PROCUREMENT
AUDIT AND
CERTIFICATION

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STATE DOCUMENTS

SCHOOL FOR THE DEAF AND BLIND
AGENCY
JANUARY 1, 1985 - DECEMBER 31, 1987
DATE
Mr. Richard W. Kelly  
Director  
Division of General Services  
1201 Main Street  
Columbia, South Carolina 29201

Dear Rick:

Attached is the final audit report of the South Carolina School for the Deaf and Blind as prepared by the Office of Audit and Certification. Initially, an audit was performed of the School's procurement activity for the period January 1, 1985 - June 30, 1987. We found more exceptions than we felt comfortable with.

The audit staff informed the School that we would allow them some time to make corrective action, perform an extensive follow-up to confirm this, and recommend recertification at the existing level of $5,000 for goods and services if substantial improvement was evident.

The follow-up audit was performed January 18-21, 1988 covering the period July 1 - December 31, 1987. Results were generally positive indicating the School's renewed compliance initiative. However, we did note several procurement issues that should be addressed.

Based on the results of the follow-up I recommend that the School for the Deaf and Blind be recertified at the previous level of $5,000 for goods and services. I concur with the position taken by the Office of Audit and Certification that the additional certifications not be recommended at this time.

Sincerely,

D.L. McMillin, CPPO  
Acting Materials Management Officer
SOUTH CAROLINA SCHOOL FOR THE DEAF AND BLIND

Audit Report

ORIGINAL AUDIT PERIOD
JANUARY 1, 1985 - JUNE 30, 1987

FOLLOW-UP AUDIT PERIOD
JULY 1, 1987 - DECEMBER 31, 1987
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</table>
January 29, 1988

Mr. D.L. McMillin
Acting Materials Management Officer
Division of General Services
1201 Main Street
Columbia, South Carolina 29201

We have examined the procurement policies and procedures of the South Carolina School for the Deaf and Blind for the period January 1, 1985 - December 31, 1987. 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 internal 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 School for the Deaf and Blind 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 cost 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 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 School for the Deaf and Blind in compliance with the South Carolina Consolidated Procurement Code and ensuing regulations.

R. 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 and related manual of the School for the Deaf and Blind. Our on-site review was conducted August 5 through September 4, 1987 and was made under the authority as described in Section 11-35-1230(1) of the South Carolina Consolidated Procurement Code and Section 19-445.2020 of the accompanying regulations. An extensive follow-up audit was performed January 18-21, 1988.

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 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 agency 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.
BACKGROUND

Section 11-35-1210 of the South Carolina Consolidated Procurement Code states:

The (Budget and Control) Board may assign differential dollar limits below which individual governmental bodies may make direct procurements not under term contracts. The Division of General Services shall review the respective governmental body's internal procurement operation, shall verify in writing that it is consistent with the provisions of this code and the ensuing regulations, and recommend to the Board those dollar limits for the respective governmental body's procurement not under term contract.

Section 11-35-1230(1) of the South Carolina Consolidated Procurement Code states in part:

In procurement audits of governmental bodies thereafter, the auditors from the Division of General Services shall review the adequacy of the system's internal controls in order to ensure compliance with the requirements of this code and the ensuing regulations.

We have received a written request from the School for the Deaf and Blind for recertification to make procurements in the following categories and designated amounts:

<table>
<thead>
<tr>
<th>AREA</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods and Services</td>
<td>$5,000</td>
</tr>
<tr>
<td>Consultants</td>
<td>5,000</td>
</tr>
<tr>
<td>Information Technology</td>
<td>5,000</td>
</tr>
<tr>
<td>Construction</td>
<td>25,000</td>
</tr>
</tbody>
</table>
SCOPE

Our examination encompassed a detailed analysis of the internal procurement operating procedures of the School for the Deaf and Blind 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 up to the requested certification limits.

The Audit and Certification team statistically selected random samples for the period January 1, 1985 through June 30, 1987, of procurement transactions for compliance testing and performed other auditing procedures that we considered necessary in the circumstances to formulate this opinion. Additionally, during an extensive follow-up audit, we performed tests of all procurement transactions for the period July 1 - December 31, 1987. As specified in the Consolidated Procurement Code and related regulations, 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 register;

(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) warehousing, inventory and disposition of surplus property;
(10) economy and efficiency of the procurement process; and
(11) approval of Minority Business Enterprise Plan.
SUMMARY OF AUDIT FINDINGS

Our audit of the procurement system of the School for the Deaf and Blind (hereinafter referred to as the School) produced findings and recommendations in the following areas:

I. Compliance - General

As part of our testing, we reviewed one hundred twenty randomly selected procurement transactions and all invitations for bids handled by the School since receiving procurement certification February 11, 1986.

Exceptions were noted in each dollar level as follows:

A. Procurement Exceptions - $500.01-$1,499.99
   We found seven compliance exceptions.

B. Procurement Exceptions - $1,500.00-$2,499.99
   Five compliance exceptions were noted.

C. Procurement Exceptions - $2,500.00 and above
   Ten compliance exceptions were noted.

II. Compliance - Sole Source Procurements

We take exception to four procurements designated as sole source. Additionally, we noted inaccurate reporting in three instances. One of these
procurements required the approval of the State Arts Commission, but such approval was not obtained.

III. Blanket Purchase Agreements

Blanket purchase agreements should be monitored more carefully.

IV. Discounts Lost

Allowable early payment discounts have been missed by the School.
RESULTS OF EXAMINATION

I. Compliance - General

As part of our testing, we reviewed one hundred and twenty randomly selected transactions plus all invitations for bids processed by the School since receiving procurement certification. Compliance exceptions were noted in the following purchasing dollar categories:

A. Procurement Exceptions - $500.01-$1,499.99

<table>
<thead>
<tr>
<th>Item</th>
<th>P.O.#</th>
<th>P.O. Amount</th>
<th>Item/Service Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td>11309</td>
<td>$ 630.00</td>
<td>Repairs to boiler</td>
</tr>
<tr>
<td>(2)</td>
<td>11921</td>
<td>548.00</td>
<td>Service to cooling towers</td>
</tr>
<tr>
<td>(3)</td>
<td>10548</td>
<td>661.38</td>
<td>School supplies</td>
</tr>
<tr>
<td>(4)</td>
<td>08188</td>
<td>599.95</td>
<td>Sofa</td>
</tr>
<tr>
<td>(5)</td>
<td>09943</td>
<td>1,298.28</td>
<td>Tires and tubes</td>
</tr>
<tr>
<td>(6)</td>
<td>11557</td>
<td>1,482.38</td>
<td>Tires and tube</td>
</tr>
</tbody>
</table>

Regulation 19-445.2100, Subsection B, Item 2, which covers procurements from $500.01 to $1,499.99, requires "Solicitations of verbal or written quotes from a minimum of two qualified sources of supply" for each of these transactions.

None of the procurements listed above were supported by evidence of competition.

B. Procurement Exceptions - $1,500.00-$2,499.99

<table>
<thead>
<tr>
<th>Item</th>
<th>P.O.#</th>
<th>P.O. Amount</th>
<th>Item/Service Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td>08096</td>
<td>$ 1,560.00</td>
<td>Manilla tag board</td>
</tr>
<tr>
<td>(2)</td>
<td>11306</td>
<td>1,597.20</td>
<td>Lighting fixtures</td>
</tr>
<tr>
<td>(3)</td>
<td>07494</td>
<td>2,200.00</td>
<td>Stage curtain installed</td>
</tr>
<tr>
<td>(4)</td>
<td>10266</td>
<td>2,326.90</td>
<td>Horticulture &amp; grounds items</td>
</tr>
<tr>
<td>(5)</td>
<td>10897</td>
<td>2,389.64</td>
<td>Printing supplies</td>
</tr>
</tbody>
</table>

-10-
The above procurements were made solely on the basis of telephone quotes. Regulation 19-445.2100, Subsection B, Item 3, states in part "for purchases from $1,500.00 to $2,499.99, solicitation of written quotations from three qualified sources of supply shall be made and documented... Such documentation shall be attached to the purchase requisition." (Emphasis added)

The School's procurement office has a good informal quotation form, however, we seldom saw this quotation form being used. The procurement officer should insure that procurements made in this dollar range are supported by written quotations.

C. Procurement Exceptions - $2,500.00 and above

<table>
<thead>
<tr>
<th>Item</th>
<th>P.O.#</th>
<th>P.O. Amount</th>
<th>Item/Service Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td>11592</td>
<td>$4,864.00</td>
<td>Furnish &amp; install heat lamp</td>
</tr>
<tr>
<td>(2)</td>
<td>09417</td>
<td>2,808.00</td>
<td>Computer service contract</td>
</tr>
<tr>
<td>(3)</td>
<td>10381</td>
<td>4,580.00</td>
<td>Work tables and chairs</td>
</tr>
<tr>
<td>(4)</td>
<td>12005</td>
<td>3,970.50</td>
<td>Desks and credenzas</td>
</tr>
<tr>
<td>(5)</td>
<td>09824</td>
<td>4,083.80</td>
<td>Pipe wrap for steam lines</td>
</tr>
<tr>
<td>(6)</td>
<td>12266</td>
<td>4,000.00</td>
<td>Moving expenses</td>
</tr>
<tr>
<td>(7)</td>
<td>11660</td>
<td>4,995.19</td>
<td>Replacement of defective tires</td>
</tr>
<tr>
<td>(8)</td>
<td>10523</td>
<td>12,465.00</td>
<td>Repair of boiler</td>
</tr>
<tr>
<td>(9)</td>
<td>10917</td>
<td>3,492.00</td>
<td>Valves for boiler</td>
</tr>
<tr>
<td>(10)</td>
<td>09897</td>
<td>4,740.00</td>
<td>Deep fat fryer</td>
</tr>
</tbody>
</table>

Section 11-35-1520 of the Consolidated Procurement Code states, "Contracts amounting to two thousand five hundred dollars or more shall be awarded by competitive sealed bidding except as otherwise provided in Section 11-35-1510." Section 11-35-1510 lists the various methods of source selection authorized in the Procurement Code. Considering the nature and
dollar amount of the procurements listed above, the other possible methods of source selection are:

(a) Competitive sealed proposals  
(b) Sole source procurement  
(c) Emergency procurement

(1) Purchase order 11592 totalling $4,864.00 was for a bidder to furnish and install a heat pump. Informal written quotations were received in July 1986. In February 1987 the procurement officer confirmed that all prices were still valid and awarded a contract to the low bidder. Competitive sealed bids should have been issued and awarded for this procurement.

(2) Purchase order 09417 totalling $2,808.00 was for a service contract on a computer. Informal written quotations were received and a contract awarded. The School for the Deaf and Blind's procurement certification in the area of information technology is $2,500. Therefore, this is an unauthorized procurement and must be ratified by the State Materials Management Officer in accordance with Regulation 19-445.2015.

(3) Purchase order 10381 totalling $4,580.00 for work tables and seating chairs was supported by telephone quotes only. The requisition was documented "phone quotes were used in lieu of written bids due to time frame of year end monies." The requisition was dated June 20, 1986. The School does not have authority to wave the requirement for competitive sealed bidding.
(4) Purchase order 12005 totalling $3,970.00 for desks and credenzas was supported only by telephone quotes. Again, a year-end spending time frame was sighted for the use of phone quotes rather than sealed bids. The requisition was dated May 11, 1987, which allowed sufficient time for the sealed bid source selection process.

(5) Purchase order 09824 totalling $4,083.80 was for wrapping steam pipe lines. The requisition was documented that "steam lines needed to be worked during the week of spring break, therefore; due to time factor involved phone quotes were received." Since the dates of spring break were known well in advance, adequate time was available to plan this procurement.

(6) Purchase order 12266 for $4,000.00 was to move the new President from Philadelphia, Pennsylvania to Spartanburg, South Carolina. Informal written quotations were solicited rather than competitive sealed bids. The School selected the new President almost a year before this move so sufficient time was available to solicit competitive sealed bids.

(7) Purchase order 11660 totalling $4,995.19 was for the replacement of defective bus tires on a pro-rated warranty adjustment. None of the authorized source selection methods were used. Either competition should have been solicited or, considering the warranty adjustment, the procurement should have been made as a sole source.

(8) Purchase order 10523 totalling $12,465.00 was noted as an emergency procurement for boiler repairs. However, the required written determination was never prepared and approved.
Further, it was not reported to the Division of General Services as required by Section 11-35-2440 of the Procurement Code.

(9) Purchase order 10917 for $3,492.00 was an emergency procurement of boiler steam valves. As in (8) above, the required emergency determination was never prepared and the procurement was never reported to the Division of General Services.

(10) Purchase order 09897 for $4,740.00 was a procurement of a deep fat fryer. It was supported by only one written quotation. The procurement officer indicated that this was an emergency procurement, but the required written determination was not prepared.

The number and variety of exceptions listed above indicate a significant problem in the procurement function at the School. Problems were noted in small procurements and formal sealed bids. In some cases, none of the authorized source selection methods were used. We remind the School that all procurements subject to the Consolidated Procurement Code must be awarded pursuant to one of the source selection methods authorized in Section 11-35-1510 of the Code.

II. Compliance - Sole Source Procurements

We examined the sole source procurements and quarterly reports for the period January 1, 1985 through March 30, 1987 to determine the appropriateness of action taken and the accuracy
of reports submitted to the Division of General Services. We found the majority of these transactions to be properly approved, accurately reported and justified with the exception of the following:

The following procurements did not meet the criteria for a sole source procurement and are inappropriate as such.

<table>
<thead>
<tr>
<th>Purchase Order</th>
<th>Amount</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. #7199</td>
<td>$1,163.00</td>
<td>Printing brochures</td>
</tr>
<tr>
<td>2. #9024</td>
<td>1,303.05</td>
<td>Sewing machines</td>
</tr>
<tr>
<td>3. #9124</td>
<td>750.00</td>
<td>Stainless steel mirror</td>
</tr>
<tr>
<td>4. #9252</td>
<td>2,835.00</td>
<td>Bedspreads</td>
</tr>
</tbody>
</table>

Competition should have been solicited for each of these procurements. They are not single source items so they do not meet the criteria of sole source procurements as defined in Section 11-35-1560 of the Procurement Code.

For items 1, 2 and 3 this would have been as simple as soliciting two telephone quotes for each. Sealed bids should have been solicited for item four.

Purchase order 12229 dated June 11, 1987 was a sole source procurement. It was reported to the Division of General Services as $2,300.00 when, in fact, it was $23,000.00. This error should be corrected through an amended report.

Purchase order #7153 for $3,392.97 for emergency repairs was inaccurately reported as a sole source. The justification states as follows:

... after experiencing several problems it was discovered our boilers needed immediate repairs.
Obviously, this would lend itself to a declaration of an emergency procurement rather than a sole source.

Purchase order #7665 for $3,297.50 was issued to an artist for an oil painting of a past school President. This procurement was exempt from the competitive procedures of the Procurement Code, and should not have been reported as a sole source.

However, Regulation 19-445.2010 of the Code requires that the head of the purchasing agency prepare a written determination stating the need for the painting and its benefits to the State if the procurement exceeds $500.00. This determination must then be forwarded to the South Carolina Arts Commission for approval. Apparently, the procurement division was unaware of this requirement since we were unable to locate this document. We recommend the School ratify this procurement through the Arts Commission.

III. Blanket Purchase Agreements

We reviewed thirty-two blanket purchase agreements (B.P.A.'s) established by the School and noted the following problems:

We were unable to document written evidence that the purchasing agency reviewed B.P.A's semi-annually as required by Regulation 19-445.2100, Subsection G.

Total commitment limits should be established for each blanket agreement. When this limit is reached a new blanket agreement should be issued. The need and use for each agreement
should be studied carefully by procurement and the user
department at that time.

An analysis of procurement activity with five vendors with
blanket agreement contracts revealed the following purchasing
activity for fiscal year 1986/87.

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Laundry and Kitchen Supplies</td>
<td>$5,445.00</td>
</tr>
<tr>
<td>2. Auto Parts</td>
<td>5,628.00</td>
</tr>
<tr>
<td>3. Auto Parts</td>
<td>11,111.53</td>
</tr>
<tr>
<td>4. Plumbing Supplies</td>
<td>9,864.00</td>
</tr>
<tr>
<td>5. Electrical Supplies</td>
<td>8,585.58</td>
</tr>
<tr>
<td><strong>Total Volume</strong></td>
<td><strong>$40,634.00</strong></td>
</tr>
</tbody>
</table>

The purchasing agent should evaluate each blanket agreement
to determine if supply needs are anticipated to be on-going and
if the high volume indicates either a potential for establishing
a term contract or a warehouse stock item. This could result in
a substantial cost savings for the School.

We also recommend that the procurement section monitor the
items purchased on blanket agreements to ensure that spare parts
and bench stock items are not bought using this method. These
items should be procured using normal procedures.

Finally, we recommend the purchasing section develop
procedures to ensure that department users are seeking as much
competition as possible when using blanket agreements.

IV. Discounts Lost

Our review of the following vouchers revealed that payments
were processed within allowable discount periods but that the
following discounts were not taken:
<table>
<thead>
<tr>
<th>Voucher</th>
<th>Terms</th>
<th>Invoice Date</th>
<th>Process Date</th>
<th>Discount Lost</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. 02767 1%10 net 30</td>
<td>02/17/87</td>
<td>02/20/87</td>
<td>$17.48</td>
<td></td>
</tr>
<tr>
<td>2. 03760 2% net 30</td>
<td>05/02/86</td>
<td>05/28/86</td>
<td>22.30</td>
<td></td>
</tr>
<tr>
<td>3. 03308 1%10 net 30</td>
<td>04/22/86</td>
<td>04/28/86</td>
<td>5.98</td>
<td></td>
</tr>
<tr>
<td>4. 03481 2% net 30</td>
<td>05/05/86</td>
<td>05/08/86</td>
<td>23.12</td>
<td></td>
</tr>
<tr>
<td>5. 0916 2%10 net 30</td>
<td>12/16/85</td>
<td>12/20/85</td>
<td>34.84</td>
<td></td>
</tr>
<tr>
<td>Total discounts lost</td>
<td></td>
<td></td>
<td>$103.72</td>
<td></td>
</tr>
</tbody>
</table>

We recommend that additional care be taken to identify and take allowable cash discounts offered by vendors.
CONCLUSION

The conditions noted herein indicate an inability of the School for the Deaf and Blind to manage procurement certification effectively. The frequency of exceptions is too high considering the limited number of procurements greater than $2,500.00.

The current procurement certification expires February 11, 1988. The School must make substantial improvement in their procurement management function immediately. Prior to expiration of the current certification, the Office of Audit and Certification will perform an extensive follow-up audit to determine progress.

If, at that time, substantial improvement is noted, we will recommend recertification at the current level of $5,000.00 for goods and services. However, if substantial progress is not evident, we will recommend that the current certification be revoked by the Budget and Control Board.

The follow-up audit was performed January 18-21, 1988. Results are shown in the letter at the back of this report. Based upon the results of the follow-up audit, we recommend recertification at the current level of $5,000.00 for goods and services for a period of two (2) years.
February 11, 1988

Mr. R. Voight Shealy, Manager
Audit and Certification
AT&T Building, Suite 600
1201 Main Street
Columbia, SC 29201

RE: Follow-Up Procurement Audit

Dear Voight:

We are in receipt of your February 8, 1988 letter regarding our procurement audit. We already have taken steps to improve those areas in question. We would request that you separate the one remaining issue from the certification approval process and proceed with obtaining approval from the Budget and Control Board on February 23 to reinstate our basic certification.

We appreciate your assistance throughout this procurement audit process. If you have any questions, give me a call.

Sincerely,

C. Paul Manly, Jr., Director
Administrative Services

CPMjr/kb
February 4, 1988

Mr. D.L. McMillin
Acting Materials Management Officer
Division of General Services
1201 Main Street, Suite 600
Columbia, South Carolina 29201

Dear D.L.:

We have returned to the School for the Deaf and Blind to perform a follow-up review of procurement activity since the end of our audit period of January 1, 1985 - June 30, 1987. The follow-up was conducted January 18-21, 1988, and covered procurements for the period July 1, 1987 - December 31, 1987.

The scope of our review included, but was not limited to, the following:

1. All expenditures greater than $500.00 each with the exception of obvious state term contract procurements. This selection was taken from the voucher registers and resulted in a sample of sixty-seven expenditures.

2. All purchase orders regardless of dollar amount. This totalled nine hundred forty-five orders and supporting documents.

Our findings are as follows:

I. Compliance

A. Purchase order 12349 totalling $679.32 was a procurement of chemicals for exterminating. It was made without soliciting competition. The agency felt that tests of other products over the years had revealed this to be the best product. However, there was no formal qualified products test or established contract.
B. Purchase order 12786 for $1,268.67 and 12265 for $947.82 were for telephones, transfers and services. The procurements were made without competition. The orders were simply based on hourly rates from telephone companies solicited in 1985. There was no established contract.

C. Purchase order 12279 totalling $556.20 was an order of concrete pipe. Purchase order 12684 totalling $528.21 was an order of printing services. Competition was not solicited in either case. In both procurements, freight charges resulted in the procurements being greater than $500.00. The purchasing officer thought that freight was not considered in determining total procurement cost. This is incorrect.

D. Purchase order 12445 totalling $6,294.75 was a procurement of software programs which was made without competition. The purchasing officer felt that, since the programs were specified in a grant received by the School, the procurement was exempt. This is not correct.

II. Procurement Procedures

A. On telephone quote forms there was a number of N/A's which indicated, we believe, no bid. However, the forms were unclear as to whether N/A meant not available, not in stock or the vendor simply didn't quote a price. This should be clearly indicated.

B. Informal written quotations and sealed bids were not time and date stamped when opened. This should always be done to verify that they were received in a timely manner.

C. Telephone quote forms were not dated to clearly indicate when quotes were received.

D. Bid tabulation sheets were not used for all sealed bid openings to recap prices received.

E. At times, insufficient time was allowed for bids to be returned by vendors. Bid times for three food bids ranged from ten to thirteen days. This meets the minimum requirements of the Procurement Code and regulations but we recommend a minimum of twenty-one days in order to maximize competition.

F. In some cases, requisitions showed no approval signatures. All requisitions should be approved in accordance with the School's requirements.
G. Change orders were not dated nor did they clearly indicate the reasons for the change. Change orders should clearly indicate when and why they were prepared.

III. Conclusion

The problems listed above appeared to result from a lack of knowledge and understanding of the State Procurement Code and regulations, or, in some cases, poor judgement by the purchasing officer. Further, the procedural weaknesses indicate inadequate standards of procurement documentation.

Improvement was evident in the handling of formal sealed bids and in the management of blanket purchase agreements.

In conclusion, based upon our follow-up review and the progress made, I recommend that the School for the Deaf and Blind be recertified to $5,000.00 for goods and services only. Due to the lack of complete corrective action and the lack of expertise in the areas of consultant services, information technology and construction I do not recommend certification in these areas. Recertification should be limited to two years rather than three. At the end of year one, the Office of Audit and Certification will perform another complete audit of the School's procurement activity.

Sincerely,

[Signature]

R. Voight Shealy, Manager
Audit and Certification