B8595G
2.H85
Copy 3

South Carolina
Division of General Services

PROCUREMENT AUDIT AND CERTIFICATION

S C STATE LIBRARY
JUL 2 1990
STATE DOCUMENTS

SOUTH CAROLINA
HUMAN AFFAIRS COMMISSION

AGENCY

JULY 1, 1986 - MARCH 31, 1989

DATE

STATE OF SOUTH CAROLINA

State Budget and Control Board

DIVISION OF GENERAL SERVICES

CARROLL A. CAMPBELL, JR., CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.
STATE TREASURER

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL

RICHARD W. KELLY
DIVISION DIRECTOR

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

JAMES J. FORTH, JR.
ASSISTANT DIVISION DIRECTOR

JAMES M. WADDELL, JR.
CHAIRMAN, SENATE FINANCE COMMITTEE

ROBERT N. McLELLAN
CHAIRMAN, WAYS AND MEANS COMMITTEE

JESSE A. COLES, JR., Ph.D.
EXECUTIVE DIRECTOR

May 8, 1990

Mr. Richard W. Kelly
Director
Division of General Services
1201 Main Street, Suite 400
Columbia, South Carolina 29201

Dear Rick:

I have attached the South Carolina Human Affairs Commission procurment audit report and recommendations made by the Office of Audit and Certification. The Commission has not requested certification so I recommend that the report be submitted to the Budget and Control Board for information.

Sincerely,

James J. Forth, Jr.
Assistant Division Director

/jlj

Attachment

TABLE OF CONTENTS

PAGE

Transmittal Letter..... 1

Introduction..... 4

Scope..... 5

Summary of Audit Findings..... 6

Results of Examination..... 8

Conclusion..... 16

Commission Response..... 17

First Follow-up Review..... 18

Commission Follow-up Response..... 21

Final Follow-up Review..... 23

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

CARROLL A. CAMPBELL, JR., CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.
STATE TREASURER

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL

RICHARD W. KELLY
DIVISION DIRECTOR

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

JAMES J. FORTH, JR.
ASSISTANT DIVISION DIRECTOR

JAMES M. WADDELL, JR.
CHAIRMAN, SENATE FINANCE COMMITTEE

ROBERT N. McLELLAN
CHAIRMAN, WAYS AND MEANS COMMITTEE

JESSE A. COLES, JR., Ph.D.
EXECUTIVE DIRECTOR

May 3, 1990

Mr. James J. Forth, Jr.
Assistant Division Director
Division of General Services
1201 Main Street, Suite 600
Columbia, South Carolina 29201

We have examined the procurement policies and procedures of the South Carolina Human Affairs Commission for the period July 1, 1986 through March 31, 1989. As a part of our examination, we made a study and evaluation of the system of internal control over procurement transactions to the extent we considered necessary.

The purpose of such evaluation was to establish a basis for reliance upon the system of internal control to assure adherence to the Consolidated Procurement Code and State and Commission procurement policy. Additionally, the evaluation was used in determining the nature, timing and extent of other auditing procedures that were necessary for developing an opinion on the adequacy, efficiency and effectiveness of the procurement system.

The administration of the South Carolina Human Affairs Commission is responsible for establishing and maintaining a system of internal control over procurement transactions. In fulfilling this responsibility, estimates and judgements 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 due professional care. They would not, however, because of the nature of audit testing, necessarily disclose all weaknesses in the system.

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

Corrective action based on the recommendations described in these findings will in all material respects place the Human Affairs Commission in compliance with the South Carolina Consolidated Procurement Code and ensuing regulations.

Voight Shealy

R. Voight Shealy, Manager
Audit and Certification

INTRODUCTION

The Office of Audit and Certification conducted an examination of the internal procurement operating procedures and policies of the South Carolina Human Affairs Commission.

Our on-site review was conducted May 15-19, 1989, and was made under authority as described in Section 11-35-1230(1) of the South Carolina Consolidated Procurement Code and Regulation 19-445.2020.

The examination was directed principally to determine whether, in all material respects, that the procurement system's internal controls were adequate and the procurement procedures, as outlined in the Internal Procurement Operating Procedures Manual, were in Compliance with the South Carolina Consolidated Procurement Code and its ensuing regulations.

SCOPE

Our examination encompassed a detailed analysis of the internal procurement operating procedures of the South Carolina Human Affairs Commission and the 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 random samples for the period July 1, 1986 - March 31, 1989, of procurement transactions for compliance testing and performed other audit procedures that we considered necessary in the circumstances to formulate this opinion. Our review of the system included, but was not limited to, the following areas:

(1) adherence to provisions of the South Carolina Consolidated Procurement Code and accompanying regulations;

(2) procurement staff and training;

(3) adequate audit trails and purchase order registers;

(4) evidences of competition;

(5) small purchase provisions and purchase order confirmations;

(6) emergency and sole source procurements;

(7) source selections;

(8) file documentation of procurements;

(9) disposition of surplus property;

(10) economy and efficiency of the procurement process; and,

(11) approval of the Minority Business Enterprise Plan.

SUMMARY OF AUDIT FINDINGS

Our audit of the procurement system of the South Carolina Human Affairs Commission, hereinafter referred to as the Commission, produced findings and recommendations as follows:

PAGE

I. Compliance - General 8

We tested a sample of sixty transactions from the period of July 1, 1986 - March 31, 1989 and noted the following exceptions:

A. Procurements Without Evidence of Competition 8

Fourteen procurements out of the sample of sixty were not supported by evidence of competition or sole source or emergency procurement determinations.

B. Unauthorized Procurements 9

Four of these procurements were unauthorized.

C. Receiving Reports Not Prepared 10

Receiving reports were not prepared in four cases. This violates Commission practice and internal control theory.

II. Compliance - Sole Source and Emergency Procurements 11

We examined all sole source and emergency procurements and the quarterly reports of these transactions for the audit period and noted the following exceptions:

A. Inappropriate Sole Source 11

One sole source was inappropriate.

B. Sole Source Procurements Not Reported 12

Three sole source procurements were not reported to the Division of General Services as required by Section 11-35-2440 of the Procurement Code.

III. Procurement Manual Not Approved 13

The Commission's procurement procedures manual has never been approved by the Division of General Services. One was submitted in 1984. It was reviewed and returned with a number of recommended changes. The changes were never made.

IV. Professional Development 15

There is no planned continuing education program for the procurement officer.

RESULTS OF EXAMINATION

I. Compliance - General

For the general testing of procurements for compliance with the Consolidated Procurement Code, hereinafter referred to as the Code, we selected a sample of sixty transactions from the audit period of July 1, 1986 - March 31, 1989. As a result of this test, we noted the following problems:

A. Procurements Without Evidence of Competition

Fourteen procurements out of a sample of sixty were supported neither by evidence of competition nor sole source or emergency procurement determinations. They were as follows:

PO#	PO Date	Amount	Description
3240	7/28/86	$3,552.00	Maintenance agreement
3241	8/04/86	3,184.00	Maintenance agreement
341	8/21/86	1,055.00	Print wheels and ribbons
356	4/01/87	1,104.25	Furniture
3644	12/02/87	628.95	Filming services
372	9/09/87	714.00	Ribbons
3712	8/04/87	530.25	Storage buildings
3648	1/21/88	586.00	Build shelving
3854	6/06/88	1,290.00	Maintenance agreement
408	8/22/88	1,221.95	Software
417	11/01/88	1,964.10	Furniture
440	2/22/89	728.00	Machine stands
420	11/04/88	556.00	Labels
3 (Voucher#)	7/01/88	3,473.00	Maintenance agreement

As required by the Code, competition must be solicited for all procurements that exceed $500.00 which are not exempt, are not appropriately justified as sole sources or emergencies and are not made from State term contracts.

We recommend that this requirement be strictly adhered to in the future.

COMMISSION RESPONSE

Of the items listed without competition, the maintenance agreements are for equipment purchased from ACTA FAX Business Equipment and Lanier Business Products. We were not aware that the maintenance contracts should have been sole sourced, if they were not included in the total original bid. In the future we will either sole source maintenance contracts or include them in the original bid package.

Bids were received from ACTA FAX and Carolina Ribbon on print wheels and ribbons. Documentation showing the bids were misplaced. In this instance, Carolina Ribbon was the low bidder. Care will be taken in the future to carefully file all competitive bidding documents.

In order to meet goals established in our Minority Business Plan, certain furniture items, machine stands and tables were purchased from a minority vendor.

Other items such as a storage building and shelving were purchased by the landlord and sold to our agency. The storage building in question was the only type approved by the landlord. The purchase of this particular storage building was more economical and convenient than leasing on a long term basis.

B. Unauthorized Procurements

Additionally, the following four procurements which were also listed above were unauthorized.

PO#	PO Date	Amount	Description
3240	7/28/86	$3,552.00	Maintenance agreement
3241	8/04/86	3,184.00	Maintenance agreement
3(Voucher)	7/01/86	3,473.00	Maintenance agreement
3677	9/23/87	1,649.00	Maintenance agreement

The first three procurements exceeded the Commission's level of procurement authority of $2,499.99. These procurements should have been submitted to the Materials Management Office or, if appropriate, justified as sole sources or emergencies. However, since this did not occur, the procurements must be submitted to

the Materials Management Officer with a request for ratification in accordance to Regulation 19-445.2015.

The last procurement noted was made using the sole source methodology. However, the sole source determination was not approved until after the commitment had been made to the vendor. Section 11-35-1560 of the Procurement Code indicates that a procurement may be made as a sole source if the chief procurement officer, the head of a governmental body or a designee of either officer above the level of the purchasing officer determines in writing that the item or service is only available from a single source. Since the Code is so specific about the authority required to make a sole source procurement, determinations must be approved by someone with requisite authority prior to any commitments being made. Since the commitment was made prior to a determination being approved, this procurement must be ratified also. However, since the amount of the procurement is within the Commission's procurement authority, ratification should be requested from the Commissioner.

COMMISSION RESPONSE

All items listed in Section B, were addressed in Section A. A lettter of ratification in accordance with Regulation 19-445-2015 is attached.

C. Receiving Reports Not Prepared

We noted four instances where there was no indication of receipt of goods. These transactions were as follows:

P.O.#	P.O Date	Amount	Description
372	9/09/87	$ 714.00	Ribbons
408	8/22/88	1,221.95	Software
61030	10/14/88	3,595.00	Tri-Data-Netway 1000
420	11/04/88	555.66	Labels

Good internal controls require that there be an indication of receipt of goods. This is usually done through a written receiving report. The Commission does use written receiving reports but neglected to do so in these instances. However, payments were still made.

We recommend that written receiving reports be completed on all procurement transactions. Payment should not be processed without clear confirmation of receipt of goods.

COMMISSION RESPONSE

Steps have been taken to rectify this problem. Appropriate personnel have been instructed how to handle supplies and equipment delivered when the procurement officer is out of the building. This action was taken to insure that some form of documentation is received on all deliveries.

II. Compliance - Sole Source and Emergency Procurements

We examined the quarterly reports of sole source and emergency procurements and all available supporting documents for the period of July 1, 1986 - March 31, 1989. We attempted to determine the appropriateness of each procurement and the accuracy of the reports to the Division of General Services. The following exceptions were noted:

A. Inappropriate Sole Source

One procurement made as a sole source was inappropriate. This transaction occurred on purchase orders 3320 and 3636 for $7,500.00 for a speaker. We do not believe this individual to be a sole source. The original determination was written to justify someone else as a sole source but it was changed when that individual was unavailable.

Regulation 19-445.2105, Subsection B, states in part:

> Sole source procurement is not permissible unless there is only a single supplier. In cases of reasonable doubt, competition should be solicited.

Further, the procurement was not reported on the quarterly report to the Division of General Services as required by Section 11-35-2440 of the Procurement Code.

We recommend that procurements of this nature be made using the request for proposal methodology. Also, an amended report should be filed with the Division of General Services adding this procurement in the fiscal year it was made.

COMMISSION RESPONSE

This procurement was requested as a sole source for one particular speaker. Two days before the event, we were notified that due to an exclusive clause in the original speaker's contract, he could not honor the contract. A substitute speaker was obtained, and we inadvertently never submitted a sole source form on the new speaker.

An amended report will be forwarded to the Division of General Services, requesting that this transaction be added to the appropriate report.

B. Sole Source Procurements Not Reported

In addition to the sole source procurement noted above which was not reported, two other procurements made as sole sources were not reported on the quarterly report to the Division of General Services. They were as follows:

P.O.#	P.O. Date	Amount	Description
3677	9/23/87	$1,694.00	Maintenance agreement
3746	8/24/87	3,636.00	Maintenance agreement

Section 11-35-2440 not only requires the reporting of sole source and emergency procurement transactions, but also requires

the Division of General Services to consolidate the reports from all state agencies into a statewide report and present it to the Budget and Control Board. Agency reporting errors directly affect the accuracy of this report.

We recommend that the Commission take more care in ensuring that all sole source and emergency procurements are reported in the future. Also, amended reports should be filed with the Division of General Services.

COMMISSION RESPONSE

These items were inadvertently left out of the sole source report. They will be filed with the upcoming quarterly report.

III. Procurement Manual Not Approved

The Commission's procurement procedures manual has never been approved by the Division of General Services as required by Section 11-35-540(3) of the Consolidated Procurement Code. A copy of the manual was sent to General Services in 1984. However, a letter dated December 21, 1984 outlined a number of recommended changes before the manual would be approved. These recommendations were never implemented. Since the recommendations were never implemented, we reiterate them here as follows:

Recommendations

1. The following items need to be addressed in your manual as policy or procedure statements:

   Retention of Records
   Restrictive Specifications
   Expenditure of Funds (Federal)
   Professional Development
   Funds Availability
   Conflict of Interest

Sample Submission
Authorized Signature Approval
Advance Notification of Needs
Official File of Determination & Findings for Sole Source and Emergencies
Unauthorized Procurements and the Ratification Process

2. Additionally, a list of exempted commodities as referenced in the Consolidated Procurement Code and the most recent ones exempted by the Budget and Control Board needs to be included in the appendix.

3. The manual does not reference the agency's internal policy for establishing blanket orders (outlined in the permanent regulations). If applicable, this should be included.

4. The Consolidated Procurement Code requires competitive solicitations for contractual/professional services unless procured on a sole source basis or categorized as exempt. This manual does not state the agency's method for procuring consultants.

5. The disposition of surplus property should include references to approvals required at various dollar levels. (See Sections 11-35-3820, 11-35-3830, 11-35-4020).

6. The agency information technology plan and its location should be referenced if it is not included in the manual.

7. Small purchase procedures need to be expanded to include the procurement method for each dollar level up to the agency certification level i.e., 0 - $500, $500.01 - $1,499.99, $1,500.00 - $2,499.99.

8. Sole source and emergency procurements need to be addressed separately including the responsible person for preparing and authorizing the written determinations and justification forms.

The following procurement procedures also need to be incorporated into the manual where applicable.

1. A&E, Construction, Land Surveying
2. Accounting, Audit and Legal Services
3. Leasing Real Property and Equipment
4. Confirmation Purchases
5. Quarterly Reporting of Emergency, Sole Source and Trade-in Sales
6. Maintenance Contracts

We recommend the manual be revised and submitted to the Division of General Services for approval.

COMMISSION RESPONSE

The Commission's Internal Procurement Manual is almost complete. The manual will reflect the recommendations addressed in the audit report.

IV. Professional Development

The Commission has no planned continuing education program for the procurement officer nor is she affiliated with any professional procurement organizations. We recommend that a program for continued professional development be implemented. We also suggest that the Procurement Officer join the South Carolina Association of Governmental Purchasing Officers (SCAGPO) to keep current with Code updates and procurement trends.

CONCLUSION

As enumerated in our transmittal letter, corrective action based on the recommendations described in the findings in the body of this report, we believe, will in all material respects place the Human Affairs Commission in compliance with the South Carolina Consolidated Procurement Code and ensuing regulations.

In accordance with Code Section 11-35-1230(1) the Commission should take this corrective action prior to February 28, 1990. Subject to this corrective action and verification by this office, we recommend that the Commission be allowed to continue procuring all goods and services, information technology and consulting services up to the basic level as outlined in the Procurement Code.

Robert J. Aycock, IV
Audit Supervisor

R. Voight Shealy, Manager
Audit and Certification

SOUTH CAROLINA
HUMAN AFFAIRS
COMMISSION

James E. Clyburn
Commissioner

October 31, 1989

Mr. R. Voight Shealy, Manager
Audit and Certification
Materials and Management Office
1201 Main Street
Columbia, South Carolina 29201

Dear Mr. Shealy:

Enclosed are our responses to the Procurement Audit of the South Carolina Human Affairs Commission.

I appreciate your efforts in clarifying several findings in your audit report. As a result of the September 14th exit conference, we have a better understanding of the South Carolina Procurement Code and Regulations.

Also enclosed is a copy of our letter of ratification for items listed in the Procurement Audit under section I-B, Unauthorized Procurements.

Again, thank you for your timely assistance.

Sincerely,

James E. Clyburn
Commissioner

Enclosures:(2)

Post Office Drawer 11009/Columbia, South Carolina 29211 (803) 737-6570

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

CARROLL A. CAMPBELL, JR., CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.
STATE TREASURER

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL

RICHARD W. KELLY
DIVISION DIRECTOR

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

JAMES J. FORTH, JR.
ASSISTANT DIVISION DIRECTOR

JAMES M. WADDELL, JR.
CHAIRMAN, SENATE FINANCE COMMITTEE

ROBERT N. McLELLAN
CHAIRMAN, WAYS AND MEANS COMMITTEE

JESSE A. COLES, JR., Ph.D.
EXECUTIVE DIRECTOR

January 25, 1990

Mr. James E. Clyburn
Commissioner
Human Affairs Commission
2611 Forest Drive, Suite 200
Columbia, South Carolina 29211

Dear Mr. Clyburn:

We returned to the Human Affairs Commission to perform a follow-up audit of procurement activity since the end of our original audit of July 1, 1986 through March 31, 1989. We conducted the follow-up on January 10, 1990 and covered procurements for April 1 - December 31, 1989.

For the most part, we found improvement over procurement activity at the Commission. We found that solicitations of competition and receiving reports are clearly documented. We were also pleased to see that the Commission has developed a procurement manual. Our review of the manual indicated no weaknesses.

However, several recommendations in the audit report have not been implemented. One of the recommendations is for the ratification of a copier lease agreement for $16,752.00. We realize that the Commission is currently working with the Materials Management Officer to resolve this issue. However, we must note that this is yet to be accomplished.

Secondly, we noted some reporting errors in sole source procurements during the original audit period. We recommended that amended reports be filed correcting these errors. These amended reports have yet to be filed with the Division of General Services.

Finally, we recommended that the Commission develop a formalized training program for its procurement officials. This task can be accomplished by simply developing a training plan or scheduling training seminars for the Commission's procurement officials. One source for this training is the Budget and Control Board's Division of Human Resource Management - Research and Training section. This is certainly not the only source of procurement training. This recommendation has not been implemented either.

During our testing of procurements for April 1 - December 31, 1989, we noted two transactions which were made without evidence of solicitations of competition or sole source or emergency procurement determinations. These procurements were as follows:

Voucher	Date	Amount of Procurement	Description
10	7/14/89	$1,470.00	Maintenance agreement
45	8/07/89	3,000.00 plus expense	Speaker

The Consolidated Procurement Code requires that all procurements greater than $500.00 be competed or justified as a sole source or emergency if they are not exempt. There are no exceptions to this requirement.

Additionally, voucher 45 exceeded the Commission's level of procurement authority and is therefore unauthorized. As such, the Commission must submit it to the Materials Management Officer for ratification in accordance to Regulation 19-445.2015.

Finally, we noted an inappropriate sole source for $25,000.00 plus expenses per year for implementing a public awareness program. (Reference voucher number 137 dated 10/05/89). Similar procurements have been successfully competed by the Materials Management Office in the past using the Request for Proposal methodology. In fact, a similar procurement was successfully competed as a designated minority procurement. Consequently, the procurement of this service as a sole source is inappropriate.

Also, this contract has no limit on the number of one year extensions that may be exercised. Section 11-35-2030 of the Procurement Code requires that a written determination be prepared to justify each contract that may extend beyond 12 months. The determination must explain why a multi-term contract is beneficial to the State. The Commission did not prepare the determination.

Further, Regulation 19-445.2135, paragraph D, states that the maximum time for any contract may not exceed five years unless the Budget and Control Board approves it. There has been no such approval from the Board.

We recommend that the optional extensions not be exercised. The Materials Management Officer has ruled in a protest hearing that for a contract to be extended beyond one year, it must be supported by a multi-term determination. We recommend that competition be solicited for subsequent years of services.

While we are pleased to see that some of our recommendations have been implemented, we must state our concern over the ones that have not. We must also state our concern over the new exceptions noted during the follow-up review. The corrective action identified in this letter should be completed by February 23. If corrective action is not taken we will submit the report to the Budget and Control Board stating such.

Sincerely,

Voight Shealy

R. Voight Shealy, Manager
Audit and Certification

/jlj

C Robert J. Aycock
James J. Forth, Jr.

SOUTH CAROLINA
HUMAN AFFAIRS
COMMISSION

James E. Clyburn
Commissioner

March 6, 1990

Mr. Robert J. Aycock
Materials Management Office
1201 Main Street Suite 600
Columbia, South Carolina 29201

Dear Mr. Aycock:

I certainly appreciate the clarification of several items listed in our follow-up audit.

We have initiated a training plan for our Procurement Officer. She will begin by attending a training session scheduled for March 30, 1990 conducted by the South Carolina Procurement Code for non certified agencies. We will further review the training schedule of the Division of Human Resource Management training section for other training opportunities. In addition, we will seek membership in a professional organization targeting procurement professionals.

Voucher 10, dated 7/14/89 for $1,470.00 is a maintenance agreement with Apple Computers. Apple will not honor maintenance on their equipment unless performed by an authorized Apple Dealer. All authorized Apple Dealers charge the same because Apple sets the price. We feel our equipment is too valuable to risk maintenance by an unauthorized dealer.

Voucher 45, dated 8/7/89 for $3,000.00 was for the agency forum sponsored every two years. Due to several factors, especially the limited time , the forum was canceled, however, a check had been forwarded to the designated speaker. We are still waiting for the return of that check. While it is difficult to understand the procurement regulation for obtaining individual speakers, we will adhere to such regulations in future matters.

2611 Forest Drive Post Office Box 4490 Columbia, South Carolina 29240
Administration (803) 253-6336 Consultive Services (803) 253-6622 Investigations (803) 253-6366
Complaints (803) 253-6339 or Toll Free (In-state only) 1-800-521-0725 FAX (803) 253-4191

Voucher 137, dated 10/5/89 for $25,000.00 as noted is for the implementation of a public awareness program. Because of the unique request of the agency, we labored under the impression that submission of the required Sole Source documents were adequate to insure the appropriate contractor was secured.

However, after your explanation of the proposal methodology we now fully understand the Sole Source mechanism utilizing the proposal method. In the future we will adhere to the proposal methodology for such matters.

The contract in question is only for one year. We respectfully request ratification of the items discussed unless you have further questions.

Again, thank you for your efforts to clarify several of the many regulations contained in the procurement code.

Sincerely,

Winston Thomas
Executive Assistant

CC: James E. Clyburn
Commissioner

STATE OF SOUTH CAROLINA

State Budget and Control Board

DIVISION OF GENERAL SERVICES

CARROLL A. CAMPBELL, JR., CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.
STATE TREASURER

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL

RICHARD W. KELLY
DIVISION DIRECTOR

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

JAMES J. FORTH, JR.
ASSISTANT DIVISION DIRECTOR

JAMES M. WADDELL, JR.
CHAIRMAN, SENATE FINANCE COMMITTEE

ROBERT N. McLELLAN
CHAIRMAN, WAYS AND MEANS COMMITTEE

JESSE A. COLES, JR., Ph.D.
EXECUTIVE DIRECTOR

May 3, 1990

Mr. James J. Forth, Jr.
Assistant Division Director
Division of General Services
1201 Main Street, Suite 600
Columbia, South Carolina 29201

Dear Jim:

Over the past year, the Office of Audit and Certification has worked with the South Carolina Human Affairs Commission to eliminate the problem areas addressed in this report. We believe this has been accomplished.

Since the Commission has not requested certification, I recommend that it be allowed to continue procuring all goods and services, consulting services, construction and information technology up to the basic level authorized by the Consolidated Procurement Code.

Sincerely,

Voight Shealy

R. Voight Shealy, Manager
Audit and Certification

/jlj

STATE PROCUREMENT | INFORMATION TECHNOLOGY MANAGEMENT | STATE & FEDERAL SURPLUS PROPERTY | CENTRAL SUPPLY & INTERAGENCY MAIL SERVICE | OFFICE OF AUDIT & CERTIFICATION | INSTALLMENT PURCHASE PROGRAM