OF AIKEN COUNTY, SOUTH CAROLINA**

**PROCUREMENT CODE, REGULATIONS,
AND PROCEDURES EXAMINATION**

For the Thirty-Three Months Ended June 30, 1995

DETAIL OF FINDINGS AND NONCOMPLIANCE

(Continued)

ATTORNEY AND AUDITING SERVICE CONTRACTS

Below are our findings noted during our examination of the selection and approval of five (5) attorney and auditing service contracts.

Condition:

Of the five (5) contracts we examined, three (3) approvals for attorney services as evidenced in the Board minutes could not be located. Currently, the Board approves all attorney services in executive session.

Criteria:

The Procurement Code and its regulations allow an exemption from the procurement process for contracts for legal services that are properly approved by the Board. Board approval as evidenced in the minutes provides documentation of that approval.

THE CONSOLIDATED SCHOOL DISTRICT
OF AIKEN COUNTY, SOUTH CAROLINA

PROCUREMENT CODE, REGULATIONS,
AND PROCEDURES EXAMINATION

For the Thirty-Three Months Ended June 30, 1995

DETAIL OF FINDINGS AND NONCOMPLIANCE

(Continued)

SOLE SOURCE AND EMERGENCY PROCUREMENTS

Below are our findings noted during our examination of the District's Sole Source and Emergency procurement transactions.

Condition:

Of the one hundred twenty-six (126) (100%) Sole Source procurement transactions we examined, two (2) did not appear by the nature of the items to be Sole Source items. However, both transactions were for the same item and, therefore, only (1) exception existed. Additionally, we noted that twenty-three (23) Sole Source determination and approval forms were not manually dated on the determination/approval date, and twelve (12) Sole Source determination and approval forms were not approved by the Comptroller.

Criteria:

The Procurement Regulations state "sole source procurement is not permissible unless there is a single supplier." Generally, sole source items are unique or nonstandard in nature.

Condition:

Of the twenty-one (21) (100%) Emergency procurement transactions we examined, one (1) transaction for appraisal services did not appear to be an Emergency procurement. Also, one (1) transactions for 3-1/2" floppy disks for computers did not appear to be an Emergency transaction. Additionally, we noted one (1) Emergency determination form not dated and one (1) Emergency determination form not signed by the Comptroller.

Criteria:

The Procurement Regulations state "an emergency condition is a situation which creates a threat to public health, welfare, or safety, such as arise by reason of floods, epidemics, riots, equipment failures, fire loss, or such other reason as may be proclaimed by either the Superintendent, the Comptroller, or the Purchasing Agent, or a designee of the above."

**THE CONSOLIDATED SCHOOL DISTRICT
OF AIKEN COUNTY, SOUTH CAROLINA**

**PROCUREMENT CODE, REGULATIONS,
AND PROCEDURES EXAMINATION**

For the Thirty-Three Months Ended June 30, 1995

DETAIL OF FINDINGS AND NONCOMPLIANCE

(Continued)

DISTRICT'S MINORITY BUSINESS ENTERPRISE PLAN

Below are our findings noted during our examination of the District's Minority Business Enterprise Plan and reports to the Aiken County Board of Education.

Condition:

Of the three (3) fiscal years ending during the thirty-three (33) months we audited, we noted two (2) instances where the Minority Business Enterprise Plan was not submitted to the Aiken County Board of Education within the required fifteen (15) day period.

Criteria:

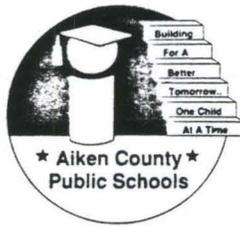
The District's Minority Business Enterprise Plan requires annual reports to be submitted to the Aiken County Board of Education within fifteen (15) days of the fiscal year end.

Condition:

Currently, the District does not maintain evidence to support whether the Minority Business Enterprise Plan progress reports were submitted to the District Superintendent and/or Comptroller.

Criteria:

The District's Minority Business Enterprise Plan requires progress reports to be submitted to the Comptroller no later than fifteen (15) days after the end of each quarter. The District's Procurement Code requires progress reports to be submitted to the Superintendent within thirty (30) days of each quarter.



Aiken County Public Schools

843 Edgefield Avenue, N.W. • P.O. Box 1137 • Aiken, South Carolina 29802-1137

Dr. Linda B. Eldridge, Superintendent

June 6, 1996

Mr. Larry Sorrell
Office of Audit Certification
1201 Main Street, Suite 600
Columbia, S. C. 29201

Dear Mr. Sorrell:

Attached is the District's response to our Procurement Audit by Wade and Company.

Please call if we can be of further assistance.

Sincerely,

A handwritten signature in cursive script that reads 'J. Larry Clark'.

J. Larry Clark
Comptroller

JLC/jca
Attachment

CRITERIA #1 - PAGE 6

ACCORDING TO THE PROCUREMENT CODE, DIFFERENT LEVELS OF PURCHASES REQUIRE CERTAIN LEVELS OF COMPETITION UNLESS AN EXCEPTION TO COMPETITION IS MET.

RESPONSE - CRITERIA #1

ONE PURCHASE WAS MADE FROM VIRCO CATALOG BIDS. THESE BIDS WERE RECEIVED WITH A CATALOG PRICE LESS A PERCENTAGE DISCOUNT AND ARE IN EFFECT FOR ONE YEAR WITH THE OPTION TO RENEW. ALL CATALOG BIDS ARE AVAILABLE FOR INSPECTION. THIS IS AN ACCEPTABLE METHOD OF OBTAINING PRICES AS PRESCRIBED BY THE PROCUREMENT CODE.

ONE PURCHASE WAS FROM GREENWOOD EQUIPMENT AND REPAIR. ACCORDING TO THE PURCHASING AGENT, THREE VERBAL QUOTES WERE RECEIVED (Q940504).

CRITERIA #2 - PAGE 6

AS NOTED IN THE PRIOR PROCUREMENT SYSTEM AUDIT PERFORMED BY THE STATE OF SC-DIVISION OF GENERAL SERVICES, "FOR COMPLIANCE VERIFICATION, EVERY PURCHASE MADE FROM AN EXISTING STATE CONTRACT SHOULD REFERENCE THE CONTRACT NUMBER."

RESPONSE - CRITERIA #2

STATE CONTRACT NUMBERS WERE HANDWRITTEN ON THE DISTRICT'S COPY OF THE PURCHASE ORDER. DISTRICT PROCUREMENT CODE DOES NOT REQUIRE THE STATE CONTRACT NUMBER TO BE TYPED.

CRITERIA #3 - PAGE 7

ACCORDING TO THE PROCUREMENT CODE, DIFFERENT LEVELS OF PURCHASES REQUIRE CERTAIN LEVELS OF COMPETITION UNLESS AN EXCEPTION TO COMPETITION IS MET.

RESPONSE - CRITERIA #3

THE DISTRICT WAS INFORMED ON JULY 15, 1993 BY THE DEPARTMENT OF GENERAL SERVICES THAT THE STATE PROCUREMENT CODE HAD CHANGED AND THAT THE DISTRICT SHOULD OPERATE ON THE NEW STATUTE WHICH WAS EFFECTIVE JULY 1, 1993. THE DISTRICT'S PROCUREMENT CODE WAS SUBSEQUENTLY ADOPTED BY THE BOARD TO CONFORM WITH THE NEW LAW.

CRITERIA #4 - PAGE 8

THE PROCUREMENT REGULATIONS IN EFFECT FOR THE PERIOD JUNE 24, 1994 THROUGH JUNE 30, 1995 STATE "SMALL PURCHASES NOT EXCEEDING \$1,500 MAY BE ACCOMPLISHED WITHOUT SECURING COMPETITIVE QUOTATIONS IF THE PRICES ARE TO BE CONSIDERED REASONABLE. THE PURCHASING OFFICE SHALL ANNOTATE THE PURCHASE REQUISITION: 'PRICE IS REASONABLE,' AND SIGN." THE PROCUREMENT REGULATIONS IN EFFECT FOR THE PERIOD OCTOBER 1, 1994 STATE "SMALL PURCHASES NOT EXCEEDING \$500 MAY BE ACCOMPLISHED WITHOUT SECURING COMPETITIVE QUOTATIONS IF THE PRICES ARE CONSIDERED TO BE REASONABLE. THE PURCHASING AGENT OR DESIGNEE INDICATES BY SIGNATURE ON THE REQUISITION THAT 'PRICE IS FAIR AND REASONABLE'".

RESPONSE - CRITERIA #4

IN THE FUTURE, THE PURCHASING AGENT OR HIS DESIGNEE WILL INDICATE BY SIGNATURE ON THE REQUISITION THAT THE PRICE IS FAIR AND REASONABLE.

CRITERIA #5 - PAGE 8

IN ORDER TO HELP ENSURE COMPLIANCE WITH THE DISTRICT'S PROCUREMENT CODE, THE DISTRICT HAS DEVELOPED CERTAIN POLICIES, PROCEDURES, AND FORMS. FORM 51 IS A PURCHASE ORDER USED BY THE MAINTENANCE DEPARTMENT FOR PURCHASES NOT EXCEEDING \$100. FORM 51 IS DESIGNED AND INTENDED TO BE PROPERLY APPROVED AND DATED BY THE ISSUING CLERK.

RESPONSE - CRITERIA #5

FORM 51 MAINTENANCE PURCHASES (LESS THAN \$100) WILL BE DATED AND SIGNED BY THE MATERIALS EXPEDITER. THE MAINTENANCE SUPERVISOR WILL VERIFY BY INITIALING EACH DOCUMENT.

CRITERIA #6 - PAGE 9

IN ORDER TO HELP ENSURE COMPLIANCE WITH THE DISTRICT'S PROCUREMENT CODE, THE DISTRICT HAS DEVELOPED CERTAIN POLICIES, PROCEDURES, AND FORMS. THE DISTRICT'S FORM 9B AND/OR 9BS, WHICH IS USED AS A PURCHASE REQUISITION, IS DESIGNED AND INTENDED TO BE PROPERLY COMPLETED, INCLUDING DATES AND SIGNATURES.

RESPONSE - CRITERIA #6

PURCHASE REQUISITIONS NOT PROPERLY DATED AND SIGNED WILL BE RETURNED TO THE SCHOOL/DEPARTMENT ORIGINATING THE REQUISITION TO BE PROPERLY COMPLETED.

CRITERIA #7 - PAGE 10

THE SOUTH CAROLINA SCHOOL FACILITIES AND CONSTRUCTION GUIDE STATES "IN ADDITION TO NEWSPAPER ADVERTISEMENTS, FULL INFORMATION REGARDING THE PROJECT SHOULD BE FURNISHED BY THE ARCHITECT TO APPROPRIATE TRADE ORGANIZATIONS FOR PUBLICATIONS IN THEIR RESPECTIVE BULLETINS." THE DISTRICT'S POLICY IS TO ADVERTISE IN SOUTH CAROLINA BUSINESS OPPORTUNITIES TO ENSURE COMPLIANCE WITH THIS REQUIREMENT.

RESPONSE - CRITERIA #7

THE (5) CONTRACTS AS LISTED WERE ADMINISTERED BY CONSTRUCTION CONTROL CORPORATION AND WERE ONLY ADVERTISED IN THE STATE NEWSPAPER. CCC INTERPRETED THE PROCUREMENT COST AS ADVERTISING FOR BIDS IN A STATE-WIDE CIRCULATED NEWSPAPER AND WAS NOT AWARE OF OUR SCBO PUBLICATION REQUIREMENT.

CRITERIA #8 - PAGE 10

THE PROCUREMENT REGULATIONS REQUIRE THAT BID OPENINGS BE PUBLICLY OPENED, AND THAT THE AMOUNT OF EACH BID AND SUCH OTHER RELEVANT INFORMATION, TOGETHER WITH THE NAME OF EACH BIDDER, BE TABULATED. THE TABULATION IS TO BE REVIEWED FOR ACCURACY AND CERTIFIED BY THE PURCHASING AGENT OR HIS DESIGNEE. IN OUR OPINION, TO ADEQUATELY DOCUMENT COMPLIANCE, THE BID TABULATION SHEETS SHOULD HAVE EVIDENCE OF THE PURCHASING AGENT'S (OR DESIGNEE) SIGNATURE AND THE SIGNATURE OF A WITNESS.

RESPONSE - CRITERIA #8

THE ARCHITECTS RESPONSIBLE FOR ADMINISTERING THE BID OPENING FOR THE LISTED (3) CONTRACTS WERE NOT AWARE THAT A WITNESS ON THE BID TAB WAS REQUIRED. THE ARCHITECTS CERTIFIED THESE BID TABS IN ACCORDANCE WITH THEIR LICENSE FROM THE AMERICAN INSTITUTE OF ARCHITECTS.

CRITERIA #9 - PAGE 11

THE PROCUREMENT CODE STATES "SIXTEEN DAYS AFTER NOTICE IS GIVEN THE DISTRICT MAY ENTER INTO A CONTRACT WITH THE BIDDER NAMED IN THE NOTICE IN ACCORDANCE WITH THE PROVISIONS OF THIS CODE AND OF THE BID SOLICITED."

RESPONSE - CRITERIA #9

THE CONTRACT AS LISTED WAS IN COMPLIANCE WITH THE 16 DAY PERIOD AND INTENT LETTER TO ALL BIDDERS OVER \$50,000.00 THE CONTRACT'S PRINT DATE, MAY 24, 1995, WAS NOT THE CONTRACT'S EXECUTION DATE OF JUNE 13, 1995, WHICH IS THE DATE SIGNED BY DR. BRADLEY. THE 16 DAY PERIOD DATE WAS MAY 31, 1995 AND JUNE 13, 1995 IS IN COMPLIANCE.

CRITERIA #10 - PAGE 11

THE SOUTH CAROLINA FACILITIES PLANNING AND CONSTRUCTION GUIDE REQUIRES A THIRTY (30) DAY MINIMUM ADVERTISEMENT PERIOD. THE GUIDE DOES ALLOW SMALLER PROJECTS MEETING CERTAIN CRITERIA TO BE ADVERTISED FOR ONLY EIGHTEEN (18) DAYS. THIS EXCEPTION IS AT THE OPTION OF OFFICE OF SCHOOL PLANNING AND BUILDING.

RESPONSE - CRITERIA #10

THE TWO (2) CONTRACTS AS LISTED WERE GIVEN VERBAL APPROVAL BY OFFICE OF SCHOOL PLANNING AND BUILDING TO ADVERTISE FOR ONLY EIGHTEEN (18) DAYS. VERBAL APPROVAL WAS OFFICE OF SCHOOL PLANNING AND BUILDING'S POLICY AT THE TIME OF THESE CONTRACTS. WRITTEN APPROVAL WAS SENT FROM OFFICE OF SCHOOL PLANNING AND BUILDING TO REINFORCE THEIR VERBAL APPROVAL, BUT WAS NOT REQUIRED.

CRITERIA #11 - PAGE 12

WE RECOMMEND THAT ALL CHANGE ORDERS SHOULD BE PROPERLY APPROVED BEFORE PAYMENT IS MADE.

RESPONSE - CRITERIA #11

THE CHANGE ORDER AS LISTED WAS AUTHORIZED TO THE CONTRACTOR TO EXPEDITE TIME SENSITIVE ADDITIONAL WORK TO COMPLY WITH BUILDING CODES. THE WORK DEMANDED AN IMMEDIATE DECISION IN WHICH AUTHORIZATION WAS MADE DUE TO THE TIME RESTRAINTS. THE BOARD WAS INFORMED OF THIS ACTION TAKEN PRIOR TO THEIR APPROVAL.

CRITERIA #12 - PAGE 13

THE PROCUREMENT CODE IN EFFECT FOR THE INITIAL CONTRACT STATES "PRIOR TO THE UTILIZATION OF A MULTI-TERM CONTRACT, IT SHALL BE DETERMINED IN WRITING: A.) THAT ESTIMATED REQUIREMENTS COVER THE PERIOD OF THE CONTRACT AND ARE REASONABLE, FIRM AND CONTINUING; B.) THAT SUCH A CONTRACT WILL SERVE THE BEST INTERESTS OF THE DISTRICT BY ENCOURAGING EFFECTIVE COMPETITION."

RESPONSE - CRITERIA #12

FINAL DETERMINATION WAS EVIDENTLY LOST IN THE FIVE YEARS SINCE THE BID. ALL OTHER BID DOCUMENTS ARE IN THE FILE. THE PROPANE CONTRACT WILL BE BID IN NOVEMBER 1996. A FINAL DETERMINATION WILL BE KEPT WITH THE BID DOCUMENTS.

CRITERIA #13 - PAGE 14

ALL CONTRACTS AND AGREEMENTS SHOULD BE SIGNED BY THE DISTRICT'S PURCHASING AGENT OR DESIGNEE.

RESPONSE - CRITERIA #13

A MEMORANDUM HAS BEEN SENT TO ALL SUPERVISORS REMINDING THEM THAT ALL CONTRACTS AND AGREEMENTS MUST BE SIGNED BY THE DISTRICT'S PURCHASING AGENT.

CRITERIA #14 - PAGE 15

THE PROCUREMENT CODE AND ITS REGULATIONS ALLOW AN EXEMPTION FROM THE PROCUREMENT PROCESS FOR CONTRACTS FOR LEGAL SERVICES THAT ARE PROPERLY APPROVED BY THE BOARD. BOARD APPROVAL AS EVIDENCED IN THE MINUTES PROVIDES DOCUMENTATION OF THAT APPROVAL.

RESPONSE - CRITERIA #14

THE BOARD WILL RECORD IN THE OFFICIAL MINUTES ALL CONTRACTUAL AGREEMENTS WITH ATTORNEYS.

CRITERIA # 15 - PAGE 16

THE PROCUREMENT REGULATIONS STATE "SOLE SOURCE PROCUREMENT IS NOT PERMISSIBLE UNLESS THERE IS A SINGLE SUPPLIER." GENERALLY, SOLE SOURCE ITEMS ARE UNIQUE OR NONSTANDARD IN NATURE.

RESPONSE - CRITERIA #15

THIS PURCHASE WAS FOR PICTURE FRAMES PURCHASED FOR DARE. A SPECIFIC ITEM WAS NEEDED TO MATCH OTHER FRAMES. THE COMPTROLLER WILL DATE ALL SOLE SOURCE DOCUMENTS AND THE PURCHASING OFFICE WILL VERIFY. ALL SOLE SOURCE DOCUMENTS WILL BE TRACKED ON THE COMPUTER BY THE PURCHASING DEPARTMENT AND REQUIRED DOCUMENTATION WILL BE CHECKED OFF AS COMPLETED.

CRITERIA #16 - PAGE 16

THE PROCUREMENT REGULATIONS STATE "AN EMERGENCY CONDITION IS A SITUATION WHICH CREATES A THREAT TO PUBLIC HEALTH, WELFARE, OR SAFETY, SUCH AS ARISE BY REASON OF FLOODS, EPIDEMICS, RIOTS, EQUIPMENT FAILURES, FIRE LOSS, OR SUCH OTHER REASON AS MAY BE PROCLAIMED BY EITHER THE SUPERINTENDENT, THE COMPTROLLER, OR THE PURCHASING AGENT, OR A DESIGNEE OF THE ABOVE."

RESPONSE - CRITERIA #16

THE COMPTROLLER AND PROCUREMENT OFFICER WILL CONTINUE TO ONLY DECLARE EMERGENCY PURCHASES ONLY IN EXTREME EMERGENCY CASES. QUOTES ARE NORMALLY OBTAINED ON EMERGENCY PURCHASES. ALL EMERGENCY PURCHASES WILL BE SIGNED AND DATED BY THE COMPTROLLER. THE PURCHASING DEPARTMENT WILL INSTALL A COMPUTERIZED TRACKING SYSTEM TO RECORD THE ACTIONS AS COMPLETED.

CRITERIA #17 - PAGE 17

THE DISTRICT'S MINORITY BUSINESS ENTERPRISE PLAN REQUIRES ANNUAL REPORTS TO BE SUBMITTED TO THE AIKEN COUNTY BOARD OF EDUCATION WITHIN FIFTEEN (15) DAYS OF THE FISCAL YEAR END.

RESPONSE - CRITERIA #17

THE ADMINISTRATION WILL RECOMMEND THE ANNUAL REPORTS REQUIRED BY THE DISTRICT'S MINORITY BUSINESS ENTERPRISE PLAN BE SUBMITTED TO THE BOARD WITHIN 45 DAYS OF THE FISCAL YEAR END.

CRITERIA #18 - PAGE 17

THE DISTRICT'S MINORITY BUSINESS ENTERPRISE PLAN REQUIRES PROGRESS REPORTS TO BE SUBMITTED TO THE COMPTROLLER NO LATER THAN FIFTEEN (15) DAYS AFTER THE END OF EACH QUARTER. THE DISTRICT'S PROCUREMENT CODE REQUIRES PROGRESS REPORTS TO BE SUBMITTED TO THE SUPERINTENDENT WITHIN THIRTY (30) DAYS OF EACH QUARTER.

RESPONSE - CRITERIA #18

SIGNED RECEIPT FORMS ARE NOW REQUIRED BY THE PURCHASING DEPARTMENT TO SHOW POSITIVE DELIVERY.

STATE OF SOUTH CAROLINA
State Budget and Control Board
OFFICE OF GENERAL SERVICES



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LUTHER F. CARTER
EXECUTIVE DIRECTOR

HELEN T. ZEIGLER
DIRECTOR

MATERIALS MANAGEMENT OFFICE
1201 MAIN STREET, SUITE 600
COLUMBIA, SOUTH CAROLINA 29201
(803) 737-0600
Fax (803) 737-0639

RAYMOND L. GRANT
ASSISTANT DIRECTOR

June 14, 1996

Mr. Raymond L. Grant
Materials Management Officer
1201 Main Street, Suite 600
Columbia, South Carolina 29201

Dear Ray:

Section 11-35-70 of the South Carolina Consolidated Procurement Code requires a procurement audit be performed every three years of a school district with a budget of total expenditures in excess of seventy-five million dollars. The cost associated with an audit is the responsibility of the school district. Any firm performing the audit requires the approval of the Office of General Services.

The Aiken County School District solicited and awarded a contract to Wade and Company, Certified Public Accountants, to audit the procurement activity for the period October 1, 1992 - June 30, 1995. The contract was approved by our office.

The audit report from Wade and Company was submitted on May 28, 1996, to the Aiken County Board of Education for the School District of Aiken County.

I recommend the district be allowed to continue operating under its own procurement code as authorized in Section 11-3-70 of the South Carolina Consolidated Procurement Code.

Sincerely,


Larry G. Sorrell, Manager
Audit and Certification

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