 PROCUREMENT AUDIT AND CERTIFICATION

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BERKELEY COUNTY SCHOOL DISTRICT
AGENCY
JULY 1, 1991 - JUNE 30, 1994
DATE
June 28, 1995

Mrs. 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 Berkeley County School District 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. Since Budget and Control Board action is not required, I recommend the report be presented as information.

Sincerely,

[Signature]
R. Voight Shealy
Acting Materials Management Officer

RVS/ts1
BERKELEY COUNTY SCHOOL DISTRICT
PROCUREMENT AUDIT REPORT

JULY 1, 1991 - JUNE 30, 1994
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</tr>
</tbody>
</table>
January 12, 1995

Mr. R. Voight Shealy
Acting Materials Management Officer
Office of General Services
1201 Main Street, Suite 600
Columbia, South Carolina 29201

Dear Voight:

We have examined the procurement policies and procedures of the Berkeley County School District for the period July 1, 1991 through June 30, 1994. 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 Berkeley County School District is responsible for establishing and maintaining a system of internal control over procurement transactions. In fulfilling this
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 Berkeley County School District in compliance with the South Carolina Consolidated Procurement 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 Berkeley County School District. Our on-site review was conducted July 19, 1994 through August 24, 1994, 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 Berkeley County School District Procurement Code and Internal Procurement Operating Procedures Manual, were in compliance with the South Carolina Consolidated Procurement Code and its ensuing regulations.

Additionally our work was directed toward assisting the District in promoting the underlying purposes and policies of the Code 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 Berkeley 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 July 1, 1992 through June 30, 1994 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 July 1, 1993 through June 30, 1994

2. Procurement transactions for the period July 1, 1992 through June 30, 1994 as follows:
   a) One hundred and ninety judgmentally selected payments, each exceeding $500
   b) A block sample of 500 sequential purchase orders

3. An additional review of thirty sealed bids for July 1, 1991 through June 30, 1992

4. A review of nine sealed bids from the Food Services area for the audit period

5. A review of approximately four hundred and twenty work orders from the fiscal year 1993-94

6. Minority Business Enterprise Plans and reports to the School Board of Trustee

7. Internal procurement procedures manual

8. Surplus property procedures

9. Procurement staff and training

10. Adequate audit trails

11. Economy and efficiency of the procurement system
SCOPE LIMITATION

The District could not furnish documentation to support the procurement for construction, construction management, and architect/engineering services. Without sufficient competent evidential matter for review, we were unable to determine compliance to the Code and Regulations. The scope of our work was not sufficient to enable us to express an opinion and we do not express an opinion on compliance for the procurement of construction, construction management, architect/engineering services.

We recommend the District develop and implement adequate internal procedures to substantiate the procurement actions for these types of services.
SUMMARY OF AUDIT FINDINGS

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

I. Compliance - General

A. No Evidence of Code Compliance

We noted fourteen procurements that were not supported by the required competition, sole source or emergency determinations.

B. Insufficient Number of Bidders

On nine procurements the District did not solicit the required number of bids.

C. Incorrect Solicitation Method Used

On three procurements the incorrect solicitation method was used.

D. No Sixteen Day Intent to Award Notice

Twelve contracts greater than $50,000 lacked the required sixteen day intent to award notice.

E. Multi-term Determination Not Prepared

The District failed to prepare multi-term determinations for three multiple year contracts.

F. Bid Tabulation Sheets Missing or Not Signed as Witnessed

We noted two bid folders where the bid tabulation was missing. Also two other bid tabulation sheets had not been signed as witnessed at the time of bid opening.
G. Solicitations Not Advertised

Solicitations greater than $10,000 were not advertised.

H. Board Approval Not Obtained

A contract greater than $100,000 was not approved by the District’s Board of Education.

II. Sole Source and Emergency Procurements

Sole source and emergency procurements have not been properly approved and justified as required. Semi-annual reports to the Assistant Superintendent of Fiscal Affairs and the annual report to the Board were not prepared or submitted.

III. Minority Business Enterprise (MBE)

MBE plans have not been done on progress reports submitted to the Board. There has been no MBE liaison officer appointed.

IV. Purchase Order Procedures

State contract number, shipping charges, and formal change orders have not been documented on purchase orders.

V. Surplus Property

Surplus Property should be inventoried and excess moved out through auction or bid.

VI. Procurement Code and Regulations

The Code and Regulations need to be changed.
RESULTS OF EXAMINATION

I. Compliance-General

A. No Evidence of Code Compliance

The following procurements were not supported by sole source or emergency determinations, or competition and none appeared to be exempt from the District's code.

<table>
<thead>
<tr>
<th>Item</th>
<th>Check Date</th>
<th>Number</th>
<th>Procurement Description</th>
<th>Amount</th>
<th>Order Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>6/20/94</td>
<td>34510</td>
<td>Waterproofing</td>
<td>$9,254.00</td>
<td>WO47461</td>
</tr>
<tr>
<td>2.</td>
<td>5/03/94</td>
<td>32052</td>
<td>Contract</td>
<td>9,000.00</td>
<td>WO47267</td>
</tr>
<tr>
<td>3.</td>
<td>5/25/94</td>
<td>32834</td>
<td>Fencing Supplies</td>
<td>1,658.94</td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>5/25/93</td>
<td>16706</td>
<td>Hardware Supplies</td>
<td>926.69</td>
<td>D8400</td>
</tr>
<tr>
<td>5.</td>
<td>5/25/93</td>
<td>16947</td>
<td>Carpenter Supplies</td>
<td>723.98</td>
<td>D7719</td>
</tr>
<tr>
<td>6.</td>
<td>3/21/93</td>
<td>29744</td>
<td>Maintenance Contract</td>
<td>2847.60</td>
<td></td>
</tr>
<tr>
<td>7.</td>
<td>3/01/94</td>
<td>29085</td>
<td>Truck Repairs</td>
<td>5,255.01</td>
<td></td>
</tr>
<tr>
<td>8.</td>
<td>6/24/94</td>
<td>35259</td>
<td>Printing of School Guides</td>
<td>5,862.00</td>
<td>F9700</td>
</tr>
<tr>
<td>9.</td>
<td>5/24/94</td>
<td>32910</td>
<td>Consultant- Strategic Planning</td>
<td>11,800.00</td>
<td></td>
</tr>
<tr>
<td>10.</td>
<td>3/23/94</td>
<td>29902</td>
<td>Trailer</td>
<td>6,615.00</td>
<td>WO44977</td>
</tr>
<tr>
<td>11.</td>
<td>2/22/93</td>
<td>12238</td>
<td>Water Treatment for Cooling Tower at Schools</td>
<td>2,393.30</td>
<td>WO21312, WO25167, WO24670</td>
</tr>
<tr>
<td>12.</td>
<td>8/03/92</td>
<td>3568</td>
<td>Bond Renewal</td>
<td>2,207.70</td>
<td></td>
</tr>
<tr>
<td>13.</td>
<td>7/30/92</td>
<td>3410</td>
<td>Heat Shrink Tunnel</td>
<td>6,260.00</td>
<td>D0007</td>
</tr>
<tr>
<td>14.</td>
<td>8/28/92</td>
<td>4642</td>
<td>Engine Replacement</td>
<td>3,228.58</td>
<td>WO16576</td>
</tr>
</tbody>
</table>

Items 1, 7, 13 and 14 appeared to have been emergencies, however no evidence was in the file to document these emergencies.

Section V-B of the Code states that all contracts will be awarded by competitive sealed bidding with certain exceptions. The exceptions include, but are not limited to, competitive sealed proposals, small purchases, sole source procurements, and emergency procurements.

Section IV-A (4) addresses the exemptions to the Code. However, no evidence was contained in the file to indicate what method of procurement was used.
We recommend the District procure all goods and services in accordance with its Code and maintain adequate documentation in the file to satisfy external audits.

B. Insufficient Number of Bidders

We noted that the District did not solicit the minimum number of bidders in the following cases:

<table>
<thead>
<tr>
<th>Item</th>
<th>Check Number</th>
<th>Purchase Order Number</th>
<th>Bid Number</th>
<th>Total Award Amount</th>
<th>Number of Vendors Solicited</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>35540</td>
<td>F1000</td>
<td>10 - 94</td>
<td>$28,350.00</td>
<td>6</td>
<td>Copier</td>
</tr>
<tr>
<td>2.</td>
<td>4868</td>
<td>-----</td>
<td>52 - 93</td>
<td>165,731.00</td>
<td>5</td>
<td>Food</td>
</tr>
<tr>
<td>3.</td>
<td>-----</td>
<td>-----</td>
<td>5 - 92</td>
<td>266,674.00</td>
<td>7</td>
<td>Food</td>
</tr>
<tr>
<td>4.</td>
<td>-----</td>
<td>-----</td>
<td>23 - 92</td>
<td>531,120.00</td>
<td>4</td>
<td>Milk</td>
</tr>
<tr>
<td>5.</td>
<td>-----</td>
<td>-----</td>
<td>77 - 94</td>
<td>541,840.00</td>
<td>4</td>
<td>Milk</td>
</tr>
<tr>
<td>6.</td>
<td>-----</td>
<td>-----</td>
<td>78 - 94</td>
<td>73,554.00</td>
<td>3</td>
<td>Bread</td>
</tr>
<tr>
<td>7.</td>
<td>30083</td>
<td>F07121</td>
<td>-----</td>
<td>4,362.00</td>
<td>2</td>
<td>Sound System</td>
</tr>
<tr>
<td>8.</td>
<td>014527</td>
<td>D5930</td>
<td>-----</td>
<td>2,361.78</td>
<td>2</td>
<td>Computer</td>
</tr>
<tr>
<td>9.</td>
<td>014527</td>
<td>D7326</td>
<td>-----</td>
<td>2,679.78</td>
<td>2</td>
<td>Computer</td>
</tr>
</tbody>
</table>

Items 1 through 6 were done as sealed bids and items 7 through 9 were verbal quotes.

Regulation F-1 (c) requires that procurements equal to or greater than $25,001 have a solicitation of a formal bid from ten qualified sources. Regulation R-2 (b) requires that three qualified vendors be solicited for procurements from $1,500.01 to $5,000.00.

We recommend the District solicit the minimum number of bidders in compliance with the Code and Regulation. If the minimum number of qualified bidders required cannot be solicited, the purchasing agent shall certify in writing that all known sources were solicited.

C. Incorrect Solicitation Method Used

The District failed to solicit the required competition on the following three procurements:
<table>
<thead>
<tr>
<th>Check Date</th>
<th>Check Number</th>
<th>Amount</th>
<th>Required Solicitation</th>
<th>Actual Solicitation</th>
</tr>
</thead>
<tbody>
<tr>
<td>01/04/94</td>
<td>26166</td>
<td>$14,064</td>
<td>Written Solicitation</td>
<td>Verbal Solicitations</td>
</tr>
<tr>
<td>03/02/94</td>
<td>29226</td>
<td>19,640</td>
<td>Written Solicitation</td>
<td>Verbal Solicitations</td>
</tr>
<tr>
<td>02/07/94</td>
<td>27596</td>
<td>30,505</td>
<td>Sealed Bids or Sealed Proposal</td>
<td>Verbal Quotes</td>
</tr>
</tbody>
</table>

The District’s Code and Regulations require competition as follows:

- **$1,500.01 to $5,000-** Solicitation of verbal or written quotes from a minimum of three qualified sources
- **$5,000.01 to $10,000-** Solicitation of written quotations from three qualified sources
- **$10,000.01 to $25,000-** Written solicitations of written quotes from a minimum of five qualified sources and the procurement shall be advertised in the *South Carolina Business Opportunities* publication
- **$25,001 and up-** Sealed bids from ten qualified sources
  Sealed proposals from three qualified sources

The District’s Code and Regulations also require that if the minimum number of qualified bidders required cannot be solicited, the purchasing agent shall certify in writing that all known sources were solicited.

The District must ensure the proper solicitation procedure is used and the minimum competitive requirements of Code and Regulations are met.

**D. No Sixteen Day Intent To Award Notice**

Section V-B-2 (j) of the Code requires a 16 day intent to award for any contract with a value in excess of $50,000. The section also requires that the intent be mailed by first class mail to all bidders that responded to the solicitation. The District did not prepare an intent, thus an intent could not be mailed, on the following contracts.
<table>
<thead>
<tr>
<th>SEALED BID</th>
<th>AWARD AMOUNT</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>34 - 93</td>
<td>$297,137.98</td>
<td>Food</td>
</tr>
<tr>
<td>3 - 93</td>
<td>$120,308.68</td>
<td>Paper</td>
</tr>
<tr>
<td>1 - 93</td>
<td>$161,340.73</td>
<td>Furniture</td>
</tr>
<tr>
<td>75 - 94</td>
<td>$75,833.27</td>
<td>Supplies</td>
</tr>
<tr>
<td>77 - 94</td>
<td>$541,840.00</td>
<td>Milk</td>
</tr>
<tr>
<td>78 - 94</td>
<td>$73,554.50</td>
<td>Bread</td>
</tr>
<tr>
<td>52 - 93</td>
<td>$165,731.04</td>
<td>Food</td>
</tr>
<tr>
<td>81 - 94</td>
<td>$297,858.00</td>
<td>Food</td>
</tr>
<tr>
<td>89 - 94</td>
<td>$377,768.00</td>
<td>Food</td>
</tr>
<tr>
<td>5 - 92</td>
<td>$266,674.00</td>
<td>Food</td>
</tr>
<tr>
<td>23 - 92</td>
<td>$531,120.00</td>
<td>Milk</td>
</tr>
<tr>
<td>24 - 92</td>
<td>$111,753.75</td>
<td>Bread</td>
</tr>
</tbody>
</table>

We recommend the District prepare an intent to award for each contract in excess of $50,000 and mail the intent to each bidder that responded to the solicitation.

E. Multi-Term Determinations Not Prepared

The District did not prepare multi-term determinations on the following multiple year contracts.

<table>
<thead>
<tr>
<th>DATE</th>
<th>TOTAL AWARDS</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>09/21/91</td>
<td>$360 Per month</td>
<td>Auto leases for 2 years</td>
</tr>
<tr>
<td>05/18/92</td>
<td>$96,911.13</td>
<td>Janitorial Services Bid 13 - 93</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Maximum 5 years</td>
</tr>
<tr>
<td>08/27/90</td>
<td></td>
<td>Service contract - Dishwashing Bid 26 - 91 maximum 5 years</td>
</tr>
</tbody>
</table>

Section VI-C of the Code defines the requirements for the use of multi-term contracts.

Section Y-4 of the Regulations requires a written determination by the purchasing agent and approval by the Assistant Superintendent of Fiscal Affairs. Since the required determinations were not prepared, the option to extend should not have been exercised.

We recommend the District prepare the determination for each multi-term contract as required by the Code and Regulations.
F. Bid Tabulation Sheets Missing Or Not Signed As Witnessed

On bids 34 - 93 and 79 - 94 the bid tabulation sheets were missing. Also, two other bid tabulations were not signed as witnessed at the time of opening. Section V-B-2 (f) of the Code reads in part, “Bids shall be opened publicly in the presence of one or more witnesses at the time and place designated.... The amount of each bid...with the name of each bidder, shall be tabulated. The tabulation shall be open to public inspection at that time.”

All sealed bids should have a tabulation sheet prepared and filed in the bid package. Also, all tabulation sheets should be signed by the purchasing agent and witnessed by the assistant at the bid opening.

G. Solicitations Not Advertised

The District did not advertise the following solicitations in the South Carolina Business Opportunities:

<table>
<thead>
<tr>
<th>DATE</th>
<th>PURCHASE ORDER</th>
<th>AWARD</th>
</tr>
</thead>
<tbody>
<tr>
<td>03/30/94</td>
<td>M0153</td>
<td>$15,048.60</td>
</tr>
<tr>
<td>03/02/94</td>
<td>F6062</td>
<td>19,640.00</td>
</tr>
<tr>
<td>02/07/93</td>
<td>E0278</td>
<td>17,317.75</td>
</tr>
</tbody>
</table>

The Regulation R-2 (d) states, that in part, that procurements from $10,000 to $25,000 be advertised in the South Carolina Business Opportunities publication.

We recommend the District advertise all solicitation from $10,000 to $25,000 in the South Carolina Business Opportunities.

H. Board Approval Not Obtained On Contracts Greater Than $100,000

The District issued purchase order E1146 on May 14, 1993 for $135,013.20 but failed to get approval from the Board of Education. Regulation I-D states the following.
The following positions are authorized to act as contracting officer with the following monetary limits noted:

- Buyers: $2,500
- Food Service Director: $10,000
- Purchasing Agent: $25,000
- Deputy Superintendent for Fiscal Affairs: $75,000
- District Superintendent: $100,000
- Board of Education: over $100,000

We recommend the District obtain approval on procurements greater than $100,000. A copy of the approval should be included in the procurement file to confirm Board approval.

In our opinion, the approval by the Board includes all sealed bids, sealed proposals, sole source procurements and emergency procurements, food service contracts, construction contracts, and items bought off state contracts where the awards are greater than $100,000.

II. Sole Source and Emergency Procurements

While performing our audit tests, we noted that the District would state on the purchase order if the item was a sole source. The majority of these sole sources did not have a determination attached. The determinations that were prepared did not have a signature in most cases. Also, some procurements appeared to have been emergencies but were not supported by a determination. Finally, the District has not prepared a report of these transactions for the Assistant Superintendent for Fiscal Affairs or the District’s Board as required by its Code.

Section V-B (6) of the Code states, “A contract may be awarded for a supply, service, equipment or construction item without competition when, under regulations, the Assistant
Superintendent for Fiscal Affairs determines in writing that there is only one source for the required supply, service, equipment or construction item.” Section V-B (7) states, “the Assistant Superintendent for Fiscal Affairs, Purchasing Agent or a designee may make or authorize others to make emergency procurements only when there exists an immediate threat to public health, welfare, critical economy and efficiency, or safety under emergency conditions as defined in regulation... A written Determination of the basis for the emergency and for the selection of the particular contractor shall be included in the contract file.” Section VIII-D states, “The District shall submit semi-annually a record listing all contracts made under Sole Source Procurement or Emergency Procurements to the Assistant Superintendent for Fiscal Affairs... A Copy of the record shall be submitted to the Board through the Superintendent on an annual basis and shall be available for public inspection.”

We recommend the District prepare a written determination for each sole source or emergency procurement, and have each determination approved by the Assistant Superintendent for Fiscal Affairs. Procedures need to be implemented to record sole source and emergency procurements so that semi-annual and annual reports can be prepared and distributed as required.

III. Minority Business Enterprises

The District has not been preparing the reports regarding Minority Business Enterprises. Regulation CC-5 (c) (e) states:

(1) The MBE Utilization Plan shall be submitted to the Board not later than June 30, 1991, and annually thereafter.
(2) Progress reports will be submitted quarterly to the Superintendent not later than thirty (30) days after the end of the fiscal quarter.
(3) Annual reports will be submitted annually to the Board through the Superintendent not later than thirty (30) days after the end of the fiscal year.
We were not provided any of these reports. Additionally, Section XV-E (2) of the Code requires that a coordinator be responsible for monitoring the plan. However, District personnel could not tell us who was the coordinator.

We recommend the District begin preparing these reports as required by the Code and appoint a minority business liaison officer.

IV. Purchase Order Procedures

While reviewing purchase orders during our testing, we noted the following minor procedural weaknesses. In most of the cases where items were bought through state contract, it was not noted on the purchase order and in the cases where state contract was indicated, the state contract number was not noted. Also, shipping terms were not addressed on the purchase order. Often shipping can make the difference between low bid and high bid. Therefore, this information should be requested and recorded when competition is solicited. Finally, we noted several instances where changes were written on the face of purchase orders but no formal change order was done.

We recommend the District record state contract numbers on the purchase order when applicable, include shipping terms on the purchase orders and institute a formal change order policy.

V. Surplus Property

As part of our audit, we toured the warehouse in St. Stephens which is the largest of sites where surplus property is stored. The District had an excessive amount of surplus property stored in this area. The District could not provide us a list of the items stored because items were removed from the inventory records once they were declared surplus. Section XII of the Code places the authority for disposal of surplus and unserviceable property with the Assistant
Superintendent of Fiscal Affairs.

We recommend the District inventory the surplus property and dispose of the property in accordance with the Code and Regulations. An evaluation of the surplus property program needs to be made to eliminate the build up of property.

VI. Procurement Code and Regulations

We recommend the following changes to the Code and Regulations:

<table>
<thead>
<tr>
<th>Page Number</th>
<th>Section</th>
<th>Changes</th>
</tr>
</thead>
<tbody>
<tr>
<td>7 of 42</td>
<td>II.A.27</td>
<td>• Change Reference “Section 11-35-2030” to Section VI-C</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Change to read “if the District is offered a price that is ten percent less than the term contract price for the same goods and services it may be purchased from the vendor offering the lower price after first offering the vendor holding the term contract the option to meet the lower price. If the vendor holding the term contract meets the lower price, then the District must purchase from the contract vendor.</td>
</tr>
<tr>
<td>8 of 42</td>
<td>IV.A.3.</td>
<td>• The District needs to define the specific roles of procurement authority in the following areas:</td>
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<tr>
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<td></td>
<td>- Central Purchasing</td>
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<td>- Food Service Purchasing</td>
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<td>- Maintenance Purchasing</td>
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<td>- Construction</td>
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<td></td>
<td></td>
<td>- School Purchasing</td>
</tr>
<tr>
<td>9 of 42</td>
<td>IV.A.4.a</td>
<td>• The Board should consider adding standardized forms used in schools such as attendance and grade scan forms, standardized tests and any other standardized forms required by the State or Federal Department of Education or the Federal Government to the exemptions.</td>
</tr>
<tr>
<td>13 of 42</td>
<td>V.B.1.i.</td>
<td>Delete “procurement of Information Technology” from this list.</td>
</tr>
<tr>
<td>Page Number</td>
<td>Section</td>
<td>Changes</td>
</tr>
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<td>------------------------------------------------------------------------------------------------------------------------------------------</td>
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</tbody>
</table>
| 14 of 42    | V.B.2.d.   | • Change the word “may” to ‘must’  
• Change the section to read “Notice will include utilization of bidders’ lists and must utilize publications in a newspaper of general circulation in the immediate area or in the South Carolina Business Opportunities for Sealed Bids above $25,000.” |
| 45 of 58    | DD.3.f.1   | • The Board may wish to change the $12,000 direct negotiation fee with an Architect/Engineering Firm to $18,000 to be in line with the State Code Effective July 1, 1993. |
| 45 of 58    | DD.3.2     | • The Board may wish to change the maximum fees payable to one person or firm in a twenty-four month period for direct negotiation to “not to exceed $36,000” to be in agreement with the State’s current Code. |
CONCLUSION

We must express our concern over the variety and number of exceptions noted during this audit. However, we recognize that this is our first audit of the District since it enacted its Code and regulations.

As enumerated in our transmittal letter, corrective action based on the recommendations described in this report, we believe, will in all material respects place the District in compliance with the South Carolina Consolidated Procurement Code. Subject to this corrective action, we recommend that the Berkeley County School District be allowed to continue procuring all goods and services in accordance with Section 11-35-70 of the South Carolina Consolidated Procurement Code.

In order to verify corrective action, we will perform a follow-up review before February 28, 1995.

James M. Stiles, CPPB
Audit Manager

Larry G. Sorrell, Manager
Audit and Certification
January 31, 1995

Mr. Larry Sorrell
SC State Budget and Control Board
Materials Management Office
1201 Main Street, Suite 600
Columbia, SC 29201

Dear Mr. Sorrell:

We have reviewed the draft audit report and are taking steps to be in full compliance with our procurement code. We have treated all vendors fairly, attempted to maximize all monies directed through our office and have safeguards in place to prevent incorrect conduct by our employees. Through your audit you did find procedural problems such as sole source not written on purchase orders, emergency not written on purchase orders, sticking to the number of vendors required even though all known were contacted, bid tabulations being out of place and multi-term not being in the folder. These are errors of omission and will be corrected.

We have instituted more stringent checks on our sixteen day intent to award notices, procurements over $100,000 approved by the board, semi-annual reports to me and annual reports to the board on sole source and emergency procurement. We will appoint a Minority Business Enterprise liaison officer and submit MBE reports to the board. We plan to do a surplus property inventory and removal. We will review your recommendation for changes to Berkeley County School District's procurement code and send them to you for approval before they are presented to the Berkeley County School Board.

Sincerely,

Kenneth E. Coffey
Assistant Superintendent
for Fiscal Affairs

cc: Brantley Thomas
    Shellie Johnson
    Kim Gibson
June 28, 1995

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

Dear Voight:

We have reviewed the response from the Berkeley County School District to our audit report for July 1, 1991 - June 30, 1994. Also, we have followed the District’s corrective action during and subsequent to our field work. We are satisfied that the District has made substantial progress toward implementing the recommendations in our audit report and strengthening the internal controls in the procurement system.

On April 25, 1995 the Berkeley County School Board received the audit report. The Berkeley County School Board, on June 27, 1995, officially approved the minutes of the April 25, 1995 meeting, thus completing the internal procedures necessary to finalize our audit at the District level.

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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