

**THE UNIVERSITY OF SOUTH CAROLINA**  
**PROCUREMENT AUDIT REPORT**  
**JANUARY 1, 2005 – MARCH 31, 2008**

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

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PROCUREMENT SERVICES DIVISION

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R. VOIGHT SHEALY  
MATERIALS MANAGEMENT OFFICER

May 18, 2009

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

Dear Voight:

We have examined the procurement policies and procedures of The University of South Carolina for the period January 1, 2005 through March 31, 2008. 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 the South Carolina Consolidated Procurement Code, the University's Procurement Code for Economic Development and Research, State regulations, and the University'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 University of South Carolina is responsible for establishing and maintaining a system of internal control over procurement transactions. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute,

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

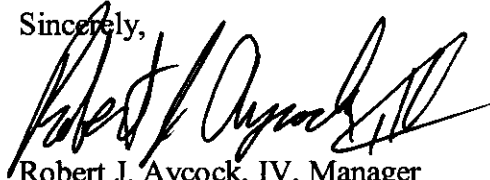
Because of inherent limitations in any system of internal control, errors or irregularities may occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree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

Sincerely,

A handwritten signature in black ink, appearing to read "Robert J. Aycock, IV". The signature is stylized and cursive.

Robert J. Aycock, IV, Manager  
Audit and Certification

## INTRODUCTION

We conducted an examination of the internal procurement operating policies and procedures of The University of South Carolina. Our review was conducted July 23, 2008 through September 9, 2008 and December 1 through December 12, 2008 and was made under Section 11-35-1230(1) of the South Carolina Consolidated Procurement Code and Section 19-445.2020 of the accompanying regulations.

The examination was directed principally to determine whether, in all material respects, the internal controls of the procurement system 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 ensuing regulations.

On September 27, 2005, the Budget and Control Board granted The University of South Carolina the following procurement certifications:

### PROCUREMENT AREAS

### CERTIFICATION LIMITS

Goods and Services	\$ 1,000,000 per commitment
Consultants	\$ 1,000,000 per commitment
Information Technology	\$ 1,000,000 per commitment
Construction Contract Award	\$ 2,000,000 per commitment
Construction Contract Change Order	25% of initial construction contract, aggregate amount.
Architect/Engineer Contract Amendment	25% of initial Architect/Engineer contract, aggregate amount.
Revenue Generating Management Services	\$ 15,000,000 per commitment

Our audit was performed primarily to determine if recertification is warranted. The University of South Carolina requested the following increased certifications.

**PROCUREMENT AREAS**

**CERTIFICATION LIMITS**

Supplies and Services	\$ 1,500,000 per commitment
Information Technology	\$ 1,000,000 per commitment
Consultant Services	\$ 1,500,000 per commitment
Revenue Generating Management Services	\$ 15,000,000 per commitment
Construction Contract	\$ 2,000,000 per commitment
Construction Contract Change Order	\$ 500,000 per change order
Architect/Engineer Contract Amendment	\$ 100,000 per amendment

## 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 University of South Carolina and its related policies and procedures manual to the extent we deemed necessary to formulate an opinion on the adequacy of the system to properly handle procurement transactions.

We selected judgmental samples for the period January 1, 2005 through March 31, 2008 of procurement transactions for compliance testing and performed other audit procedures that we considered necessary to formulate this opinion. The scope of our audit included, but was not limited to, a review of the following:

- (1) All sole source, emergency and trade-in sale procurements for the period January 1, 2005 through March 31, 2008 with exceptions noted in Section I of the report
- (2) Procurement transactions for January 1, 2005 through March 31, 2008 as follows:
  - a) Eighty-nine (89) payments each exceeding \$2,500 with exceptions noted in Section II of the report
  - b) A block sample of three hundred sequential purchase orders from FY 2008 against the use of illegal order splitting and favored vendors with no exceptions
  - c) Procurement card purchases for December 2007 and January 2008 with exceptions noted in Section II of the report
  - d) An additional review of 16 solicitations outside of the original sample. Eight (8) of these solicitations were processed as formal sealed bids. No exceptions were noted.
  - e) Three revenue generating contracts with no exceptions
  - f) One hundred numerical payments reviewed for compliance to Direct Expenditure Voucher (DEVs) procedures with no exceptions noted.
- (3) Eleven construction contracts and nine professional service contracts for compliance with the Manual for Planning and Execution of State Permanent Improvements, Part II with exceptions noted in Section III of the report

- (4) Ten construction contracts for compliance with The University of South Carolina Procurement Code for Economic Development and Research as approved by the SC Budget and Control Board with exceptions noted in Section IV of the report
- (5) Minority Business Enterprise Plans and reports for the audit period with no exceptions. The chart below contains the University's annual goals and actual activity reported to The Governor's Office of Small and Minority Business Assistance.

Fiscal Year <u>Ending</u>	MBE Annual <u>Utilization Goals</u>	<u>Actual Utilization</u>
2006	\$2,305,315	\$3,969,279
2007	\$3,337,060	\$3,750,279
2008	\$1,366,667	\$2,746,257

- (6) Approval of the most recent Information Technology Plan with no exceptions
- (7) Internal procurement procedures manual with no exceptions.
- (8) Surplus property disposal procedures
- (9) File documentation and evidence of competition



## SUMMARY OF AUDIT FINDINGS

### I. Construction and Architectural/Engineering Services

#### A. Quarterly Reports of Indefinite Delivery Contracts (IDCs) Not Provided

The University did not provide quarterly reports of IDC activity to the Office of the State Engineer.

#### B. No Performance and Payment Bonds

We were not provided Performance and Payment Bonds for four construction contracts.

#### C. Cost Guide Not Properly Applied to Delivery Orders

We identified two construction IDCs in which the discount multiplier used to price work using the Cost Data Guide bid by the contractor were not properly applied.

#### D. Hourly Fee Schedule Not Properly Reflected on Invoice

We identified two A/E IDCs in which the hourly rate schedules provided in the contracts were not applied to invoices received from the contractor.

### II. Alternate Procurement Code (Procurement Code for Economic Development and Research)

Our audit of the University included a review of selected procurements of supplies and services, information technology, construction and A/E services procured under an alternate procurement code developed by the University for economic development and research in accordance with Section 11-51-190 of the South Carolina Code of Laws.

#### A. Sole Source Justifications Not Properly Authorized

We noted that sole source justifications for two items for the projects reviewed were not approved by the USC President, the lone sole source designee under the Alternate Code, but were signed by the Director of Business Affairs instead.

#### B. No Notification of Award Issued

We identified three A/E selections in which no Notification of Awards were sent to all firms responding to the invitation.

### III. Supplies and Services Procurements

#### A. Preferences Not Applied

We noted one procurement in which the resident vendor and the United States end-product preferences were not applied to bids resulting in the improper award of the contract.

#### B. No Written Quote in File

We were not provided the awarded vendor's written quote for a procurement for eight bench seats.

#### C. Inappropriate Competition

We noted that the internet was used to download catalog prices to support competition resulting in no solicitations of competition being made.

#### D. No Proof of Competition

The University did not provide evidence of solicitations of competition on two procurements.

### IV. Sole Source, Emergency and Trade-in Sale Procurements

#### A. Non-Compliance with Drug-Free Workplace Act

The University failed to obtain the drug-free workplace certification on thirty-one (31) sole source procurements greater than \$50,000.

## RESULTS OF EXAMINATION

### I. Construction and Architectural/Engineering Services

Our audit of the University included a review of selected construction and Architectural/Engineering (A/E) services including Indefinite Delivery Contracts (IDC) procured during the period under review. We noted the following exceptions.

#### A. Quarterly Reports of IDCs Not Provided

The University did not provide quarterly reports of IDC activity to the Office of the State Engineer (OSE). We identified four construction IDC projects and four A/E IDC projects where activity was not reported to the OSE. Section 9.2.8 of the Manual for Planning and Execution of State Permanent Improvements, Part II, requires that quarterly reports of IDC activity be submitted to the OSE.

We recommend that the University submit quarterly reports of all IDC activity to the OSE to ensure compliance with this requirement.

## UNIVERSITY RESPONSE

Concur. Due to a software upgrade and changeover of personnel, we lost the quarterly report we provided to OSE. As a result of this audit, we developed a new report and provided OSE all missing reports and will continue to provide them quarterly.

#### B. No Performance and Payment Bonds

During our review of construction contracts, we were not provided Performance and Payment Bonds accompanied by a "Power of Attorney" for four construction contracts.

<u>Project</u>	<u>Purchase Order</u>	<u>Description</u>	<u>Contract Amount</u>
H27-6029	68603	Demolition of Residence Halls	\$668,000
H27-D101	68532	Delivery Order 3 - Waterproofing	\$107,585
H27-D093	68263	Delivery Order 2 - General Construction	\$57,316
H27-9932	68269	Facilities Renovation	\$119,000

Section 11-35-3030(2)(a) of the Code requires performance and payment bonds for contracts exceeding \$50,000 delivered to the governmental body and become binding on the parties upon the execution of the contract for construction as follows: (i) a performance bond satisfactory to the State, in an amount equal to one hundred percent of the portion of the contract price that does not include the cost of operation, maintenance, and finance; (ii) a payment bond satisfactory to the State, for the protection of all persons supplying labor and materials to the contractor or its subcontractors for the performance of the construction work provided for in the contract. The bond must be in an amount equal to one hundred percent of the portion of the contract price that does not include the cost of operation, maintenance, and finance. Per Regulation 19-445.2145(C)(2) of the Code, each bond shall be accompanied by a “Power of Attorney” authorizing the attorney in fact to bind the surety.

We recommend that the University obtain Performance and Payment Bonds on all existing and future construction contracts that exceed \$50,000 to ensure compliance with the SC Procurement Code.

#### UNIVERSITY RESPONSE

Concur. Two of these contracts started below \$50,000, the amount requiring Performance and Payment Bonds. The contractors were notified of the requirement for a Performance and Payment Bond if work order exceeded \$50,000; however, when a change order caused the work order to exceed \$50,000 the bonds were never obtained. After rigorous review of our files, the contractor’s files, and the bonding agencies files, we are unable to reproduce the bond data as was required by the contract guidance. We have now changed our process and assigned this responsibility to a specific procurement specialist to ensure this requirement is strictly enforced.

#### C. Cost Guide Not Properly Applied to Delivery Orders

We identified two construction IDCs in which the discount multiplier used to price work using the Cost Data Guide bid by the contractor were not properly applied to individual delivery orders.

<u>Project</u>	<u>Purchase Order</u>	<u>Description</u>	<u>Contract Amount Not to Exceed</u>
H27-D101	68269	Painting/Waterproofing IDC	\$750,000
H27-D093	68263	General Construction IDC	\$750,000

In the first contract noted, the multiplier stated in the contract was not applied to any of the five delivery orders executed. In the second contract noted, the multiplier was not applied to 22 of the 25 delivery orders executed. Invoices for the three remaining delivery orders reflected a multiplier greater than the percentage stated in the bid.

Per section 9.2.3(B) of the Manual for Planning and Execution of State Permanent Improvements, Part II, (Bid and Award of Construction IDC-Cost Guide and Multiplier), under this method, the agency may select a published cost data guide similar to R.S. Means Cost Data Series as a basis for determining the price of future delivery orders. Unless the agency can prove that the IDC contractor proposes to provide work at a price lower than the multiplier price, the agency must use the IDC contractor's multiplier and cost data guide to price delivery orders assigned under their contract.

We recommend that for those projects in which a discount multiplier has been agreed upon between the University and the contractor, that this multiplier be properly applied to all delivery orders. The University should consider requesting a refund for all amounts paid to the contractor above the multiplier price.

#### UNIVERSITY RESPONSE

Concur. RS Means is no longer used by our University as a basis for IDC Contracts. Previously under IDC Construction contracts, negotiated prices were allowed if an item was not contained in RS Means. In attempting to use RS Means as a reference point, we found this to be ineffective because it was very cumbersome and time consuming. Our new process for administering IDC contracts begins with a solicitation in SCBO for interested contractors, who bid on a representative project. The projected needs of the University determine the number of contractors selected (minimum of three) who competes for each delivery order through a competitive bidding process.

D. Hourly Fee Schedule Not Properly Reflected on Invoice

We identified two A/E IDCs in which the hourly rate schedules provided in the contracts were not applied to invoices received from the contractor.

<u>Project</u>	<u>Purchase Order</u>	<u>Description</u>	<u>Contract Amount</u>
H27-D106	68596	USC Housing Relocation Feasibility Study	\$23,000
H27-D097	68424	USC Biomass Teaching Laboratory	\$11,700

In the first contract noted, the hourly fee schedule was not reflected on the invoice, but was only identified as a 'Feasibility Study' for a total dollar amount due. As a result, we were unable to confirm that the agreed upon hourly fee schedule was applied to this invoice. In the second contract noted, the hourly fee schedule attached to the contract did not agree with the hourly fees charged on the invoice.

Per Section 9.1.2(A)(3) of the Manual for Planning and Execution of State Permanent Improvements, Part II, (Delivery Orders Assigned to the IDC-Required Terms), in the delivery order, the agency must provide a fee schedule for services the professional will provide.

We recommend that the University ensure all invoices reflect the hourly rate being charged to perform contracted services and that this rate agrees with the hourly fee schedule agreed upon between University and the A/E.

We also recommend that the University review all invoices prior to payment to ensure the hourly rate being charged to perform the contracted service agrees with the hourly fee schedule agreed upon between University and the A/E.

The University should consider requesting a refund for all amounts paid to the contractor above the multiplier price.

## UNIVERSITY RESPONSE

Concur. In most cases, the rates charged were less than the rates documented in the contract. In fact, overall we paid \$8,167.35 less than the contracted rate. We requested a refund from the two companies paid above the multiplier. In the future, our procurement staff is to review all IDC contracts, noting hourly rates and classifications.

### II. Alternate Procurement Code (Procurement Code for Economic Development and Research)

Our audit of the University included a review of selected procurements of supplies and services, information technology, construction and A/E services procured under an alternate procurement code developed by the University for economic development and research (i.e. Procurement Code for Economic Development and Research). Projects developed through this alternate procurement code included the Horizon I-Research Facility Construction (Beta), Horizon Center Parking Garage Construction, Discovery I-Research Facility Construction (Omega II), and the Discovery Place Parking Deck Construction (Biomedical). We noted the following exceptions relating to these projects.

#### A. Sole Source Justifications Not Properly Authorized

We noted that sole source justifications for two items for the projects reviewed were not approved by the USC President, the only authorized designee under the alternate code, but were signed by the Director of Business Affairs instead.

<u>Purchase Order</u>	<u>Project</u>	<u>Description</u>	<u>Amount</u>
68764-H	H27-6022	Relocate communications to underground	\$38,839
68949-H	H-27 6023	Environmental Control System	\$156,710

Per Section 1560 of the Alternate Procurement Code for Economic Development and Research, a contract may be awarded for a supply, service, or construction without competition

when the President of USC, under the procurement regulations, determines in writing that there is only one source for the required supply, service, or construction item.

We recommend that the University comply with the requirements of the Alternate Procurement Code regarding sole source authorization.

#### UNIVERSITY RESPONSE

Concur. The process of approval for sole sources under the South Carolina Research University Procurement Code for Research Infrastructure (Alternate Procurement Code) differs from the process used under the SC Consolidated Procurement Code. Under the SC Consolidated Procurement Code, the head of a purchasing agency or their designee, above the level of procurement officer may approve sole sources. In USC's case, this authority has been delegated to the Director of Business Affairs. Under the Alternate Procurement Code, there is no delegation of authority. We did not realize this and as a result processed these sole sources under the established process for approval. We acknowledge this mistake and have sought and received ratification from the President.

#### B. No Notification of Award Issued

We identified three A/E selections in which no Notification of Awards were sent to all firms responding to the invitation. Per Section 3220(8) of the Alternate Procurement Code for Economic Development and Research, once a contract has been successfully negotiated in accordance with Section 3020(7), notification of award of a contract shall be sent to all firms responding to the invitation.

We recommend that the University ensure a Notification of Award is sent to all firms responding to an invitation and that proof of such notification is maintained in file.

#### UNIVERSITY RESPONSE

Concur. Notice of Selection for Contract Negotiation was sent to all firms, as required under the SC Procurement Code; however, the new requirement of the Alternate Procurement Code to send a Notification of Award was not noted, and therefore not sent. A new form for Notification of Award was developed and will be sent on all future procurements under the Alternate Procurement Code.



### III. Supplies and Services Procurements

#### A. Preferences Not Applied

We noted a procurement in which the resident vendor and the United States end-product preferences were not applied to bids resulting in the improper award of the contract. During our review of a software procurement on purchase order A4206 dated 5/21/07 for \$16,382<sup>1</sup>, we noted that the apparent low vendor who received the award claimed no preferences on its \$16,097 bid. The second lowest vendor claimed both resident vendor and United States end-product preferences on its \$16,670 bid. Had the preferences been applied, the apparent low vendor's bid would have been adjusted to \$17,546 causing the second lowest vendor's bid at \$16,670 to become the lowest bid and would have been awarded the contract.

Per 11-35-1524(A) of the Code, a preference of seven percent must be provided to vendors who are residents of South Carolina and an additional two percent for products that are made, manufactured, or grown in the United States as set forth in this section.

We recommend that the University ensure vendor preferences are properly applied when appropriately claimed by vendors.

#### UNIVERSITY RESPONSE

This error occurred due to a lack of understanding on the proper methodology of applying preferences. We have subsequently conducted an audit of solicitations and purchase orders issued by the Aiken campus to ensure compliance with the SC Consolidated Procurement Code and Regulations. We provided detailed refresher training to all of the Purchasing staff at the Aiken campus and emphasized the proper application of all of the preferences. We have been reviewing all of their contract awards in excess of \$10,000 and have found them to be in compliance with the application of preferences.

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<sup>1</sup> Difference between the purchase order amount of \$16,382 and bid amount \$16,097 was due to the purchase of one additional license for \$285.00.

B. No Written Quote in File

During our review of a procurement for eight bench seats issued on purchase order S3271 dated 8/16/07 in the amount of \$8,720, we were not provided the awarded vendor's written quote.

Per 11-35-1550(b) of the Code, solicitations of written quotes from a minimum of three qualified sources of supply for small purchases over two thousand five hundred dollars but not in excess of ten thousand dollars must be made and documentation of the solicitation attached to the purchase requisition.

We recommend that the University comply with the documentation requirements of the Code as required by the statute.

UNIVERSITY RESPONSE

In this case, the procurement officer initially solicited and obtained 1 verbal quote and 2 additional written quotes. The procurement office at Upstate has been counseled that these procurements must have the required written quotes with the file.

C. Inappropriate Competition

We noted that the internet was used to download catalog prices to support competition resulting in no solicitations of competition being made.

<u>Purchase Order</u>	<u>Description</u>	<u>Date</u>	<u>Amount</u>
A3989	Photo equipment	9/21/06	\$6,073
79195J	Digital pens	7/19/07	\$4,746

Code section 11-35-1550(b) requires solicitations of written quotes for purchases over \$2,500 to \$10,000. While downloading prices from internet websites may provide initial price offers from vendors, actual solicitations of written quotes from vendors, including internet catalog vendors insures lowest prices are obtained. In some cases, quantity discounts and

discounts to selected business entities may be available from vendors if requested. These types of discounts are not likely to be realized on vendor web pages.

We recommend that solicitations of competition be made to ensure that the best possible discounts are received.

#### UNIVERSITY RESPONSE

Prior to this audit finding, the Purchasing department had been operating under the premise that quotes downloaded from internet web sites constituted a valid written quote. We have informed all procurement personnel that the use of internet quotes is no longer valid. Procurement officers must contact vendors and request a formal written quotation.

#### D. No Proof of Competition

The University did not provide evidence of solicitations of competition on two procurements.

<u>Purchase Order</u>	<u>Description</u>	<u>Date</u>	<u>Amount</u>
79104	Lighting	7/27/07	\$9,097
52016	Line conditioners	11/10/05	\$2,960

Section 11-35-1550(2)(b) of the Code requires solicitation of written quotes from a minimum of three qualified sources of supply with documentation of the solicitations attached to the purchase requisition for small purchases over \$2,500 to \$10,000. Before June 2006, the statute required solicitations of verbal or written quotes for purchases over \$1,500 to \$5,000.

We recommend that the University comply with the competitive requirements of the Procurement Code as required by the statute.

#### UNIVERSITY RESPONSE

With PO # 79104, it was apparent that only telephone solicitations were conducted. No written quotes were obtained. The buyer responsible for this procurement is no longer employed by the Purchasing department. With PO # 52016, we were not able to verify that additional quotes were solicited. The buyer responsible for this procurement has a history of diligently seeking the required documentation for these procurements in previous fiscal years. It is unclear whether the quotes were obtained and/or lost in filing. The buyer has been counseled on the proper securing and archiving of quotes.

#### IV. Sole Source, Emergency and Trade-in Sale Procurements

We tested sole source, emergency procurements, and trade-in sale procurements made pursuant to Sections 11-35-1560 (Sole Source Procurements) and 11-35-1570 (Emergency Procurements) and Section 11-35-3830 (Trade-in Sale Procurements) to determine the appropriateness of the procurement actions and the accuracy of the quarterly reports submitted to the chief procurement officers required by Section 11-35-2440. We noted the following exception.

##### A. Non-Compliance with Drug-Free Workplace Act

The University failed to obtain the drug-free workplace certification on thirty-one (31) sole source procurements greater than \$50,000 for the period reviewed.

Section 44-107-30 of the Drug-Free Workplace Act requires a written certification on any contract of \$50,000 or more stating that the vendor will provide a drug-free workplace. Sole source procurements are subject to this law.

We recommend that the University obtain signed drug-free workplace certifications from vendors on all future procurements of \$50,000 or more.

#### UNIVERSITY RESPONSE

Drug-free workplace certification forms are obtained for sole sources and are generally kept in a central file. They are solicited separately from the processing of sole sources. When this issue was raised, the forms were retrieved from the file. If a form could not be located, it was immediately obtained and added to the purchase order file. All buyers have been refreshed on obtaining the drug-free certification form and we have changed our internal procedures so that any completed drug-free form is filed with the purchase order.

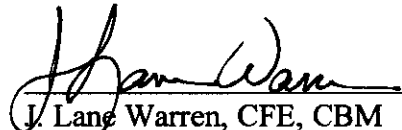
**CERTIFICATION RECOMMENDATIONS**

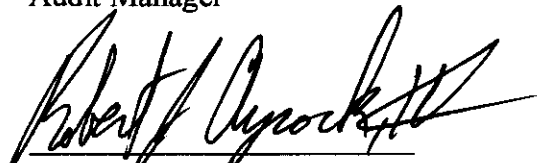
As enumerated in our transmittal letter, corrective action based on the recommendations described in this report, we believe, will in all material respects place The University of South Carolina in compliance with the Consolidated Procurement Code.

Under the authority described in Section 11-35-1210 of the Procurement Code, subject to this corrective action, we will recommend The University of South Carolina be re-certified to make direct agency procurements for three years up to the limits as follows:

<u>PROCUREMENT AREAS</u>	<u>CERTIFICATION LIMITS</u>
Supplies and Services	*\$ 1,500,000 per commitment
Information Technology	*\$ 1,000,000 per commitment
Consultant Services	*\$ 1,500,000 per commitment
Revenue Generating Management Services	*\$ 15,000,000 per commitment
Construction Contract	\$ 2,000,000 per commitment
Construction Contract Change Order	\$ 500,000 per change order
Architect/Engineer Contract Amendment	\$ 100,000 per amendment

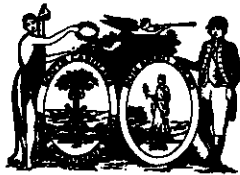
\*The total potential purchase commitment whether single year or multi-term contracts are used.

  
J. Lane Warren, CFE, CBM  
Audit Manager

  
Robert J. Aycock, IV, Manager  
Audit and Certification

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R. VOIGHT SHEALY  
MATERIALS MANAGEMENT OFFICER

June 1, 2009

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

Dear Voight:

We have reviewed the response from the University of South Carolina to our audit report for the period of January 1, 2005 to March 31, 2008. Also we have followed the University's corrective action during and subsequent to our fieldwork. We are satisfied that the University of South Carolina has corrected the problem areas and the internal controls over the procurement system are adequate.

Therefore, we recommend the Budget and Control Board grant the University of South Carolina the certification limits noted in our report for a period of three years.

Sincerely,

Robert J. Aycock, IV, Manager  
Audit and Certification

RJA/gs

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