

**SOUTH CAROLINA  
COMMISSION FOR THE BLIND  
PROCUREMENT AUDIT REPORT  
JULY 1, 2006 – JUNE 30, 2009**

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

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January 10, 2010

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 South Carolina Commission for the Blind for the period July 1, 2006 through June 30, 2009. As part of our examination, we studied and evaluated the system of internal controls over procurement transactions to the extent we considered necessary.

The evaluation was used to establish a basis for reliance upon the system of internal controls to assure adherence to the Consolidated Procurement Code, State regulations, and the Commission'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 South Carolina Commission for the Blind is responsible for establishing and maintaining a system of internal controls 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 controls, 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 controls 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 that we believe need correction or improvement by the South Carolina Commission for the Blind. Corrective action based on the recommendations described in these findings will, in all material respects, place the South Carolina Commission for the Blind in compliance with the Consolidated Procurement Code and ensuing regulations.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert J. Aycock IV", written in a cursive style.

Robert J. Aycock IV, Manager  
Audit and Certification

## INTRODUCTION

We conducted an examination of the internal procurement operating policies and procedures of the South Carolina Commission for the Blind. Our on-site review, conducted June 19 - August 1, 2009, 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 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 South Carolina Commission for the Blind in promoting the underlying purposes and policies of the Code as outlined in Section 11-35-20, which include in part:

- (1) to provide increased economy in state procurement activities and to maximize to the fullest extent practicable the purchasing values of funds while ensuring that procurements are the most advantageous to the State and in compliance with the provisions of the Ethics Government Accountability and Campaign Reform Act;
- (2) to foster effective broad-based competition for public procurement within the free enterprise system;
- (3) to ensure the fair and equitable treatment of all persons who deal with the procurement system which will promote increased public confidence in the procedures followed in public procurement;
- (4) to provide safeguards for the maintenance of a procurement system of quality and integrity with clearly defined rules for ethical behavior on the part of all persons engaged in the public procurement process.

## SCOPE

We conducted our examination in accordance with Generally Accepted Auditing Standards as they apply to compliance audits. Our examination encompassed a detailed analysis of the internal procurement operating procedures of the South Carolina Commission for the Blind 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 a judgmental sample for the period July 1, 2006 through June 30, 2009 of procurement transactions for compliance testing and performed other audit procedures that we considered necessary to formulate this opinion. Specifically, the scope of our audit included, but was not limited to, a review of the following:

- (1) All sole source, emergency, and trade-in sale procurements for the period July 1, 2006 through June 30, 2009 with exceptions noted in Section II of the report
- (2) Procurement transactions for the period July 1, 2006 through June 30, 2009 as follows:
  - a) Ninety-one payments exceeding \$2,500 each with exceptions noted in Section I of the report
  - b) Two hundred numerical purchase orders reviewed against the use of order splitting and favored vendors with exceptions noted in Section I of the report
- (3) File documentation with exceptions noted in Section I of the report
- (4) Minority Business Enterprise plans and reports for the audit period with exceptions noted in Section III of the report
- (5) Ratification files of unauthorized procurements with an exception noted in Section IV of the report
- (6) Approval of most recent Information Technology Plan with no exceptions
- (7) Internal procurement procedures manuals with no exceptions
- (8) Surplus property disposal procedures with no exceptions

## SUMMARY OF AUDIT FINDINGS

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I.	<u>Supplies and Services Procurements</u>	
	A. <u>Procurements Not Supported with Solicitations of Competition</u>	
	Our samples revealed 37 purchase orders that were issued without solicitations of competition, sole source or emergency justifications.	7
	B. <u>Incorrect Award</u>	
	One procurement was not awarded to the lowest bidder.	9
	C. <u>Unauthorized Purchase of Services from Expired Contract</u>	
	Numerous payments were made to a vendor for services that were no longer under contract resulting in an unauthorized procurement.	9
	D. <u>Inappropriate Sole Source and Late Payments</u>	
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	E. <u>Artificially Divided Purchase Orders</u>	
	Our review revealed six sets of purchase orders that contained items that could have been combined and competed under normal procurement procedures. The Commission solicited no competition.	11
II.	<u>Sole Source, Emergency, and Trade-In Sale Procurement Quarterly Reports Not Submitted</u>	
	The Commission failed to report sole source, emergency, and trade-in sale procurements to the chief procurement officers as required by law for the entire audit period.	13
III.	<u>Minority Business Enterprise Records</u>	
	The Commission failed to file MBE utilization plans and submit MBE progress reports to the Governor's Office in violation of law for our entire audit period.	14

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IV. Unauthorized Procurements

The Commission failed to report unauthorized procurements to the chief procurement officers as required by Regulation. 14

V. Training

Procurement training is needed at the Commission. 15



## RESULTS OF EXAMINATION

### I. A Significant Number of Procurements Lacked Competition

Out of a sample of ninety-one expenditures each exceeding \$2,500, forty six or 50.5% did not have documentation showing compliance with the requirements of the South Carolina Consolidated Procurement Code (Code). We noted other exceptions of non-compliance as well.

#### A. Procurements Not Supported with Solicitations of Competition

The following procurements were made without evidence of solicitations of competition, sole source or emergency determinations or state contract references.

<u>PO</u>	<u>Date</u>	<u>Description</u>	<u>Amount</u>
82542	08/24/06	Door and Frame	\$ 2,700
85138	12/19/06	Hearing Aids	\$ 2,800
89082	06/19/07	ID Card Maker	\$ 7,529
89225	06/26/07	Reading Equipment	\$ 3,175
89237	06/29/07	Used Vending Machine Parts	\$ 3,810
90323	08/14/07	Rehabilitation Services	\$ 9,230
91066	09/10/07	Reading Machine	\$ 2,895
91942	10/22/07	Ice Dispenser	\$ 3,808
91946	10/22/07	Vending Machines	\$10,346
92313	10/25/07	Kitchen Appliances	\$ 5,799
93195	12/04/07	Electronic Reading Device	\$ 2,745
93338	12/11/07	Network Integration	\$ 9,200
92128	01/03/08	Interpretation Services	\$ 9,692
94265	01/25/08	Ice Dispenser	\$ 3,173
94692	02/11/08	Rehabilitation Services	\$ 9,230
95113	03/03/08	Interpreting service	\$ 6,805

<u>PO</u>	<u>Date</u>	<u>Description</u>	<u>Amount</u>
96473	04/15/08	Vending Machines	\$ 9,680
96724	04/22/08	Ice Machine	\$ 3,173
96962	04/24/08	Digital Audio Workstation	\$ 3,403
96964	04/24/08	Hearing Aids	\$ 5,905
97431	05/07/08	Refrigerators	\$ 5,048
97432	05/08/08	Mattresses	\$ 6,525
97509	05/14/08	Computer Memory	\$ 4,966
97580	05/14/08	Hearing Aids	\$ 5,000
98133	05/20/08	Coin Changer and Vending Machine	\$10,577
97427	05/22/08	Refrigerator	\$ 4,783
98248	05/27/08	Kitchen Appliances	\$ 3,203
98249	05/27/08	Office Furniture	\$ 3,010
98251	05/27/08	Office Furniture	\$ 3,122
98311	06/03/08	Ice Dispenser	\$ 5,602
98482	07/15/08	Hearing Aids	\$ 3,900
99690	08/12/08	Braille Keyboard	\$ 6,885
99727	08/13/08	Handheld Magnifiers	\$ 3,240
99867	08/18/08	Beverage Machines	\$23,689
495	09/08/08	Ice Machine	\$ 4,182
496	09/08/08	Food Machine	\$ 8,534
762	09/15/08	Visual Aids	\$ 3,894

Section 11-35-1510 of the Code lists the methods of source selection for procurements over \$2,500 in value.

We recommend the Commission use these methods in making procurements when the value exceeds \$2,500.

#### COMMISSION RESPONSE

Some of the purchase orders were thought to be medical services and was not solicitude [sic]. During the period of the audit, Procurement Staff had changes and it was misunderstood about contracts that were placed. Purchase orders since July 2007 have copies of quotes attached behind purchase orders.

B. Incorrect Award

The Commission obtained three quotes for a Braille embosser from three vendors. Each vendor quoted the same base price of \$4,495. However, one vendor added \$120 for shipping; a second vendor added \$110 for shipping; and the third vendor quoted free shipping. The Commission incorrectly issued purchase order 82788 to the second low vendor who quoted a total of \$4,605 which includes \$110 for shipping.

The Code requires governmental bodies to award contracts to the lowest responsive and responsible bidder whose bid meets the requirements. Because there was no documentation indicating that the low bidder was non-responsive or non-responsible, the Commission should have awarded the contract to the lowest bidder.

We recommend the Commission award contracts to the lowest responsive and responsible bidder.

COMMISSION RESPONSE

Correction has been made to award correct vendor.

C. Unauthorized Purchase of Services from Expired Contract

Payments for food services were made to a vendor who was no longer on state term contract, and no other competition was obtained to procure additional services from the vendor after the expiration of the contract.

A five-year term contract for food services was solicited by the State Procurement Office on behalf of the Commission. Solicitation 04-S6445 was awarded for the period of April 26, 2004 through April 25, 2009. The Commission issued purchase order 99317 in the amount of \$150,000 for these services for the period of July 1, 2008 through June 30, 2009, effectively out-living the term contract by two months. Up to July 9, 2009, we identified a total of \$29,818.04 paid to the vendor for services no longer under contract.

We recommend the Commission seek a new contract for food services through a competitive bid. We also recommend the Commission begin the requisition process well in advance of the expiration of contracts.

#### COMMISSION RESPONSE

Purchase order is being placed.

#### D. Inappropriate Sole Source and Late Payments

Two payments for supplies were delivered to the Comptroller General's Office past the thirty work day limit mandated by section 11-35-45 of the Code making them late. One of the transactions was for a sole source procurement of vending machines in the amount of \$92,360 authorized on purchase order 83621. The sole source determination authorized on October 10, 2006 stated, "...only merchandiser currently selling this vending machine. This machine was requested by our BEP Department with no substitutions." Other documentation in the file stated, "...only full size domestically manufactured carousel food merchandiser available at this time." Sole source procurements are limited to unique items only available from a single supplier. The file does not support that these vending machines were appropriately procured as a sole source.

We recommend competition be solicited in accordance to the Code in the future.

The vendor invoiced for a partial delivery of 4 out of the 15 vending machines ordered on purchase order 83621 with the invoice indicating a shipping date of October 31, 2006, while the Commission's receiving report dated October 30, 2006 showed the vending machines being received on October 11, 2006. The accounting department stamped the invoice, which totaled \$26,107.12, received on November 9, 2006, with the voucher being approved on February 23, 2007, and the check being issued on March 6, 2007. The total time gap between approval of received supplies and payment for the supplies was 146 calendar days, or roughly 95 work days. This was over three times the legal allowance provided in section 11-35-45.

The Commission issued purchase order 92826 in the amount of \$4,645.03 for a computer system on November 16, 2007. The vendor invoiced on November 20, 2007. The Commission's receiving report was dated December 05, 2007 with receipt of supplies shown on November 21, 2007. The accounting department's stamp indicated they received the invoice on February 21, 2008. The Commission's voucher was approved on March 7, 2008 with a check being issued on March 14, 2008. The total time gap between approval of received supplies and payment for the supplies was 114 calendar days or roughly 73 work days amounting to over twice the legal allowance provided in Section 11-35-45.

We recommend the Commission process invoices in a timely manner and deliver vouchers to the Comptroller General's Office within 30 work days of proper receipt and invoice.

#### COMMISSION RESPONSE

Eight vouchers were paid from this purchase order. A dispute whether to keep machines or send back was the issue after deciding we had wrong machines. Corrective action has taken place.

#### E. Artificially Divided Purchase Orders

The following groups of purchase orders were issued separately for similar or equal items on the same day with no evidence of solicitations of competition, sole source or emergency determinations, or state contract references.

<u>PO</u>	<u>Date</u>	<u>Description</u>	<u>Amount</u>
96516	04/16/08	Office Furniture	\$1,809
96518	04/16/08	Office Furniture	<u>987</u>
			\$2,796
96667	04/21/08	Assistive Supplies	\$ 408
96668	04/21/08	Assistive Supplies	1,370
96669	04/21/08	Assistive Supplies	1,370
96670	04/21/08	Assistive Supplies	1,039
96672	04/21/08	Assistive Supplies	1,195
96673	04/21/08	Assistive Supplies	<u>791</u>
			\$6,173
97875	05/19/08	Software	\$2,535
98012	05/19/08	Software	<u>2,435</u>
			\$4,970
592	09/11/08	Office Furniture	\$2,032
593	09/11/08	Office Furniture	<u>1,685</u>
			\$3,717
4600007681	05/27/09	Assistive Supplies	\$1,208
4600007682	05/27/09	Assistive Supplies	858
4600007683	05/27/09	Assistive Supplies	317
4600007684	05/27/09	Assistive Supplies	<u>275</u>
			\$2,658
4600007710	05/28/09	Assistive Supplies	\$2,371
4600007711	05/28/09	Assistive Supplies	1,325
4600007712	05/28/09	Assistive Supplies	<u>464</u>
			\$4,159

The total of each group of purchase orders, and in one case a single purchase order, exceeded the \$2,500 competition threshold. Each set of purchase orders were issued to the same vendor on the same day. Section 11-35-1550(1) of the Code states in part, "Procurement requirements must not be artificially divided by governmental bodies so as to constitute a small purchase...."

For procurements between \$2,500 and \$10,000, section 11-35-1550(2)(b) of the Code requires solicitations of a minimum of three written quotes from qualified sources of supply. The office furniture procurements were available on state contracts which are mandatory for governmental bodies covered by the Code to use.

We recommend the Commission not artificially divide orders. When the total value of a procurement exceeds the competition threshold, the Commission must solicit competitive quotes as required by the Code.

#### COMMISSION RESPONSE

Purchase orders for Assistive Supplies were from counselors restocking their supplies. You are only allowed so many lines per purchase order and that generated multiple purchase orders from one person. Amendment to Policy and Procedure Manual [sic] in place.

#### II. Sole Source, Emergency, and Trade-In Sale Procurement Quarterly Reports Not Submitted

The Commission failed to submit quarterly reports of Sole Source, Emergency, and Trade-In Sale Procurements for the entire audit period July 1, 2006 through June 30, 2009.

Section 11-35-2440(1)(a) of the Procurement Code requires a governmental body to submit quarterly records of all contracts made pursuant to 11-35-1560 (sole source procurements) and 11-35-1570 (emergency procurements) to the chief procurement officers, and 11-35-3830(3) requires a governmental body to submit quarterly records of trade-in sale procurements to the chief procurement officers. This information must be reported to the Budget and Control Board annually and made available for public inspection.

We recommend the Commission comply with these sections of the Code pertaining to the submission of these quarterly reports. Reports must be filed for this period.

#### COMMISSION RESPONSE

The entire past due reports have been submitted.

### III. Minority Business Enterprise Records

The Commission failed to submit Minority Business Enterprise (MBE) Utilization Plans and quarterly progress reports of MBE procurements to the Governor's Office of Small and Minority Business Assistance (OSMBA) for the entire audit period July 1, 2006 through June 30, 2009.

Agencies are required to submit fiscal year utilization plans by July thirtieth, annually, and quarterly progress reports no later than thirty days after the end of each fiscal quarter to the OSMBA, as stated in section 11-35-5240(2) of the Procurement Code.

We recommend the Commission comply with the MBE provisions of the Code and submit annual plans and quarterly progress reports to the OSMBA. Reports must be filed.

#### COMMISSION RESPONSE

All past due reports have been submitted.

### IV. Unauthorized Procurements

The Commission failed to maintain a record of unauthorized procurements.

Effective as of the first Monday in September, 2007, a quarterly record of unauthorized contracts, including facts and circumstances surrounding the acts, corrective actions taken to prevent recurrence, and actions taken against individuals performing the acts, along with the decisions to ratify or terminate these contracts was required to be submitted to the Chief Procurement Officer each quarter by Regulation 19-445.2015.

We recommend the Commission maintain a file of unauthorized procurements, along with all written determinations incidental to the procurements, and submit this record to the Materials Management Office on a quarterly basis in accordance to the Regulation.



V. Training

The Commission requested procurement training as a result the procedural weaknesses revealed during the course of the audit. We provided a three-hour overview of the Procurement Code for a group of employees who have varying levels of involvement in the Commission's procurement activity.

We recommend the Commission continue to seek procurement training opportunities for its employees whose job duties relate to procurement. The Materials Management Office as well as other organizations offer a number of procurement related courses.

COMMISSION RESPONSE

Training Coordinator for The Agency is currently setting up more training for the agency.

## CONCLUSION

We must state our concern over the number of findings in this audit report. The South Carolina Commission for the Blind has failed to comply with many of the basic requirements of the South Carolina Consolidated Procurement Code such as making competitive procurements and statutory reporting requirements. Corrective action must be taken immediately. Our office will perform a follow-up review to monitor the progress of the agency.

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 South Carolina Commission for the Blind in compliance with the Consolidated Procurement Code and ensuing regulations.

However, until corrective action is taken and confirmed, under the authority described in Regulation 19-445.2022 of the Procurement Code, we recommend the Chief Procurements convene to reduce the South Carolina Commission for the Blind's procurement authority to \$25,000 in all areas until such time that follow-up audit results demonstrate compliance. Our office will perform a follow-up audit in one year.

### PROCUREMENT AREAS

### RECOMMENDED CERTIFICATION LIMITS

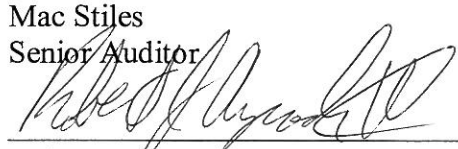
Supplies and Services	*\$25,000 per commitment
Consultant Services	*\$25,000 per commitment
Information Technology	*\$25,000 per commitment
Construction Services	\$25,000 per contract

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



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Mac Stiles  
Senior Auditor



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Robert J. Aycock IV, Manager  
Audit and Certification

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MEANS COMMITTEE

FRANK W. FUSCO  
EXECUTIVE DIRECTOR

June 1, 2010

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

Dear Voight:

We reviewed the response from the South Carolina Commission for the Blind (Commission) to our audit findings. Additionally, we performed a follow-up review at the Commission on May 19-21, 2010. The results of that review are below.

Procurements Not Supported with Solicitations of Competition

Our audit revealed extensive weaknesses in solicitations of competition for small purchases. Since our audit, the Commission has taken steps to strengthen its competitive processes for single purchases greater than \$1,500, the competition threshold limit set by the Commission. However, there is still a deficiency when making purchases from one particular vendor. We reviewed one full month's of procurement activity in SCEIS for that vendor. Multiple small purchase orders were issued to the same non-contract vendor without considering the total commitment. A sample of the activity follows:

<u>Date</u>	<u>PO</u>	<u>Amount</u>	<u>Date</u>	<u>PO</u>	<u>Amount</u>	<u>Date</u>	<u>PO</u>	<u>Amount</u>
4/29/2010	4600035270	\$249.95	4/29/2010	4600035398	239.40	4/29/2010	4600035474	67.84
4/29/2010	4600035271	249.95	4/29/2010	4600035399	271.60	4/29/2010	4600035476	52.07
4/29/2010	4600035272	249.95	4/29/2010	4600035400	343.15	4/29/2010	4600035477	84.75
4/29/2010	4600035273	249.95	4/29/2010	4600035408	420.00	4/29/2010	4600035479	47.66
4/29/2010	4600035304	136.65	4/29/2010	4600035409	598.30	4/29/2010	4600035480	145.64
4/29/2010	4600035307	49.20	4/29/2010	4600035465	623.75	4/29/2010	4600035482	61.85
4/29/2010	4600035308	98.40	4/29/2010	4600035466	499.00	4/29/2010	4600035483	88.83
4/29/2010	4600035309	18.35	4/29/2010	4600035467	238.00	4/29/2010	4600035484	45.03
4/29/2010	4600035310	179.90	4/29/2010	4600035469	305.80	4/29/2010	4600035485	298.85
4/29/2010	4600035312	169.90	4/29/2010	4600035470	623.75	4/29/2010	4600035489	73.23
4/29/2010	4600035319	24.95	4/29/2010	4600035471	238.00	4/29/2010	4600035500	85.55
4/29/2010	4600035390	139.95	4/29/2010	4600035472	254.20	4/29/2010	4600035502	138.56
4/29/2010	4600035392	43.82	4/29/2010	4600035473	61.85	4/29/2010	4600035512	54.95

Total \$7,822.53

<u>Date</u>	<u>PO</u>	<u>Amount</u>	<u>Date</u>	<u>PO</u>	<u>Amount</u>	<u>Date</u>	<u>PO</u>	<u>Amount</u>	
4/30/2010	4600035527	\$133.65	4/30/2010	4600035552	232.64	4/30/2010	4600035576	60.77	
4/30/2010	4600035528	141.55	4/30/2010	4600035553	332.30	4/30/2010	4600035577	74.75	
4/30/2010	4600035529	116.65	4/30/2010	4600035556	339.55	4/30/2010	4600035578	48.90	
4/30/2010	4600035538	97.55	4/30/2010	4600035565	59.82	4/30/2010	4600035595	84.90	
4/30/2010	4600035541	52.49	4/30/2010	4600035566	80.73	4/30/2010	4600035596	35.70	
4/30/2010	4600035542	57.85	4/30/2010	4600035567	92.87	4/30/2010	4600035597	142.35	
4/30/2010	4600035547	249.95	4/30/2010	4600035568	274.63	4/30/2010	4600035605	69.35	
4/30/2010	4600035548	67.73	4/30/2010	4600035572	62.78	4/30/2010	4600035606	100.40	
4/30/2010	4600035549	59.83	4/30/2010	4600035573	61.12	4/30/2010	4600035607	101.75	
4/30/2010	4600035550	106.06	4/30/2010	4600035574	69.84	4/30/2010	4600035681	<u>46.85</u>	
4/30/2010	4600035551	578.40	4/30/2010	4600035575	64.74				
								Total	\$4,098.45

In two consecutive days, 61 purchase orders totaling \$11,920.98 (\$7,822.53 + \$4,098.45) were issued to the same vendor for similar and sometimes identical supplies. In the month of April 2010, over \$25,000 in purchase orders were issued to this vendor. This vendor is utilized on such a repetitive basis, that the Commission is well-advised to seek a term contract for these supplies. As it operates now, the Commission is not practicing any competitive procurement procedures as it relates to obtaining these types of supplies, whether they are purchased from this vendor or other vendors qualified to provide similar supplies.

Unauthorized Purchase of Services from Expired Contract

During our audit, we noted that unauthorized payments had been made to a vendor who was no longer on a state term contract. Our recommendation was for the Commission to obtain a new contract through a competitive bid. The unauthorized payments were declared an emergency in light of renovations taking place at the Commission and the impracticability of getting a new vendor in place for the temporary term and then having to re-bid the contract. When the renovations are complete, the Commission should already have a new contractor ready to perform. At the time of this review, the solicitation process has not begun, and it is believed the original vendor will still be performing without a contract. We again recommend the Commission obtain a new contractor through a competitive bid.

Sole Sources, Emergencies, Trade-In Sales, and MBE Quarterly Reports

We noted in our audit that no statutorily required quarterly reports had been filed with the Materials Management Office or the Office of Small and Minority Business Assistance for the audit period. Since our recommendation, the Commission has submitted these reports and has brought these respective offices up to date regarding this activity.

We have already recommended the Commission's procurement authority be reduced to \$25,000 from the basic level of \$50,000 in all procurement categories. We will need to perform an audit in a year's time to establish whether or not the Commission has successfully implemented the changes to its operating procedures in order to have its authority restored to the basic level authorized in law.

Sincerely,



Robert J. Aycocock, IV  
 Manager  
 Audit and Certification