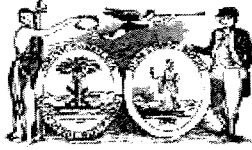


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MATERIALS MANAGEMENT OFFICE  
1201 MAIN STREET, SUITE 600  
COLUMBIA, SOUTH CAROLINA 29201  
(803) 737-0600  
Fax (803) 737-0639

R. VOIGHT SHEALY  
MATERIALS MANAGEMENT OFFICER

August 20, 2002

Mr. Delbert H. Singleton Jr.  
Director  
Procurement Services Division  
6<sup>th</sup> Floor-Wade Hampton Building  
Columbia, South Carolina 29201

Dear Delbert:

I have attached the audit reports prepared by the Office of Audit and Certification for fourteen agencies and commissions subject to the provisions of the South Carolina Consolidated Procurement Code and ensuing regulations. The list at the front shows the audit reports. Since we are not recommending any certification above the basic \$5,000 allowed by the Code, no action is required by the Budget and Control Board. Therefore, I recommend the reports be presented to the Budget and Control Board as information.

Sincerely,

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

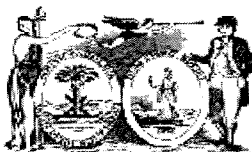
R. Voight Shealy  
Materials Management Officer

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R. VOIGHT SHEALY  
MATERIALS MANAGEMENT OFFICER

August 20, 2002

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

Dear Voight:

The Office of Audit and Certification completed the audits of fourteen agencies and commissions subject to the South Carolina Consolidated Procurement Code. The attached list shows the audits performed. Also, I have included the audit reports and responses that were received.

The audits were performed to determine the appropriateness of the procurement actions taken and to ensure compliance with the Code and ensuing regulations. As part of the audits, we evaluated the internal controls over the procurement transactions to the extent we deemed necessary. We reviewed sole source and emergency procurements one hundred percent.

The administration of each entity 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 the 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 examinations 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 these reports that we believe need correction or improvement.

We have followed up at each agency to determine that the recommended corrective action has taken place. Since none of the agencies requested certification above the \$5,000 limit allowed by the Code, no action is required by the Budget and Control Board. I recommend that these reports be submitted as information to the Budget and Control Board.

Sincerely,



Larry G. Sorrell, Manager  
Audit and Certification

c: Audit staff

Total Copies Printed	14
Unit Cost -	.54
Total Cost	\$7.56

## **RECAP OF FOURTEEN AUDITS**

### Agency

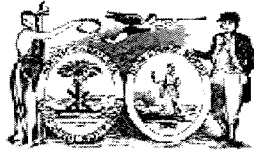
1. Administrative Law Judge Division
2. State Accident Fund
3. South Carolina Office of Appellate Defense
4. South Carolina Department of Archives and History
5. South Carolina Higher Education Tuition Grants Commission
6. South Carolina Human Affairs Commission
7. South Carolina Office of Indigent Defense
8. South Carolina Department of Insurance
9. South Carolina State Library
10. South Carolina Medical Malpractice Patients' Compensation Fund
11. South Carolina Commission for Minority Affairs
12. South Carolina Commission on Prosecution Coordination
13. South Carolina Second Injury Fund
14. South Carolina Sentencing Guidelines

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R. VOIGHT SHEALY  
MATERIALS MANAGEMENT OFFICER

May 23, 2002

Mr. Marvin F. Kittrell  
South Carolina Administrative Law Judge Division  
1205 Pendleton Street PO Box 11667  
Columbia, South Carolina, 29211

Dear Mr. Kittrell:

On May 9, 2002, we examined the Division's procurement records for the period of January 1, 2001 through March 31, 2002. This review conducted was to determine the appropriateness of the procurement actions taken and to ensure compliance with the South Carolina Consolidated Procurement Code and ensuing regulations. We noted no material exceptions.

Since you have not requested additional certification, we recommend the Division be allowed to procure all goods and services, construction, information technology, and consultant services up to the basic level of \$5,000 as outlined in the South Carolina Consolidated Procurement Code.

I will proceed with forwarding the audit report to the State Budget and Control Board.

We appreciate the cooperation that you and your staff provided during our audit. If we may be of assistance in the future, please call me at 737-0621 or David Rawl at 737-0646.

Sincerely,

A handwritten signature in cursive script that reads 'Larry G. Sorrell'.

Larry G. Sorrell, Manager  
Audit and Certification

/jl

c: Bonnibel G. Moffat, Business Manager  
David Rawl, CPPB, Senior Auditor

STATE OF SOUTH CAROLINA  
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R. VOIGHT SHEALY  
MATERIALS MANAGEMENT OFFICER

August 1, 2002

Mr. Irvin D. Parker, Director  
State Accident Fund  
800 Dutch Square Blvd., Suite 160  
Columbia, South Carolina 29221-5000

Dear Mr. Parker:

On June 19 - 20, 2002, we examined the State Accident Fund's procurement records for the period of January 1, 2001 through March 31, 2002. This review was conducted to determine the appropriateness of the procurement actions taken and to ensure compliance with the South Carolina Consolidated Procurement Code and ensuing regulations in all material respects.

The Fund has a limited number of procurement transactions. Our examination of these indicated each was handled properly except for the following items.

The following two procurements were not supported by evidence of competition.

<u>Voucher</u>	<u>Date</u>	<u>Amount</u>	<u>Description</u>
DV 476	01/04/01	\$1,848	Business Recovery Service
DV 48	07/31/01	3,353	Equipment maintenance agreement

Additionally, purchase order 3261 was issued on 7/2/01 that included computer supplies of \$2,061. Purchase order 3264 was issued on 7/3/01 for \$3,186 to purchase four computer desks. The Fund solicited adequate competition for the desks but did not solicit competition for the computer supplies. The Fund should have solicited competition based on all the items.

W

they were in compliance with the South Carolina Drug-Free Workplace Act per Section 44-107-30 of the South Carolina Code of Laws. We recommend the Fund obtain the drug-free workplace certification on all source sole procurements greater than \$50,000.

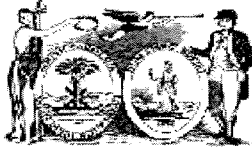
Since you have not requested additional certification, we recommend the State Accident Fund be allowed to continue procuring all goods and services, construction, information technology, and consultant services up to the basic level of \$5,000 as outlined in the South

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R. VOIGHT SHEALY  
MATERIALS MANAGEMENT OFFICER

June 5, 2002

Mr. Daniel T. Stacey, Chief Attorney  
South Carolina Office of Appellate Defense  
1122 Lady Street, Suite 940  
Columbia, South Carolina 29201

Dear Mr. Stacey:

On May 20 through 21, 2002, we examined the Office's procurement records for the period of January 1, 2001 through March 31, 2002. This review was conducted to determine the appropriateness of the procurement actions taken and to ensure compliance with the South Carolina Consolidated Procurement Code and ensuing regulations.

The Office had a limited number of procurement transactions. Our examination of these indicated each was handled properly except for the following items.

The Office failed to file a Minority Business Enterprise (MBE) Utilization Plan with the Office of Small and Minority Business Assistance (OSMBA) of the Governor's Office. In smaller agencies with annual operational dollars less than \$300,000, OSMBA will allow an agency to submit a "Letter of Intent" in lieu of a plan. This recognizes the fact that the agency will try to buy from minority firms when ever possible. We recommend that the Office file a "Letter of Intent" along with an annual report recapping the number and dollar value of contracts awarded to eligible minority business during the preceding year. This finding was noted in our previous audit.

The Office had one sole source procurement for database programming services for \$3,775. The written determination was signed after the services had been rendered. Section 11-35-1560 requires that the written determination be prepared prior to the proposed sole source procurement. Since the written determination was completed after the contract, the service is unauthorized as defined in Regulation 19-445.2015. We recommend that written determinations be completed prior to proposed sole source procurements. The Office must submit a ratification request in accordance with Regulation 19-445.2015 to you or your designee for the unauthorized procurement.



The Office of Information Resources (OIR) Print Shop does all of the Office's outside copying. The majority of copying was for legal documents for court exhibits and did not exceed \$500. However, we noted that voucher 20 included a job for \$1,758 and voucher 201 included a job for \$1,740. Since the value of each job exceeded, the Office should have solicited competition in accordance with Section 11-35-1550 (2)(b). Additionally, the total paid to the OIR Print Shop from January of 2001 through June of 2001 was \$28,515. We recommend the Office seek competition for procurements that exceed \$1,500. We also recommend the Office establish an agency contract for copying services.

Since you have not requested additional certification, we recommend the Office be allowed to procure all goods and services, construction, information technology, and consultant services up to the basic level of \$5,000 as outlined in the South Carolina Consolidated Procurement Code.

If you wish to discuss our review or any other procurement related matter, we will be glad to meet with you at your convenience. Otherwise, I ask that you formally respond in writing to this report no later than June 20, 2002.

We appreciate the cooperation that you and your staff provided during our audit. If we may be of assistance in the future, please call me at 737-0621 or Melissa Rae Thurstin at 737-0644.

Sincerely,



Larry G. Sorrell, Manager  
Audit and Certification

/jl

c: Jeffrey Smith, Business Manager  
Melissa Rae Thurstin, Senior Auditor

## South Carolina Office of Appellate Defense

Daniel T. Stacey  
Chief Attorney  
Joseph L. Savitz, III  
Deputy Chief Attorney

Wanda H. Haile  
Senior Assistant Appellate Defender

1122 Lady Street, Suite 940  
Columbia, S.C. 29201-3243

Telephone: (803) 734-1330  
Fax: (803) 734-1397

Robert M. Pachak  
Robert M. Dudek  
Tara S. Taggart  
Aileen P. Clare  
Eleanor Duffy Cleary  
Assistant Appellate Defenders

June 20, 2002

Mr. Larry G. Sorrell, Manager  
Audit and Certification  
1201 Main Street, Suite 600  
Columbia, SC 29201

Dear Mr. Sorrell:

This is response to your letter of June 5, 2002, concerning the procurement transaction audit conducted at our office.

Jeff Smith on vacation this week, however, he is obtaining the appropriate information to develop a "letter of intent" concerning the MBE Utilization Plan and will be following this policy henceforth.

The sole source procurement has been ratified per the attached letter.

Mr. Smith is in the process of negotiating with Lois Whitley at the printshop and other vendors to develop a contract for printing jobs.

Mr. Smith is asked to consult with you concerning the recommendation that your office be allowed to procure our all goods and services per the second page of your letter.

Sincerely,



Daniel T. Stacey  
Chief Attorney

DTS/sag

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*State Budget and Control Board*  
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(803) 737-0600  
Fax (803) 737-0639

R. VOIGHT SHEALY  
MATERIALS MANAGEMENT OFFICER

June 13, 2002

Dr. Rodger E. Stroup, Director  
South Carolina Department of Archives and History  
8301 Parklane Road  
Columbia, South Carolina 29223-4905

Dear Dr. Stroup:

On June 4-7, 2002, we examined the Department of Archives and History's procurement records for the period of January 1, 2001 through March 31, 2002. This review was conducted to determine the appropriateness of the procurement actions taken and to ensure compliance with the South Carolina Consolidated Procurement Code and ensuing regulations.

The Department had a limited number of procurement transactions. Our examination of these indicated each was handled properly except for the following items.

The Department failed to file a Minority Business Enterprise (MBE) Utilization Plan and to submit quarterly reports with the Office of Small and Minority Business Assistance (OSMBA) of the Governor's Office. Section 11-35-5240 of the South Carolina Consolidated Procurement Code requires that annual plans be submitted by July 30<sup>th</sup> of each year and that quarterly progress reports be submitted within 10 days after the end of each fiscal quarter. We recommend the Department comply with the requirements of the Code for the MBE program.

The Department has several blanket purchase agreements that are called "open" purchase orders. However, the open purchase orders do not address the items required by Regulation 19-445.2100 for blanket purchase agreements. We recommend the Department add the appropriate items noted in the Regulation 19-445.2100 to the open purchase orders.

The Department reported PO 19 for \$1,995 as sole source procurement. The procurement was for software maintenance, which is an exempt item. We recommend the Department submit an amended report to delete the procurement.

The Department issued PO 327 that included a trade in of a copier that had an acquisition cost of \$10,369. The Department failed to obtain the approval from the Information Technology Management Officer as required in Regulation 19-445.2150 (G) for any trade in with an acquisition cost greater than \$5,000. Without the approval, the trade in was unauthorized as defined in Regulation 19-445.2015. We recommend the Department comply with Regulation 19-445.2150 for trade in activity. The Department

must request ratification from the Information Technology Officer in accordance with Regulation 19-445.2015 for the unauthorized trade in.

The Department could not locate the written determinations to support four sole source procurements. Section 11-35-1560 of the Code requires that each proposed sole source procurement be supported by a written determination. Without the written determinations, we could not verify the appropriateness of the method. We recommend the Department prepare the written determinations to support each proposed sole source procurement.

The Department leased a postage machine for sixty months. The payments are \$350 per quarter for a total value of \$7,000. The Department did not solicit competition for the lease. Since the total value exceeds the Department's procurement certification of \$5,000, the procurement is unauthorized as defined in Regulation 19-445.2015. We recommend the Department comply with the procurement methods per Section 11-35-1510 of the Code. The Department must request ratification from the Materials Management Officer in accordance with Regulation 19-445.2015 for the unauthorized procurement.

Since you have not requested additional certification, we recommend the Department be allowed to procure all goods and services, construction, information technology, and consultant services up to the basic level of \$5,000 as outlined in the South Carolina Consolidated Procurement Code.

If you wish to discuss our review or any other procurement related matter, we will be glad to meet with you at your convenience. Otherwise, I ask that you formally respond in writing to this report no later than June 25, 2002.

We appreciate the cooperation that you and your staff provided during our audit. If we may be of assistance in the future, please call me at 737-0621 or Melissa Thurstin at 737-0644.

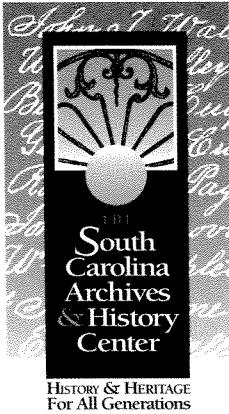
Sincerely,



Larry G. Sorrell, Manager  
Audit and Certification

/jl

C: Ms. Eleanor C. Doster, Fiscal Manager  
Melissa Rae Thurstin, Senior Auditor



August 1, 2002

Mr. Larry G. Sorrell  
Manager. Audit and Certification  
Materials Management Office  
1201 Main Street, Suite 600  
Columbia, SC 29201

Dear Mr. Sorrell:

In response to your letter at the conclusion of examination of the Department of Archives and History's procurement records for the period of January 1, 2001 through March 31, 2002, all exceptions have been noted. We make a conscious effort to ensure the agency is in compliance with the SC Consolidated Procurement Code, but with the loss of our procurement officer, and 27% of our staff (due to budget cuts), times have been difficult. The remaining staff has been inundated with additional duties and some of the procedures were not properly followed or documented. We are making efforts to take corrective action in all of the exceptions noted in your audit review.

If you have questions or need anything further, I can be reached at 896-6163 or at [doster@scdah.state.sc.us](mailto:doster@scdah.state.sc.us) by e-mail.

Sincerely,

A handwritten signature in cursive script that reads "Eleanor Doster".

Eleanor Doster  
Budget and Finance

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*State Budget and Control Board*  
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R. VOIGHT SHEALY  
MATERIALS MANAGEMENT OFFICER

June 5, 2002

Mr. Edward M. Shannon, III.  
South Carolina Higher Education Tuition Grants Commission  
101 Business Park Blvd.  
Columbia, South Carolina 29203-9498

Dear Mr. Shannon:

On June 3, 2002, we examined the South Carolina Higher Education Tuition Grants Commission's procurement records for the period of January 1, 2001 through March 31, 2002. This review was conducted to determine the appropriateness of the procurement actions taken and to ensure compliance with the South Carolina Consolidated Procurement Code and ensuing regulations in all material respects. We did not note any material deficiencies during our review.

Since you have not requested additional certification, we recommend the Commission be allowed to procure all goods and services, construction, information technology, and consultant services up to the basic level of \$5,000 as outlined in the South Carolina Consolidated Procurement Code.

I will proceed with forwarding the audit report to the State Budget and Control Board.

We appreciate the cooperation that you and your staff provided during our audit. If we may be of assistance in the future, please call me at 737-0621 or Jimmy Aycock at 737-0647.

Sincerely,

A handwritten signature in black ink that reads "Larry G. Sorrell".

Larry G. Sorrell, Manager  
Audit and Certification

/jl

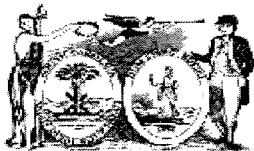
c: Earl Mayo, Deputy Director  
Robert J. Aycock, IV, Audit Manager

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R. VOIGHT SHEALY  
MATERIALS MANAGEMENT OFFICER

June 11, 2002

Mr. Jesse Washington, Jr., Commissioner  
South Carolina Human Affairs Commission  
2611 Forest Drive, Suite 200  
Columbia, South Carolina 29240

Dear Mr. Washington:

On May 29-31, 2002, we examined the Human Affairs Commission's procurement records for the period of January 1, 2001 through March 31, 2002. This review was conducted to determine the appropriateness of the procurement actions taken and to ensure compliance with the South Carolina Consolidated Procurement Code and ensuing regulations.

The Commission had a limited number of procurement transactions. Our examination of these indicated each was handled properly except for the following item.

The following three procurements lacked documentation that competition was solicited from three vendors. Each procurement was supported by solicitation of two vendors.

<u>PO</u>	<u>Date</u>	<u>Amount</u>	<u>Description</u>
1287	3/29/02	\$1,770	Pressboard folders
1285	3/06/02	2,543	Toner cartridges
1239	1/02/01	3,574	Printing services

Section 11-35-1550(2)(b) of the Code requires solicitation of verbal or written quotes from a minimum of three qualified sources for procurements from \$1,500.01 to \$5,000. The file needs to include documentation on the solicitation from three vendors. We recommend the Commission comply with the Code concerning competitive requirements.

Since you have not requested additional certification, we recommend the Commission be allowed to procure all goods and services, construction, information technology, and consultant

services up to the basic level of \$5,000 as outlined in the South Carolina Consolidated Procurement Code.

If you wish to discuss our review or any other procurement related matter, we will be glad to meet with you at your convenience. Otherwise, I ask that you formally respond in writing to this report no later than June 24, 2002.

We appreciate the cooperation that you and your staff provided during our audit. If we may be of assistance in the future, please call me at 737-0621 or Jim Stiles at 737-0645.

Sincerely,

A handwritten signature in black ink that reads "Larry G. Sorrell". The signature is written in a cursive style with a large initial "L" and "S".

Larry G. Sorrell, Manager  
Audit and Certification

c: Margaret Percell, Procurement Officer  
Jim Stiles, CPPB, Audit Manager





STATE OF SOUTH CAROLINA



## HUMAN AFFAIRS COMMISSION

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To file complaints dial (803) 737-7800  
or 1-800-521-0725 (In-State-Only)

Jesse Washington, Jr.  
Commissioner

June 28, 2002

Mr. Larry G. Sorrell, Manager  
Audit and Certification  
Procurement Services Division  
Materials Management Office  
1201 Main Street, Suite 600  
Columbia, South Carolina 29201

Dear Mr. Sorrell:

I spoke with our procurement officer in reference to your letter which is dated June 11, 2002 regarding our agency's compliance with the South Carolina Consolidated Procurement Code and Regulations.

Due to the budget reductions of the past two years, our spending is very targeted and limited. We have decreased our purchases to the minimal level which are necessary to provide the services required by the mandate and statute of the agency. Of the three items you cited which lacked written documentation of solicitation from at least three vendors, it was discovered that we did in fact attempt to obtain more than three quotes which were written on "Post-It" notes that were inadvertently misplaced during our internal preparation process. Post-It notes will no longer be used as a part of the permanent financial records because they do come off when files are handled so often.

Thank you for your consideration and assistance and we will be careful to take the necessary precautions in complying with the Code concerning competitive requirements in the future.

With kindest regards, I am

Sincerely,

Jesse Washington, Jr.  
Commissioner

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CHAIRMAN, WAYS AND MEANS COMMITTEE

FRANK W. FUSCO  
EXECUTIVE DIRECTOR

DELBERT H. SINGLETON, JR.  
DIVISION DIRECTOR  
(803) 734-2320

MATERIALS MANAGEMENT OFFICE  
1201 MAIN STREET, SUITE 600  
COLUMBIA, SOUTH CAROLINA 29201  
(803) 737-0600  
Fax (803) 737-0639

R. VOIGHT SHEALY  
MATERIALS MANAGEMENT OFFICER

May 30, 2002

Mr. Tyree D. Lee, Jr.  
South Carolina Office of Indigent Defense  
1122 Lady Street, Suite 1110  
Columbia, South Carolina 29211-1433

Dear Mr. Lee:

On May 22-23, 2002, we examined the South Carolina Office of Indigent Defense's procurement records for the period of January 1, 2001 through March 31, 2002. This review was conducted to determine the appropriateness of the procurement actions taken and to ensure compliance with the South Carolina Consolidated Procurement Code and ensuing regulations in all material respects. We did not note any material deficiencies during our review. We did note procurement for a management information system maintenance contract that should be forwarded to the State CIO for solicitation since the potential contract value will exceed your certification. Additionally, one other contract for repairs to the management information system exceeded \$1,500 and was not supported by solicitations of competition. An emergency procurement action may have been appropriate given the circumstances.

Since you have not requested additional certification, we recommend the Office be allowed to procure all goods and services, construction, information technology, and consultant services up to the basic level of \$5,000 as outlined in the South Carolina Consolidated Procurement Code.

I will proceed with forwarding the audit report to the State Budget and Control Board.

We appreciate the cooperation that you and your staff provided during our audit. If we may be of assistance in the future, please call me at 737-0621 or Jimmy Aycock at 737-0647.

Sincerely,

Larry G. Sorrell, Manager  
Audit and Certification

/jl

c: Lisa A. Graves, Administrative Manager  
Robert J. Aycock, IV, Audit Manager

STATE OF SOUTH CAROLINA  
*State Budget and Control Board*  
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R. VOIGHT SHEALY  
MATERIALS MANAGEMENT OFFICER

June 20, 2002

Mr. Tim Baker  
Deputy Director, Administrative Services  
South Carolina Department of Insurance  
300 Arbor Lake Drive, Suite 1200  
Columbia, South Carolina, 29223

Dear Mr. Baker:

On June 11 - 12, 2002, we examined the Department's procurement records for the period of January 1, 2001 through March 31, 2002. This review conducted was to determine the appropriateness of the procurement actions taken and to ensure compliance with the South Carolina Consolidated Procurement Code and ensuing regulations. We did not note any material deficiencies during our review.

Since you have not requested additional certification, we recommend the Department be allowed to procure all goods and services, construction, information technology, and consultant services up to the basic level of \$5,000 as outlined in the South Carolina Consolidated Procurement Code.

I will proceed with forwarding the audit report to the State Budget and Control Board.

We appreciate the cooperation that you and your staff provided during our audit. If we may be of assistance in the future, please call me at 737-0621 or David Rawl at 737-0646.

Sincerely,

A handwritten signature in cursive script that reads "Larry G. Sorrell".

Larry G. Sorrell, Manager  
Audit and Certification

/jl

C: Kenneth Willis, Procurement Manager  
David Rawl, CPPB, Senior Auditor

STATE OF SOUTH CAROLINA  
*State Budget and Control Board*  
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DIVISION DIRECTOR  
(803) 734-2320

MATERIALS MANAGEMENT OFFICE  
1201 MAIN STREET, SUITE 600  
COLUMBIA, SOUTH CAROLINA 29201  
(803) 737-0600  
Fax (803) 737-0639

R. VOIGHT SHEALY  
MATERIALS MANAGEMENT OFFICER

May 28, 2002

Mr. James B. Johnson, Jr., Director  
South Carolina State Library  
1430 Senate Street  
Columbia, South Carolina 29201

Dear Mr. Johnson:

On May 14-15, 2002, we examined the Library's procurement records for the period of January 1, 2001 through March 31, 2002. This review conducted was to determine the appropriateness of the procurement actions taken and to ensure compliance with the South Carolina Consolidated Procurement Code and ensuing regulations.

The Library had a limited number of procurement transactions. Our examination of these indicated each was handled properly except for the following items.

The Library issued requisition 317103 on June 5, 2001 as a sole source procurement for the installation of a computer firewall for \$2,282. The installation of the computer firewall does not meet the criteria for a sole source as defined in Section 11-35-1560 of the Code and Regulation 19-445.2105. We recommend the Library comply with the Code and regulations concerning sole source procurements.

The Library reported software maintenance, an exempt item, as a sole source procurement of \$34,930 that was paid on voucher DV 20. We recommend that exempt items are not reported as

If you wish to discuss our review or any other procurement related matter, we will be glad to meet with you at your convenience. Otherwise, I ask that you formally respond in writing to this report no later than June 20, 2002.

We appreciate the cooperation that you and your staff provided during our audit. If we may be of assistance in the future, please call me at 737-0621 or Melissa Rae Thurstin at 737-0644.

Sincerely,

A handwritten signature in black ink, appearing to read "Larry G. Sorrell". The signature is written in a cursive style with a large, prominent "L" and "S".

Larry G. Sorrell, Manager  
Audit and Certification

/jl

c: Vicki Maxheimer, Business Manager  
Melissa Rae Thurstin, Senior Auditor



June 17, 2002

Mr. Larry G. Sorrell, Manager  
Audit and Certification  
Materials Management Office  
1201 Main Street, Suite 600  
Columbia, South Carolina 29201

Dear Mr. Sorrell:

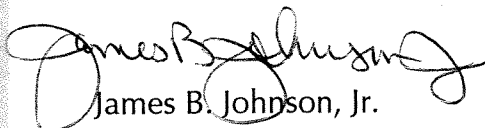
We have reviewed the procurement audit report of the South Carolina State Library for the period of January 1, 2001 through March 31, 2002, and concur with the findings of the Office of Audit and Certification. Two exceptions were noted in your letter of May 28, 2002.

Purchase requisition 317103 issued on June 5, 2001 in the amount of \$2,282.00 for the installation of a computer firewall should not have been declared a sole source. Documentation on the individuals contacted and prices quoted on the installation of the computer firewall should have been kept and forwarded to the Procurement Officer. The State Library will comply with the Code and regulations concerning sole source procurements in the future.

The State Library reported maintenance on software and hardware for our automated library system in the amount of \$54,724.20. Melissa Thurstin informed us during her audit that we did not need to report the software portion of the maintenance in the amount of \$34,930.00. The State Library will not report this exempt portion of the maintenance in the future.

We believe the corrective actions noted above will place the South Carolina State Library in compliance with the Consolidated Procurement Code and ensuing regulations.

Sincerely yours,

  
James B. Johnson, Jr.  
Director

Administrative Offices  
1430 Senate Street

Information  
Resources Center  
1500 Senate Street

P.O. Box 11469  
Columbia, S.C. 29211

(803) 734-8666 Voice

(803) 734-8676 Fax

[www.state.sc.us/scsl](http://www.state.sc.us/scsl)

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Fax (803) 737-0639

R. VOIGHT SHEALY  
MATERIALS MANAGEMENT OFFICER

May 13, 2002

Ms. Mary Ann West  
Fund Coordinator  
South Carolina Medical Malpractice Patients' Compensation Fund  
Post Office Box 210738  
Columbia, South Carolina 29221-0738

Dear Ms. West:

On May 6-8, 2002, we examined the South Carolina Medical Malpractice Patients' Compensation Fund's procurement records for the period of January 1, 2001 through March 31, 2002. This review was conducted to determine the appropriateness of the procurement actions taken and to ensure compliance with the South Carolina Consolidated Procurement Code and ensuing regulations.

The Fund had a limited number of procurement transactions. Our examination of these indicated each was handled properly except for the following item.

The following three procurements were not supported by evidence of competition.

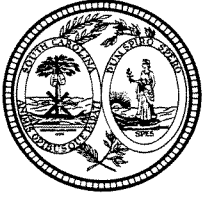
<u>Voucher</u>	<u>Date</u>	<u>Amount</u>	<u>Description</u>
639	5/16/01	\$3,218	Consulting and programming services
676	6/11/01	2,118	Consulting and programming services
355	1/22/02	2,393	Consulting and programming services

Section 11-35-1550(2)(b) of the Code requires solicitation of verbal or written quotes from a minimum of three qualified sources for procurements from \$1,500.01 to \$5,000. Our audit in 1998 contained the same type exception to the same vendor as the three procurements noted above. We recommend the Fund comply with the Code concerning competitive requirements.

Since you have not requested additional certification, we recommend the Fund be allowed to

procure all goods and services, construction, information technology, and consultant services up





Edward W. Catalano, Jr., M.D.  
Chairman of the Board

South Carolina Medical Malpractice  
PATIENTS' COMPENSATION FUND

POST OFFICE BOX 210738  
COLUMBIA, SOUTH CAROLINA 29221-0738  
Ph. 803-731-1687 • Fax 803-731-1691

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June 12, 2002

Larry G. Sorrell, Manager  
Audit and Certification  
B & C Board  
Procurement Service Division  
1202 Main Street, Suite 600  
Columbia, S. C. 29201

Dear Mr. Sorrell:

It was a pleasure to talk with you today regarding the procurement review of the Patients Compensation Fund and I apologize that there was a short delay in my response to you.

The Patients Compensation Fund will comply with Section 11-35-1550 (2) B of the code that requires solicitation of verbal or written quotes from a minimum of three qualified sources for procurements from \$1,500.01 to \$5,000.

On-Line Systems designed our software system back in 1997 and we have continued to use their services for updating and maintaining all of our software programs. I have contact Dr. Edward W. Catalano, Jr. and we feel that the consulting and programming services provided by On-Line Systems would qualify under sole source.

Please let me know if I can provide additional information regarding this matter.

Sincerely,

Mary Ann West  
PCF Fund Coordinator

Cc: Jim Stiles, CPPB, Audit Manager

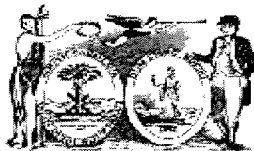
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COLUMBIA, SOUTH CAROLINA 29201  
(803) 737-0600  
Fax (803) 737-0639

R. VOIGHT SHEALY  
MATERIALS MANAGEMENT OFFICER

May 30, 2002

Ms. Janie A. Davis, Executive Director  
South Carolina Commission for Minority Affairs  
6904 N. Main Street, Suite 107  
Columbia, South Carolina 29203

Dear Ms. Davis:

On May 21-23, 2002, we examined the Commission for Minority Affairs' procurement records for the period of January 1, 2001 through March 31, 2002. This review was conducted to determine the appropriateness of the procurement actions taken and to ensure compliance with the South Carolina Consolidated Procurement Code and ensuing regulations.

The Commission had a limited number of procurement transactions. Our examination of these indicated each was handled properly except for the following items.

We noted the following six procurements were not supported by evidence of competition.

<u>Voucher</u>	<u>Date</u>	<u>Amount</u>	<u>Description</u>
417	1/10/01	\$4,558	Printing services
464	3/16/01	2,242	Printing services
535	7/12/01	3,249	Computer supplies
548	7/19/01	2,832	Office supplies
611	10/26/01	1,606	Printing services
657	1/28/02	4,498	Printing services

Section 11-35-1550(2) of the Code requires solicitation of verbal and written quotes from a minimum of three qualified sources for procurements from \$1,500.01 to \$5,000.00 unless the

procurements are determined to be exempt, sole source, emergency, or term contract item. We recommend the Commission comply with the competitive requirements of the Code when applicable.

Since you have not requested additional certification, we recommend the Commission be allowed to procure all goods and services, construction, information technology, and consultant services up to the basic level of \$5,000 as outlined in the South Carolina Consolidated Procurement Code.

If you wish to discuss our review or any other procurement related matter, we will be glad to meet with you at your convenience. Otherwise, I ask that you formally respond in writing to this report no later than June 20, 2002.

We appreciate the cooperation that you and your staff provided during our audit. If we may be of assistance in the future, please call me at 737-0621 or Jim Stiles at 737-0645.

Sincerely,



Larry G. Sorrell, Manager  
Audit and Certification

/jl

c: Thomas J. Smith, Administrative Coordinator  
Jim Stiles, CPPB, Audit Manager

# State of South Carolina



## Commission for Minority Affairs

6904 North Main Street, Suite 107  
Columbia, South Carolina 29203

PHONE: (803) 333-9621  
FAX: (803) 333-9627

June 19, 2002

Mr. Larry G. Sorrell  
Manager, Audit and Certification  
Materials Management Office  
1201 Main Street, Suite 600  
Columbia, South Carolina 29201

Dear Mr. Sorrell:

I have reviewed the findings outlined in your letter of May 30, 2002 regarding our procurement records for the period January 1, 2001 through March 31, 2002. I have noted the breach in our procedures which allowed for the purchasing of items without having the proper documentation attached to the purchase order, prior to my signature.

In order to ensure that this does not occur in the future, I have met with persons involved in the procurement process and have indicated that I will not sign off on procurement requests unless the documentation is attached or noted on the purchase requisition. This should correct the problem immediately.

Thank you for your timely review and response. If additional information is needed, please contact.

Sincerely,

A handwritten signature in cursive script that reads "Janie A. Davis".

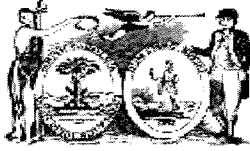
Janie A. Davis  
Executive Director

STATE OF SOUTH CAROLINA  
*State Budget and Control Board*  
PROCUREMENT SERVICES DIVISION

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GOVERNOR

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STATE TREASURER

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COLUMBIA, SOUTH CAROLINA 29201  
(803) 737-0600  
Fax (803) 737-0639

R. VOIGHT SHEALY  
MATERIALS MANAGEMENT OFFICER

May 15, 2002

Mr. William D. Bilton, Executive Director  
South Carolina Commission on Prosecution Coordination  
1003 Gervais Street  
Columbia, South Carolina, 29211-1561

Dear Mr. Bilton:

On May 1 - 2, 2002, we examined the Commission's procurement records for the period of January 1, 2001 through March 31, 2002. This review conducted was to determine the appropriateness of the procurement actions taken and to ensure compliance with the South Carolina Consolidated Procurement Code and ensuing regulations. We noted no material exceptions.

Since you have not requested additional certification, we recommend the Commission be allowed to procure all goods and services, construction, information technology, and consultant services up to the basic level of \$5,000 as outlined in the South Carolina Consolidated Procurement Code.

I will proceed with forwarding the audit report to the State Budget and Control Board.

We appreciate the cooperation that you and your staff provided during our audit. If we may be of assistance in the future, please call me at 737-0621 or David Rawl at 737-0646.

Sincerely,

Larry G. Sorrell, Manager  
Audit and Certification

/jl

c: Tina Thompson, Executive Assistant  
David Rawl, CPPB, Senior Auditor

STATE OF SOUTH CAROLINA  
*State Budget and Control Board*  
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COLUMBIA, SOUTH CAROLINA 29201  
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R. VOIGHT SHEALY  
MATERIALS MANAGEMENT OFFICER

May 30, 2002

Mr. Douglas P. Crossman, Director  
South Carolina Second Injury Fund  
220 Executive Center Drive  
Winthrop Building, Suite 119  
Columbia, South Carolina 29210

Re: Compliance Audit of Fund Procurement Activity

Dear Mr. Crossman:

On May 21 - 23 2001, we examined the Second Injury Fund's procurement records for the period of January 1, 2001 through March 31, 2002. This review was conducted to determine the appropriateness of the procurement actions taken and to ensure compliance with the South Carolina Consolidated Procurement Code and ensuing regulations.

If you wish to discuss our review or any other procurement related matter, we will be glad to meet with you at your convenience. Otherwise, I ask that you formally respond in writing to this report no later than June 20, 2002.

We appreciate the cooperation that you and your staff provided during our audit. If we may be of assistance in the future, please call me at 737-0621 or David Rawl at 737-0646.

Sincerely,

A handwritten signature in black ink, appearing to read "Larry G. Sorrell". The signature is written in a cursive style with a large initial "L".

Larry G. Sorrell, Manager  
Audit and Certification

cc: Mike Harris, Director of Management Services  
David Rawl, CPPB, Senior Auditor

# The South Carolina Second Injury Fund



WINTHROP BUILDING, SUITE 119  
220 EXECUTIVE CENTER DRIVE  
COLUMBIA, S.C. 29210

DOUGLAS P. CROSSMAN  
DIRECTOR

(803) 798-2722  
FAX: (803) 798-5290

June 5, 2002

Mr. Larry G. Sorrell  
Manager, Audit and Certification  
Materials Management Office  
1201 Main Street, Suite 600  
Columbia, SC 29201

RE: Compliance Audit of Fund Procurement Activity

Dear Mr. Sorrell:

This is in response to your letter dated May 20, 2002.

We will comply with the competitive requirements of the Code on all future procurement actions.

We enjoyed David's visit and appreciate the assistance and training he provided. If you have any questions, please call Mike Harris at extension 130 or myself.

Yours truly,

A handwritten signature in cursive script that reads "Doug Crossman".

Douglas P. Crossman  
Director  
Extension 120

/bs



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*State Budget and Control Board*  
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Fax (803) 737-0639

R. VOIGHT SHEALY  
MATERIALS MANAGEMENT OFFICER

May 23, 2002

Ms. Elizabeth Waldrep, Director  
South Carolina Sentencing Guidelines Commission  
1105 Pendleton Street, Suite 220  
Columbia, South Carolina 29202

Dear Ms. Waldrep:

On May 13, 2002, we examined the Commission's procurement records for the period of January 1, 2001 through March 31, 2002. This review was conducted to determine the appropriateness of the procurement actions taken and to ensure compliance with the South Carolina Consolidated Procurement Code and ensuing regulations. We noted no material exceptions.

Since you have not requested additional certification, we recommend the Commission be allowed to procure all goods and services, construction, information technology, and consultant services up to the basic level of \$5,000 as outlined in the South Carolina Consolidated Procurement Code.

I will proceed with forwarding the audit report to the State Budget and Control Board.

We appreciate the cooperation that you and your staff provided during our audit. If we may be of assistance in the future, please call me at 737-0621 or Jim Stiles at 737-0645.

Sincerely,

A handwritten signature in cursive script that reads "Larry G. Sorrell".

Larry G. Sorrell, Manager  
Audit and Certification

c: Martha A. Sanders, Administrative Assistant  
Jim Stiles, CPPB, Audit Manager