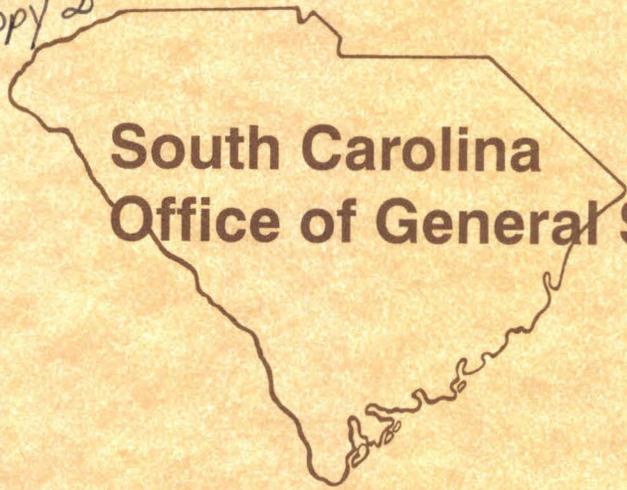


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**South Carolina
Office of General Services**

**PROCUREMENT
AUDIT AND
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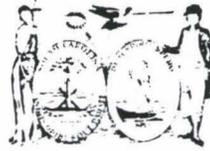
GREENVILLE COUNTY SCHOOL DISTRICT

AGENCY

JANUARY 1, 1993 - JUNE 30, 1995

DATE

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



DAVID M. BEASLEY, CHAIRMAN
GOVERNOR

RICHARD A. BECKSTROM
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

November 13, 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 Greenville County School District procurement audit report and recommendations made by the Office of Audit and Certification. The audit was performed in accordance with Section 11-35-70 of the Consolidated Procurement Code. I recommend that the District be allowed to continue operating under its own procurement code.

Sincerely,

A handwritten signature in cursive script that reads "R. Voight Shealy".

R. Voight Shealy
Interim Materials Management Officer

/tl

GREENVILLE COUNTY SCHOOL DISTRICT
PROCUREMENT AUDIT REPORT
JANUARY 1, 1993 - JUNE 30, 1995

FOLLOW-UP REVIEW
JULY 1, 1995 - JUNE 18, 1996

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NOTE: The District's responses to issues noted in this report have been inserted immediately following the items they refer to.

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



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Fax (803) 737-0639

RAYMOND L. GRANT
ASSISTANT DIRECTOR

March 14, 1996

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

Dear Ray:

We have examined the procurement policies and procedures of the Greenville County School District for the period January 1, 1993 through June 18, 1996. As part of our examination, we studied and evaluated the system of internal control over procurement transactions to the extent we considered necessary.

The evaluation was to establish a basis for reliance upon the system of internal control to assure adherence to section 11-35-70 of the Consolidated Procurement Code and the District's procurement policy. Additionally, the evaluation was used in determining the nature, timing and extent of other auditing procedures necessary for developing an opinion on the adequacy, efficiency and effectiveness of the procurement system.

The administration of the Greenville County School District is responsible for establishing and maintaining a system of internal control over procurement transactions. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance of the integrity of the

procurement process, that affected assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and are recorded properly.

Because of inherent limitations in any system of internal control, errors or irregularities may occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Our study and evaluation of the system of internal control over procurement transactions, as well as our overall examination of procurement policies and procedures, were conducted with professional care. However, because of the nature of audit testing, they would not necessarily disclose all weaknesses in the system.

The examination did, however, disclose conditions enumerated in this report which we believe need correction or improvement.

Corrective action based on the recommendations described in these findings will in all material respects place the Greenville County School District in compliance with Section 11-35-70 of the South Carolina Consolidated Procurement Code and the District's Code and ensuing regulations.


Larry G. Sorrell, Manager
Audit and Certification

INTRODUCTION

We conducted an examination of the internal procurement operating policies and procedures of the Greenville County School District. Our on-site review was conducted October 17, 1995, through November 29, 1995, and was made under Section 11-35-70 of the South Carolina Consolidated Procurement Code.

The examination was directed principally to determine whether, in all material respects, the procurement system's internal controls were adequate and the procurement procedures, as outlined in the Greenville County School District Procurement Code and Internal Procurement Operating Procedures Manual, were in compliance with existing laws and regulations and with accepted public procurement standards.

Additionally our work was directed toward assisting the District in promoting the underlying purposes and policies of the Code, which we believe to be appropriate for all governmental bodies, as outlined in Section 11-35-20, which include:

- (1) to ensure the fair and equitable treatment of all persons who deal with the procurement system of this State
- (2) to provide increased economy in state procurement activities and to maximize to the fullest extent practicable the purchasing values of funds of the State
- (3) to provide safeguards for the maintenance of a procurement system of quality and integrity with clearly defined rules for ethical behavior on the part of all persons engaged in the public procurement process

SCOPE

We conducted our examination in accordance with Generally Accepted Auditing Standards as they apply to compliance audits. Our examination encompassed a detailed analysis of the internal procurement operating procedures of the Greenville County School District and its related policies and procedures manual to the extent we deemed necessary to formulate an opinion on the adequacy of the system to properly handle procurement transactions.

We selected judgmental samples for the period January 1, 1993, through June 30, 1995, of procurement transactions for compliance testing and performed other audit procedures that we considered necessary to formulate this opinion. Specifically, the scope of our audit included, but was not limited to, a review of the following:

- (1) All sole source procurements for the period January 1, 1993, through June 30, 1995
- (2) Procurement transactions for the period January 1, 1993, through June 30, 1995, as follows:
 - a) One hundred and ninety judgmental selected payments, each exceeding \$1500
 - b) A block sample of 500 purchase orders reviewed for favored vendor and order splitting
- (3) An additional review of thirty sealed bids tested for Code compliance
- (4) A review of approximately four hundred maintenance work orders from fiscal year 1994-95
- (5) Minority Business Enterprise Plan and quarterly reports submitted to the Assistant Superintendent for Finance
- (6) Internal Guidelines for Procurement and District's Procurement Code and Regulations
- (7) The selection and approval of eight architect and engineering service contracts
- (8) Seventeen permanent improvement projects for approval and compliance with the South Carolina School Facilities Planning and Construction Guide and District Code
- (9) Economy and efficiency of the procurement system with adequate trails

FOLLOW-UP REVIEW SCOPE

During a two day follow-up review on June 18 - 19, 1996, we tested the following additional transactions and corrective actions taken:

- (1) All sole source and emergency procurements for the period 7/1/95 - 6/18/96
- (2) Twenty sealed bids procured since our audit
- (3) A review of the corrective action taken by the District

Please see page 26 of this report for the follow-up results.

SUMMARY OF AUDIT FINDINGS

Our audit of the procurement system of the Greenville County School District, hereinafter referred to as the District, produced findings and recommendations as follows:

	<u>PAGE</u>
I. <u>Procurements Without Evidence of Competition</u>	8
We noted seven procurements that lacked evidence of competition, sole source or emergency determinations.	
II. <u>Bids Rejected Without Sufficient Documentation</u>	9
The District is rejecting low bids and quotations without sufficiently documenting the reason for rejection.	
III. <u>No 16 Day Intent to Award Notice</u>	10
We noted two in instances where the 16 day Intent to Award was not prepared.	
IV. <u>Insufficient Number of Quotations</u>	11
The District failed to solicit the required amount of competition on five procurements.	
V. <u>Sole Source and Emergency Procurements</u>	
A. <u>Inappropriate Sole Sources</u>	12
We noted seven sole sources that were inappropriate.	
B. <u>Sole Source Reporting Errors</u>	14
We noted twelve transactions that should not have been reported as sole sources.	
VI. <u>Blanket Purchase Agreements (BPA's)</u>	16
The District is not following its internal policy regarding the \$500 limit placed on BPA's.	

	<u>PAGE</u>
VII. <u>Informal Quotations and Bid Package Problems</u>	
A. Six informal quotations greater than \$25,000 should have been sealed bid.	17
B. Library furniture bid contained restrictive protest bid conditions.	19
C. Four bid packages greater than \$10,000 were not publicly advertised.	19
D. A sealed proposal was awarded as a sealed bid based solely on cost.	20
VIII. <u>Construction and Related Professional Services</u>	
A. <u>Lack of Public Advertisement for Construction Projects</u>	20
We noted twelve instances where the District failed to publicly advertise construction projects.	
B. <u>Bid Security and Bonding Not Obtained</u>	21
The District did not obtain the required bid security and bonding requirements on one construction project.	
C. <u>Bid Security Not Returned Timely</u>	22
A bid security check was not returned to the successful bidder timely	

RESULTS OF EXAMINATION

I. Procurement Without Evidence of Competition

We noted seven transactions that lacked evidence of competition, sole source or emergency determination.

<u>Item</u>	<u>PO</u>	<u>Date</u>	<u>Amount</u>	<u>Description</u>
1	92410	06-24-94	\$ 2,500	Printing
2	038463	03-28-95	26,576	Computer Maintenance
	<u>Voucher</u>			
3	35874	12-07-94	4,086	Consultant
4	12038	12-23-94	50,440	Consultant
5	34015	09-28-94	2,798	Vehicle Body Repair
6	91371	03-23-95	2,500	Honorarium (Total \$5,000)
7	32839	06-30-93	2,500	Honorarium

The District's Code and regulation require that all procurements above \$1,500, which are not exempt, be competitively bid or justified as sole source or emergency procurement.

We recommend the District strictly adhere to its requirements regarding competition on all future procurements.

District Response for Item 1

The District concurs with this finding. There were four competitive quotes but no documentation as to why the low bidder was not chosen. The District will ensure that the proper documentation be placed in the file in the future.

District Response for Item 2

The District concurs with this finding. This was for maintenance on computers by the original vendor. This transaction should have been processed as a sole source procurement. Under the 1984 Procurement Code, Regulation 19.b.(1) this transaction is allowed as a reason for a sole source procurement since the compatibility of the equipment and replacement parts for this department's equipment is of paramount consideration. The changes to this part of the 1984 Procurement Code were not made, formally adopted by the State and District boards and distributed for implementation until December 15, 1995. Due to the evolution of computer technology and the new regulations required by the revised procurement code, the District

will ensure that the new procurement procedures are adhered to in the future.

District Response for Item 3

The District concurs with this finding. This was for continuing services provided by the vendor for the District-owned 13-station Wicat laboratory located. This transaction should have been processed as a sole source procurement under the 1984 Procurement Code which was in use at the time. The District will ensure that proper procedures are adhered to in the future.

District Response for Item 4

The District concurs with this findings. This was for continuing services provided by the vendor for the District-owned 13-station Wicat laboratory located at nine locations within the District. This transaction should have been processed as a sole source procurement under the 1984 Procurement Code which was in use at the time. The District will ensure that proper procedures are adhered to in the future.

District Response for Item 5

The District concurs with this finding. This was for repairs to a District vehicle involved in an accident. Even though the District was being reimbursed by the District's insurance, the solicitation of competitive was not known to be needed. The District will ensure that proper procedures are adhered to in the future.

District Responses for Item 6

The District concurs with this finding. This was an appearance fee paid to an individual, a creative writer for her appearance at the S.C. Governor's School for the Arts. The District will ensure that proper procurement procedures are followed in the future.

District Response for Item 7

The District concurs with this finding. This was an appearance fee paid to an individual, a consultant, for his appearance at the S.C. Governor's School for the Arts. The District will ensure that proper procurement procedures are followed in the future.

II. Bids Rejected Without Sufficient Documentation

The District is rejecting low bids and quotations without sufficiently documenting the reason for rejection. There was either no explanation or insufficient explanation as to why lower bids were rejected on the following procurements.

<u>Item</u>	<u>PO</u>	<u>DATE</u>	<u>DESCRIPTION</u>
1	31471	11-01-94	Tools
2	38852	04-02-95	Computers
3	93730	02-14-95	Printing
4	98683	03-05-93	Printing
5	34678	01-24-95	Library Equipment
6	27591	08-04-94	Painting

Article II of the District's Code states "that written determinations and findings required by the Code shall be retained in an official contract file of the District administering the contract. Such determinations shall be documented in sufficient detail to satisfy the requirements of audit".

We recommend the District provide detailed explanations as to why low bids are rejected and unacceptable and document the file as to those facts.

District Response Item 1

The District concurs with this finding. This was a purchase for three machines. Six companies were solicited for quotes. The four low bidders were rejected for not bidding on all three items as required. The contract was awarded to the fifth low bidder. The District will ensure that proper documentation be placed in the file in the future.

District Response Item 2

The District concurs with this finding. This was a purchase for five computers with a CD-ROM player. The low bidders were rejected for not supplying prices for the CD-ROM players as required. The District will ensure that proper documentation will be placed in the bid file in the future.

District Response Item 3

The District concurs with this finding. This was for printed forms. The first and second low bidders were rejected for omitting prices for item #4 on requisition #29312 and item #6 on requisition #29313. The District will ensure that proper documentation will be placed in the file in the future.

District Response Item 4

The District concurs with this finding. This was for printed forms. The low bidder was rejected for not agreeing to meet the required deadline. The District will ensure that proper documentation be placed in the file in the future.

District Response Item 5

The District concurs with this finding. This was for library furniture. The low bidder did not meet the required bid specifications. The District will ensure that proper documentation be placed in the file in the future.

District Response Item 6

The District concurs with this finding. This was for painting at a school. Due to a rigid completion date deadline, the first, second, and third low bidders withdrew their bids. The District will ensure that proper documentation be placed in the file in the future.

III. No 16 Day Intent to Award Notice

The required 16 day intent to award notice was not prepared nor mailed to all responding bidders on the following procurements.

<u>Item</u>	<u>Bid</u>	<u>PO</u>	<u>Description</u>	<u>Amount</u>
1	294-39-4-13	31697	Scientific Equipment	\$70,833
2	394-101-8-8	28537	Audio Visual equipment	62,837

A 16 day Intent to Award statement is required for all contracts in excess of \$50,000 by the District's Code Article VI B.2.J. This notice must be given to all responding bidders that a certain bidder is the lowest responsive and responsible bidder whose bid meets the criteria requirements set forth in the invitation.

We recommend a 16 day Intent to Award Notice be issued for all contracts of \$50,000 or greater.

District Response Item 1

The District concurs with this finding. No evidence exists that the Purchasing Department issued an Intent to Award Notice. However, a comparison of the contract and bid dates confirms that the mandatory sixteen-day waiting period was observed prior to entering the contract. The District will issue a 16-day Intent to Award Notice for all contracts amounting to \$50,000 or greater in the future.

District Response Item 2

The District concurs with this finding. No evidence exists that the Purchasing Department issued an Intent to Award Notice. However, a comparison of the contract and bid dates confirms that the mandatory sixteen-day waiting period was observed to entering the contract. The District will issue a 16-day Intent to Award Notice for all contract amounting to \$50,000 or greater in the future.

IV. Insufficient Number of Quotations Solicited

The District failed to solicit the required amount of competition on the following five procurements.

<u>Item</u>	<u>PO</u>	<u>Amount</u>	<u>Required Solicitations</u>	<u>Actual Solicitation</u>
1	35442	\$2,047	3 verbal quotes	2 written quotes
2	92438	1,769	3 verbal quotes	2 faxed quotes
3	19145	2,481	3 verbal quotes	2 written quotes
4	33151	2,993	3 verbal quotes	2 verbal quotes
5	29998	3,370	3 verbal quotes	2 verbal quotes

The District's Code and Regulations require a minimum of three verbal or written solicitations if the procurement is greater than \$1,500 and less than \$5,000. As stated in the

District's Regulation #6, if the minimum number of qualified bidders required cannot be solicited, the Purchasing Agent shall certify in writing that all known sources were solicited.

District Response Item 1

The District concurs with this finding. This was for printing. The District will ensure that the policies and procedures of the newly adopted procurement code are adhered to in the future.

District Response Item 2

The District concurs with this finding. This was for printing for the S.C. Governor's School. The District will ensure that the policies and procedures of the newly adopted procurement code are adhered to in the future.

District Response Item 3

The District concurs with this finding. This was for printing. The District will ensure that the policies and procedures of the newly adopted procurement code are adhered to in the future.

District Response Item 4

The District concurs with this finding. This was for an imaging system for a school. The District will ensure that the policies and procedures of the newly adopted procurement code are adhered to in the future.

District Response Item 5

The District concurs with this finding. This was for tree removal. There is evidence of two competitive prices solicited but the documentation for the third competitive price lists "Others" as contacts without stating names and telephone numbers are required. The District will ensure that proper documentation is used in the future.

V. Sole Source and Emergency Procurements

A. Inappropriate Sole Source Procurements

We noted the following seven sole sources that we believe were inappropriate.

<u>Item</u>	<u>PO</u>	<u>DATE</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
1	92389	06-23-94	Computers	\$29,326
2	19857	02-08-94	Duplicator	4,155
3	3846	01-14-93	Recognition Pins	5,441
4	3920	01-15-93	Soil Sample Apparatus	1,681
5	3982	01-15-93	Copier	1,563
6	6692	03-16-93	Sewing Machines	14,616
7	34972	01-27-95	Recognition Pins	4,123

Regulation 19 states "sole source procurement is not permissible unless there is only a single supplier".

We recommend that procurements which do not meet the definition of a sole source be competed in accordance with the Procurement Code and the District discontinue using sole source procurements where competition is available.

District Response Item 1

The District concurs with this finding. This was for Eduquest computers. During this time, the vendor was the sole distributors in South Carolina for Eduquest computers. Under the 1984 Procurement Code, Regulation #19.b.(1) which was in use at this time, the compatibility of equipment was allowed as a reason for sole source purchases.

District Response Item 2

The District concurs with this finding. This was a duplicator for a school. The District will ensure that sole source purchases are not permitted unless there is only a single supplier in the future.

District Response Item 3

The District concurs with this finding. This was for recognition pins and 30 year crystals for the District. This District wanted to ensure that the pins were consistent and compatible from year to year. Under the 1984 Procurement Code, Regulation #19.b.(1) which was in use at the time, purchase to ensure compatibility of accessories was allowed as a reason for sole source purchase.

District Response Item 4

The District concurs with this finding. This was for a soil sample apparatus. The District wanted to ensure compatibility with existing equipment. Under the 1984 Procurement Code, Regulation #19.b.(1) which was in use at the time, purchases to ensure compatibility of equipment was allowed as a reason for a sole source.

District Response Item 5

The District concurs with this finding. This was for a Ricoh copier. Three competitive prices were solicited but no evidence was placed in the file. The District will ensure that procurements will be reported properly and the proper documentation included in the file in the future.

District Response Item 6

The District concurs with this finding. This was for sewing machines. The selected vendor had for several years performed the required maintenance on sewing machines within the District and maintained the inventory and maintenance records on the District's equipment without charge. This department wanted to ensure the compatibility of the parts for the machines within the District. Under the 1984 Procurement Code which was in use at the time, this was allowed as a reason for sole source procurement.

District Response Item 7

The District concurs with this finding. Same as Item #3.

B. Sole Source Reporting Errors

We noted the following twelve transactions that should not have been reported as sole sources.

<u>Item</u>	<u>PO</u>	<u>DATE</u>	<u>Description</u>	<u>Amount</u>
1	23151	04-22-94	Ceiling Repair	\$ 2,258
2	13180	08-16-93	Pallet Lift Table	1,938
3	12187	07-08-93	Furniture Refinishing	18,768
4	99584	06-10-93	Copyrighted Publications	2,774
5	99582	06-10-93	Copyrighted Books	4,810
6	99397	05-21-93	Copyrighted Instructional Videos	1,842
7	9216	05-04-93	Copyrighted Books	2,259
8	7504	03-29-93	Copyrighted Instructional Videos	5,145
9	4903	02-04-93	Copyrighted Publications	1,201
10	4210	01-22-93	Copyrighted Publications	1,725
11	4209	01-22-93	Copyrighted Publications	976
12	95103	06-07-95	Copyrighted Educational Kits	2,689

The justification for item one stated this was the only contractor found. The Code requires three verbal solicitations. If the other vendor contacts made by the District had been documented, the Code requirements would have been satisfied. For item two, the District made five documented vendor contacts. The minimum required number of solicitations is three on procurements between \$1,500 and \$5,000. This requirement was met.

On item three, reupholstering and refinishing of furniture from the South Carolina Department of Corrections is exempt under the State Code and should not be reported.

Items four through twelve for copyrighted educational materials are exempt under the District's Code and, therefore, should not have been reported.

We recommend the District not declare or report the above types of purchases as sole source procurements in the future.

District Response Item 1

The District concurs with this finding. This was repairs to be made to the ceiling at the rear covered play area at a school. Vendors were contacted to provide prices for this service, however, no documentation was included with the purchase order. This District will ensure that proper documentation is included in the file and that this type of transaction not be reported as a sole source in the future.

District Response Item 2

The District concurs with this finding. This was for a pallet lift table and platform for a school. Five companies were contacted but no documentation was included in the file. The District will ensure that vendor contacts that are made by the District are properly documented and included in the file in the future.

District Response Item 3

The District concurs with this finding. This was for reupholstering and refinishing of furniture by the South Carolina Department of Correction. This item is exempt under the State and District procurement codes and should not have been reported as a sole source procurement. The District will ensure that exempt procurements are not reported as sole source procurements in the future.

District Response Item 4

The District concurs with this finding. This was for copyrighted educational material which is exempt under the State and District procurement codes and should not have been reported as a sole source procurement. The District will ensure that exempt procurements are not reported as sole source procurements in the future

District Response Item 5

The District concurs with this finding. This was for copyrighted educational material which is exempt under the State and District procurement codes and should not have been reported as a sole source procurement. The District will ensure that exempt procurements are not reported as sole source procurements in the future.

District Response Item 6

The District concurs with this finding. This was for copyrighted educational material which is exempt under the State and District procurement codes and should not have been reported as a sole source procurement. The District will ensure that exempt procurements are not reported as sole source procurements in the future.

District Response Item 7

The District concurs with this finding. This was for copyrighted educational material which is exempt under the State and District procurement codes and should not have been reported as a sole source procurement. The District will ensure that exempt procurements are not reported as sole source procurements in the future.

District Response Item 8

The District concurs with this finding. This was for videos and teacher workbooks. Under the 1984 Procurement Code, Article IV, Item A.4., videos are not listed as an item exempt from the bidding requirements. This transaction was processed as a sole source because the vendor produces and markets these videos.

District Response Item 9

The District concurs with this finding. This was for books and publications which are exempt under the 1984 Procurement Code which was in use at this time and, therefore, should not have been reported as a sole source procurement. The District will ensure that exempt procurements are not reported as sole source procurements in the future.

District Response Item 10

The District concurs with this finding. This was for books and publications which are exempt under the 1984 Procurement Code which was in use at this time and, therefore, should not have been reported as a sole source procurement. The District will ensure that exempt procurements are not reported as sole source procurements in the future.

District Response Item 11

The District concurs with this finding. This was for books and publications which are exempt under the 1984 Procurement Code which was in use as this time and, therefore, should not have been reported as a sole source procurement. The District will ensure that exempt procurements are not reported as sole source procurements in the future.

District Response Item 12

The District concurs with this finding. This was for books and publications which are exempt under the 1984 Procurement Code which was being used at this time and should not have been reported as sole source procurement. The District will ensure that exempt procurements are not reported as sole source procurement in the future.

VI. Blanket Purchase Agreements (BPA's)

The District has an administrative memo outlining the Regulations pertaining to BPA's. This memo is attached to all of the BPA purchase orders and states "no one purchase shall exceed \$500." The following are examples where the District exceeded this limit.

Item	PO	Date	Invoice	Date	Amount
1	25375	06-15-94	146590727	06-22-95	<u>\$ 581.65</u>
2	25375	06-15-94	146590277	05-17-95	<u>\$ 548.10</u>
3	25219	06-13-94	152923	06-29-94	<u>\$ 628.00</u>
4	25375	06-15-94	146590279	05-17-95	\$ 488.57
			146590280	05-17-95	491.40
			146590281	05-17-95	<u>149.10</u>
				Total #4	<u>\$1,129.07</u>

<u>Item</u>	<u>PO</u>	<u>Date</u>	<u>Invoice</u>	<u>Date</u>	<u>Amount</u>
5	25375	06-15-94	146588447	11-23-94	\$ 334.35
			146588448	11-23-94	<u>482.90</u>
				Total #5	<u>\$ 817.25</u>

Items one, two and three exceeded the \$500 limit on a single purchase. Item four consisted of three consecutively numbered invoices all dated the same day. The combination of purchases exceeded the \$500 limit. Item five consisted of two consecutively numbered invoices dated the same day that also exceeded the \$500 limit.

A blanket purchase agreement is a simplified method of filling anticipated repetitive needs for small quantities of supplies by establishing "charge accounts" with qualified sources of supply. The District is under the impression that the \$500 limit applies not to the total potential of the procurement but to the individual invoice amount.

The above payments exceeded the authorized limits of a BPA and are unauthorized. This problem with pick up orders exceeding the BPA's limit must be addressed by management.

District Response

The District concurs with this finding. Purchasing will recommend that Maintenance educate their personnel regarding the policies and procedures concerning the BPA's and that the dollar amount be raised to \$1,000.

VII. Informal Quotations and Bid Package Problems

We noted the following exceptions regarding sealed bidding procedures at the Purchasing Office.

A. The following six informal quotations should have been handled as sealed bids.

<u>Item</u>	<u>Quotation</u>	<u>Description</u>	<u>Amount</u>
1	395-69-6-7	Printers	\$60,960
2	395-73-6-15	Computers	32,928
3	395-3-1-31	Computers and Printers	34,946
4	395-1-1-26	Computer Expansion Units	41,995
5	193-128-6-1	Laboratory Equipment	87,851

<u>Item</u>	<u>Quotation</u>	<u>Description</u>	<u>Amount</u>
6	394-92-7-16	Think Pad Computers and Printers	\$73,592

In each of the above informal quotations, the total potential award exceeded \$25,000. Article VI .B.2 (a) of the District’s Code states in part, “Contracts amounting to twenty-five thousand dollars or more shall be awarded by competitive sealed bidding.....”. If any of these procurements were of an emergency nature, then a written determination should have been prepared by the Purchasing Agent and included in the contract file (Article VI B.7).

We recommend the District strictly adhere to the sealed bidding procedures as outlined in the District’s Code Article VI and Regulation #18.B.5.

District Response Item 1

The District concurs with this finding. This was for printers that had to be purchased and received by June 30 to avoid losing this money. This solicitation was originally prepared as a sealed bid however, it was changed to a faxed quotation due to the time restraints. The District will adhere to proper sealed bidding procedures in the future.

District Response Item 2

The District concurs with this finding. This solicitation was for computers requested by different school on separate requisitions. These requisitions were combined into one solicitation but were to be awarded by individual requisition Therefore, the dollar amount of each requisition would not have exceeded \$25,000, which requires sealed bids. This District understands now that the total amount of the solicitation is to be considered when determining the proper solicitation process to use. The District will adhere to the proper bidding process in the future.

District Response Item 3

Same as Quotation #95-73-615.

District Response Item 4

Same as Quotation #95-73-615.

District Response Item 5

The District concurs with this finding. This was for laboratory equipment. This was processed as a sealed bid but was typed on the form used for Request for Quotations. The District will ensure that proper forms and bidding procedures are used in the future.

District Response Item 6

The District concurs with this finding. This was computers being purchased with funds that they were allowed to extend to July 30 or lose. However, no documentation was included in the bid file. The District will ensure that proper documentation and bidding procedures are adhered to in the future.

B. Library furniture was procured for \$27,620 per solicitation 195-68-6-19 that contained restrictive bid conditions. The bid stated in part, "Evaluation of the furniture proposed will be made.... by a committee... Their decision is final and not subject to protest".

Sealed bids greater than \$25,000 are subject to protest. The District's Regulation #18.B.4, under protest rights states, "the provisions of article XIV Section A (Legal and Contractual Remedies) shall not apply to contracts awarded under small purchase order procedures (less than \$25,000)".

Article XIV A.1 allows a bidder fifteen days after the sealed bid award is posted to protest. Only small purchases less than \$25,000 are non-protestable.

District Response

The District concurs with this finding. This was for library furniture. The restrictive bid condition, "Evaluation of the furniture proposed will be made... by a committee.... Their decision is final and not subject to protest", applied to the decision of the committee to choose the equipment that they felt best met their needs. This statement was not to imply that the respondent could not protest the award of the contract. The District will ensure that restrictive bid conditions are not included in the documentation of the bids in the future.

C. The following four bid packages each had a total potential award greater than \$10,000. However, none were publicly advertised in the South Carolina Business Opportunities newsletter or a newspaper serving the region as required by District's Regulation #18.B.4.

<u>Item</u>	<u>Bid</u>	<u>Date</u>	<u>Description</u>	<u>Award</u>
1	195-68-6-19	06/19/95	Library Furniture	\$ 26,305
2	395-73-6-15	06/15/95	Computers	32,928
3	395-41-4-28	04/28/95	Computers	23,446
4	295-42-5-4	05/04/95	Freon	16,632

We remind the Purchasing Department that all informal quotations and sealed bids with a total award value greater than \$10,000 are required to be publicly advertised.

We recommend the District adhere to this advertising requirement in the future.

District Response Item

The District concurs with this finding. All formal quotations and sealed bids with a total contract award value greater than \$10,000 will be publicly advertised in the future.

D. Request for Proposal (RFP) 394-124-11-17, for “Cartridge Tape Drive - Data Services”, was solicited as a sealed proposal but was awarded as a sealed bid. Exceptions noted in the proposal package award were as follows:

No written determination to do a request for proposal was prepared. The proposal did not state the relative importance of the factors to be considered in the evaluation. Price may be, but need not be, the initial evaluation factor in a RFP. (Article IV.B.3.)

The proposal was awarded by low bid rather than by any evaluation criteria stated in the RFP. This solicitation package was a combination of a sealed proposal and a sealed bid. Since both are bid are awarded differently, it is imperative that the two procedures not be confused during the solicitation and award process.

District Response

The District concurs with this finding. The District will prepare written determination for request for proposals and state the relative importance of the factors to be considered in the evaluation in the future. The District will not confuse sealed bidding and request for proposal procedures in the future.

VIII. Construction and Related Professional Services

We tested sixty randomly selected transactions charged to construction or related service expenditure accounts. Of these, we traced seventeen to major construction contractor procurements and eight to architect-engineer services procurements. We reviewed documentation from the Facilities Planning Office as well as the Purchasing Office. We noted the following exceptions.

A. Lack of Public Advertisement for Construction Projects

The following construction projects were not publicly advertised in the “South Carolina Business Opportunities” newsletter or a local newspaper in the region.

<u>Item</u>	<u>Bid</u>	<u>Description</u>	<u>Amount</u>
1	294-64-6-8	Re-inspection of School Facilities for Asbestos	\$ 15,600
2	394-58-5-24	Installation of Data Cable at Bryson Middle School	18,000
3	294-062-5-27	Sirrine Stadium Parking Lot Improvements	100,391

Item	Bid	Description	Amount
4	294-84-6-28	Donaldson Center Bus Parking Lot Paving	\$ 40,201
5	394-4-3-3	Roofing Renovations at Brook Glenn Elementary	163,367
6	394-4-3-3	Roofing Renovations at Wade Hampton Elementary	115,765
7	394-6-3-31	Roofing Renovations at Grave Elementary	152,618
8	394-60-6-16	Roofing Renovations at Hollis Elementary	110,400
9	394-3-2-24	Roofing Renovations at Slater- Marietta	69,000
10	393-36-4-6	Roofing Renovations at Pelham Road Elementary	243,355
11	393-37-4-7	Roofing Renovations at West Cliffe Elementary	171,910
12	393-8-2-25	Roofing Renovations at Hillcrest Middle School	349,700

Advertisement is required by State Law and the District's Procurement Code for all construction projects greater than \$10,000.

At the time of the audit, there existed a major communication gap between the Facilities Planning Office and the Purchasing Office. This is most prevalent in regards to which office is responsible for advertising construction projects. Facilities Planning advertises for some projects, yet others are sent to the Purchasing Office for advertisement. When a projects fails to get advertised, each office points to the other as the responsible party for the oversight.

We recommend all advertisement of construction projects be handled by the Purchasing Office. This should eliminate the confusion as to which office is responsible for placing the advertisement.

District Response Item

The District concurs with this finding. The 1984 Code and the 1993 revision allowed the Facilities Planning Office to advertise their own bids which resulted in a major communication gap between Facilities and Purchasing. Purchasing will publicly advertise all quotations and sealed bids that exceed \$10,000 in the future.

B. Bid Security and Bonding Not Obtained

The following construction project lacked bid security and bonding requirements.

Bid	Description	Amount
294-062-5-27	Sirrine Stadium Parking Lot Improvements	\$100,391

A bid bond, performance bond, and material payment bond are required on all

construction projects when the cost is \$100,000 or greater. Each bond shall be accompanied by a "Power of Attorney" authorizing the attorney-in-fact to bind the surety and certified to include the date of the bond.

Bond security shall be in an amount equal to at least five percent of the amount of the bid. Performance and payment bonds shall be in an amount equal to one hundred percent of the contract price.

We recommend the District secure all bonding requirements prior to award of any future construction contracts greater than \$100,000. In the case of a construction contract valued less than \$100,000, the District may waive the requirements for performance and labor bond provided the District is protected.

District Response

The District concurs with this finding. The Facilities Department did not require the bid security and bid bonds for the project. This section was marked out in the bid package. The District will ensure that proper procedures are adhered to in the future.

C. Bid Security Not Returned Timely

We noted a bid security check for \$521.25 from the successful bidder was not returned. The bid number 393-179-6-24 dated June 24, 1993 was for re-lighting of Woodland Elementary School.

Bid security should be returned to bidders within 10 days after the date of the bid opening, except for the three lowest responsive and responsible bidders. Upon award of a contract, the bid security of the three lowest bidders should be returned.

We recommend the Purchasing Agent ensure all bid bond securities for construction contracts are returned in a timely manner.

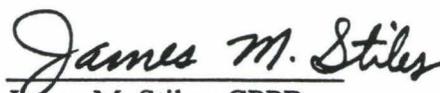
District Response

The District concurs with this finding. This bid security check was inadvertently left in the bid file. The District will ensure that all bid security checks are returned to bidders in a timely manner in the future.

CONCLUSION

As enumerated in our transmittal letter, corrective action based on the recommendations described in this report, we believe, will in all material respects place Greenville County School District in compliance with the District's Procurement Code and ensuing regulations.

Subject to this corrective action, we recommend that Greenville County School District be allowed to continue procuring all goods and services and construction in accordance with Section 11-35-70 of the South Carolina Consolidated Procurement Code.



James M. Stiles, CPPB
Audit Manager



Larry G. Sorrell, Manager
Audit and Certification

Mr. Larry Sorrell, Manager
Audit and Certification
Office of General Services
1201 Main Street, Suite 600
Columbia, South Carolina 29201

We have examined the draft copy of your audit of The School District of Greenville County for the period January 1, 1993 to June 30, 1995 and enclosed our response to the findings. We have included corrective actions and improvements that are now being implemented as a result of the findings indicated in this audit.

The District will continue to establish and maintain a system of internal control over procurement transactions to ensure adequacy, efficiency and effectiveness of the procurement system and assurance adherence to Section 11-35-70 of the Consolidated Procurement Code and the District's procurement policies.

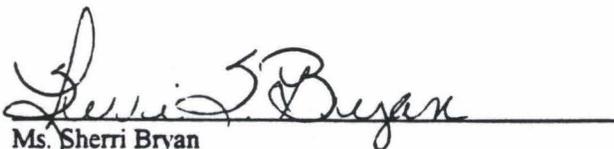
In an effort to improve compliance with Section 11-35-70 of the Consolidated Procurement Code and the District's procurement policies, we have updated the 1984 version of the procurement code, which was being used until it was formally adopted and distributed for implementation on December 15, 1995, to comply with the revised laws and regulations. This has assisted us in promoting the underlying purposes and policies of the Procurement Code, which has improved the communications between departments within the District tremendously.

We thank you for your recommendations of the corrective actions that need to be implemented to place The School District of Greenville County in compliance with the Consolidated Procurement Code and ensuing regulations.

We also thank you for recommending that The School District of Greenville County be allowed to continue procuring all goods and services and construction in accordance with Section 11-35-70 of the South Carolina Consolidated Procurement Code.

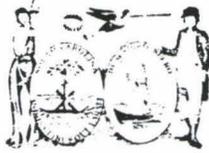


James H. Bridges
Assistant Superintendent for Fiscal Affairs



Ms. Sherri Bryan
Director of Business Services

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



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LUTHER F. CARTER
EXECUTIVE DIRECTOR

November 12, 1996

Mr. R. Voight Shealy
Interim Materials Management Officer
Materials Management Office
1201 Main Street, Suite 600
Columbia, South Carolina 29201

Dear Voight:

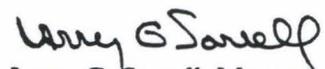
To conclude our audit, we performed a two-day follow-up review at Greenville County School District to determine if the District has taken the corrective actions as outlined in our audit report. The scope of our follow-up review included, but was not limited to, the following:

- (1) All sole source and emergency procurements for the period 7/1/95 - 6/18/96
- (2) Twenty sealed bids processed since our audit
- (3) A review of the corrective action taken by the District

This review produced findings and recommendations that we have communicated to the District. Overall, we found that the District has made progress toward correcting the findings noted and implementing the recommendations made in our audit report.

We, therefore, recommend that the District be allowed to continue operating under its own procurement code as authorized by Section 11-35-70 of the Consolidated Procurement Code.

Sincerely,


Larry G. Sorrell, Manager
Audit and Certification

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