



**STATE of SOUTH CAROLINA
STATE FISCAL ACCOUNTABILITY AUTHORITY
DIVISION of PROCUREMENT SERVICES
OFFICE of AUDIT & CERTIFICATION**

AGENCY PROCUREMENT EXAMINATION PROGRAM

Agency Name

Audit Period

**DIVISION of PROCUREMENT SERVICES
OFFICE of AUDIT & CERTIFICATION
AGENCY PROCUREMENT EXAMINATION PROGRAM**

Index

A. Reporting.....	3
B. Risk Assessment and Planning	3
C. Project Management	4
D. Code Compliance – General	6
E. Sole Source, Emergency, and Trade-In Procurements	8
F. Supplies and Services, Information Technology, and Consultants.....	10
G. Surplus Property.....	11
H. Architect/Engineer and other related Professional Services and Construction Services	11
EXHIBIT A - Audit Matrix for Section F	13
EXHIBIT B - Major Construction Audit Matrix for H. 2.a.	15
EXHIBIT C - Indefinite Delivery Contracts (IDC) for Construction for H.3.	16
EXHIBIT D – A-E and Other Related Professional Services Audit Matrix for H. 2b.....	17
EXHIBIT E - Procurement Card Audit Matrix For D-3	18

**DIVISION of PROCUREMENT SERVICES
OFFICE of AUDIT & CERTIFICATION
AGENCY PROCUREMENT EXAMINATION PROGRAM**

Step No.	Done by and Date	W/P Reference
<u>A. Reporting</u>		
Drafting the Audit Report		
1. After reviewing the Summary of Findings (A-5) with the A&C Director, and agreeing on the content of the report, prepare, in good form, a draft audit report pointing out weaknesses noted during the audit, and recommendations for improvements in the internal control system. Submit this draft audit report to the A&C Director.		A-1
2. If time permits, obtain a cross-review of the workpapers and Draft Report by an A&C Audit Manager, not associated with the audit, assigned by the A&C Director.		
3. The A&C Director will review and approve the draft report and forward the Management Draft Report and Certification Recommendation to the CPO for review and approval.		A-2
4. Forward the CPO approved Management Draft report to the Agency Procurement Director and request a response to each recommendation, including corrective actions, on Agency letterhead and suitable to be included in the report. Offer to schedule an exit conference.		
5. Arrange and conduct a formal exit conference to review the results of the management draft report with Agency personnel. Document any required changes to the Management Draft report.		A-6
6. After presenting the Management Draft Audit Report to the Agency (Step #19) , and obtaining the Agency’s response(s), finalize the report to include the responses after each recommendation, prepare the Agenda Item, and submit the Agenda Item and Final Audit Report (PDF) to the State Fiscal Accountability Authority OED and the Agency. Notify the Agency of the SFAA meeting date and request that an individual from the Agency attend the meeting that can answer potential questions from Authority members.		A-3
7. Determine by discussion with the A&C Director if a follow-up review is necessary, to determine if corrective action has been taken and prepare a supplemental report.		A-7
<u>B. Risk Assessment and Planning</u>		
1. Send the Internal Control Questionnaire (ICQ) Form (B-1-1) and Preliminary Audit Documentation Request Form (B-1-2) to the Agency to be completed and returned. Using the completed ICQ, evaluate internal controls efficiency and effectiveness. Document your evaluation in a memo.		B-1
2. Review work papers from the prior audit (including prior auditor's suggestions for program changes at C-5), and prepare a listing of findings and recommendations. Review A&C correspondence files , CPO ratification , CPO and Procurement Review Panel contract controversy and protest files to date since the prior engagement. Prepare a memo summarizing findings and recommendations from prior audits.		B-2

**DIVISION of PROCUREMENT SERVICES
OFFICE of AUDIT & CERTIFICATION
AGENCY PROCUREMENT EXAMINATION PROGRAM**

Step No.	Done by and Date	W/P Reference
<p>3. Review all audit reports issued by the agency's internal audit department and/or external audit organizations; such as the State Auditor's Office, Legislative Audit Council, or the SC Office of Inspector General, since the previous engagement that covered procurement or P-Cards. Review the reports for scope in the procurement area and any resulting recommendations.</p> <p>Recommend changes to procurement audit program if necessary to ensure corrective action has been taken, and seek A&C Director approval to increase procurement audit scope.</p> <p>Prepare a memo listing the reports reviewed and summarizing procurement related findings and recommendations.</p>		B-3
<p>4. Using the up-to-date organization chart (requested in B-1-2), determine the procurement office's location in the Agency's overall structure and the internal organization of the procurement office itself.</p> <p>Prepare a memo documenting any significant changes in senior personnel, or size of the department that represent additional risk to compliance to the Procurement Code.</p>		B-4
<p>5. Extract a population of expenditures from BEX.</p> <p>If other than SCEIS, document the source of the data and the person that provided the listing.</p>		F
<p>6. SPO-ITMO Activity: Extract a listing of all procurements processed by the Division of Procurement Services (DPS) for the Agency containing the same information as the BEX reports available to auditors in SCEIS.</p>		C-4-2
<p>7. Delegations: Obtain a listing of procurements delegated to the Agency for the audit period from the Delegations-to-Date spreadsheet on the A&C shared drive.</p>		F-4
<p>8. Foundations/Charitable Organizations: Inquire if there are any transactions between foundations, eleemosynary or 501(c)(3) entities affiliated with the Agency. Inquire about gifts between these entities. Determine if those transactions are subject to the Consolidated Procurement Code.</p> <p>Code §11-35-40 generally, and §11-35-40(4) specifically.</p> <p>Prepare a memo documenting the nature of the entities, their relationship to the agency, and the compliance of transactions with the Consolidated Procurement Code.</p>		B-5
<p>9. Schedule an entrance conference with Agency officials to discuss the upcoming audit. Prepare a memo listing the attendees, and include a bullet point summary of the topics discussed. Obtain a list of audit contact names, phone numbers, and e-mail addresses and place on a Word Document at A-4-1.</p>		B-6
<p>C. <u>Project Management</u></p>		
<p>1. Auditor-in-Charge (AIC) will assign audit sections to auditors.</p>		

**DIVISION of PROCUREMENT SERVICES
OFFICE of AUDIT & CERTIFICATION
AGENCY PROCUREMENT EXAMINATION PROGRAM**

Step No.	Done by and Date	W/P Reference
<p>2. AIC will Review Workpapers for each section as they are completed. Initial and date all workpapers of audit team members after satisfactory completion. Ensure that all steps on the audit program are signed-off and dated by the auditor, work papers are properly indexed, cross-referenced, headed, initialed and dated, source is indicated, and that they accurately support the conclusions and findings.</p> <p>Reviewers should use the Review Notes template, indicating who the reviewer and auditor were.</p>		C-6
<p>3. Auditors address the AIC's Review Notes by correcting or completing each workpaper, and explaining how the note was cleared on the review workpaper.</p>		
<p>4. Maintain a list of exceptions (Summary of Findings) from all areas to identify common compliance issues. The exceptions on this workpaper will serve as a checklist for the informal exit and allow for exceptions to be cleared before including them on the audit report. All exceptions should be cross-referenced to the supporting workpaper.</p> <p>Prior to writing the report, review this listing with the Director of Audit & Certification to ensure agreement on approach in the report.</p>		A-5
<p>5. Weekly, prepare the Time Summary for the audit. Include all post fieldwork time.</p>		C-1
<p>6. When fieldwork is complete, and workpapers have been reviewed, arrange and conduct an Informal Exit Conference to advise agency officials of audit exceptions, subject to review.</p>		C-2
<p>7. Have the Agency prepare and sign the standard A&C Management Representation Letter on Agency letterhead. The letter should be dated on or after the last day of field work.</p>		C-3
<p>8. If the Agency wants to request a change in certification level, request a signed, written request be sent to the Director of Audit & Certification, on agency letterhead, justifying the requested procurement authority levels by area.</p> <p>The request should also include:</p> <ul style="list-style-type: none"> • procurement personnel areas of focus, experience, and qualifications • a current organization chart(s), showing the procurement office's location in the Agency's overall structure and the internal organization of the procurement office <p>If key personnel in the Procurement Office are near retirement, request a succession plan.</p>		C-4
<p>9. Prepare Memo to Next Audit listing pending matters, suggested changes in audit procedures or other items which will assist in planning the next audit.</p>		C-5

**DIVISION of PROCUREMENT SERVICES
OFFICE of AUDIT & CERTIFICATION
AGENCY PROCUREMENT EXAMINATION PROGRAM**

Step No.	Done by and Date	W/P Reference
<u>D. Code Compliance – General</u>		
<p>1. Obtain a copy of the Agency’s Procurement Procedures Manual.</p> <p>a. Review to determine if Agency procedures are consistent with the Consolidated Procurement Code and Regulations using the checklist at D-1-1.</p> <p>Place a copy of the current Procurement Manual in the folder at: S:\SFAMMO\Audit\Procurement Manuals</p> <p>b. Establish that procurement authority and responsibility is vested in the purchasing department, or, if not, it is clearly defined and logically delegated.</p> <p>B-1-1 ICQ Form - Authority, Responsibility & Organization I. A. Confirm by inquiry and/or observation that the Agency has established a clear means by which vendors can identify the Agency’s procurement officers and the limits of their authority, and that the information in the manual is up to date. Determine posting location of list of procurement officers and their level of authority.</p> <p>Reg. 19-445.2005(A) Include information in the Memo on D-1 indicating who you asked, where you observed the information about the limits and obtain a scanned copy for the file.</p>		D-1
<p>2. Minority Business Enterprise (MBE) Utilization</p> <p>a. Confirm that MBE utilization plans were submitted for approval no later than July thirtieth, annually.</p> <p>b. Confirm that progress reports were submitted no later than thirty days after the end of each fiscal quarter.</p> <p>c. Compare goals versus results and include a summary schedule in the audit report</p>		D-2
<p>3. Procurement Card Review</p> <p>a. Review the Agency’s P-Card Procedures Manual to confirm compliance with the State P-Card Policy.</p> <p>Ensure that roles and responsibilities have been properly assigned and adequate separation of duties exist between cardholder purchases and the review/approval of these purchases by Reviewer/Approver prior to payment.</p>		D-3
<p>b. Determine if the Agency’s Internal Audit Department, or some other independent audit group, is required to conduct compliance audits of P-Card usage and program administration.</p> <p>Determine when the last independent P-Card audit was conducted. Obtain a copy of the report and interview the auditor to determine that the scope of the audit covered program administration as well as transaction testing and that results were communicated as required.</p>		

**DIVISION of PROCUREMENT SERVICES
OFFICE of AUDIT & CERTIFICATION
AGENCY PROCUREMENT EXAMINATION PROGRAM**

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<p>c. Program Administration Risk Assessment</p> <p>Obtain a listing from WORKS, of all P-Cards that were active during the audit period showing the Cardholder, Reviewer/Approver, Liaison, Date of Issue, Single Transaction and Credit Limits, and date of last transaction.</p> <ul style="list-style-type: none"> i. Ensure that Liaisons are responsible for a reasonable number of Cardholders, and that they review transactions for compliance with the P-Card Policy for allowable transactions, and blocked MCC codes. ii. Ensure that P-Cards are only issued to <u>full-time employees</u>, and that the Agency has a <u>training program</u> for new card holders and liaisons. iii. Determine that the Agency has no unassigned cards, i.e., that all cards are issued in an employee's name. iv. Identify employees that have been issued more than one card. (Per State P-Card Policy - no more than one card may be issued to an individual) v. Confirm that no cards have been inactive for more than six months. vi. Sort the listing to verify that no single transaction limit (<u>STL</u>) is greater than the Procurement Code competition threshold. For cards with STL's greater than the competition threshold, obtain documentation of the CPO's approval. <p>Note: Stacy Gregg is the State P-Card Coordinator.</p> <p style="padding-left: 40px;">Effective 10/24/18 Andrew Ellisor, Office of Budget & Finance, is the P-Card Administrator for SFAA</p>		
<p>d. Obtain a listing from WORKS of all P-Card transactions containing the following information:</p> <ul style="list-style-type: none"> 1. CH Full Name 2. Vendor Name 3. Credit 4. Debit 5. MCC Description 6. Mgr. Signoff Date 7. Mgr. Signoff Full Name 8. Payment Amount 9. Item GL Combination 10. Item Description 11. GL Number 12. GL Description 13. Card Last 4 Digits 14. MCC 15. Transaction Number 16. Post Date 17. Purchase Date 18. Amount 		

**DIVISION of PROCUREMENT SERVICES
OFFICE of AUDIT & CERTIFICATION
AGENCY PROCUREMENT EXAMINATION PROGRAM**

Step No.	Done by and Date	W/P Reference
<p>e. Obtain a listing of the Agency's blocked MCC codes. For the population of transactions:</p> <p>i. Determine that purchases are not made from blocked MCCs by analyzing the population. For transactions using blocked MCC codes, obtain documentation of approval for MCC codes to be temporarily unblocked.</p> <p>ii. Determine that no transactions exceed the cardholder's STL without written approval of a temporary increase in STL and subsequent reduction to the original level.</p>		
<p>f. Judgmentally select at least two monthly billing statements within the audit period for testing.</p> <p><u>Select a sample</u> of 25 transactions total (see Note below), judgementally to get a cross-section of all departments and liaisons, from the two selected billing statements and request copies of receipts for testing in accordance with the P-Card Matrix (Exhibit E) that purchases are being made in compliance with the State and Agency P-Card policy and internal procedures.</p> <p>Note: If the program administration risk assessment finds a lack of oversight by the Agency, increase the sample size for this step to 45.</p>		
<p>4. Review <u>blanket purchase agreement</u> files or lists. Test BPA procedures and a sample of BPAs</p>		D-4
<p>5. Determine if the Agency has <u>satellite locations</u> with procurement authority. Test a sample of transactions procured through those locations. If necessary, visit satellite offices to test field procurements.</p>		D-5
<p>6. Review a <u>block sample</u> of approximately 200 numerical purchase orders. Check for:</p> <p>a. splitting of orders b. favored vendors c. any questionable procurements that warrant further audit review.</p>		D-6
<p>7. Determine that <u>telecommunication supplies and services</u> purchased for the audit period comply with §1-11-430. Examples of telecommunications products and services include but are not limited to, local service and long-distance service, telephone sets, PBX equipment, PBX software, PBX maintenance, and PBX support agreements. Section 1-11-430 – Board to govern supply and use of telecommunication systems for State government. (See attachment to D-7) Prepare a memo of your findings</p>		D-7
<p>8. Determine that procurements of <u>revenue generating contracts</u> such as vending/concessions management, trademark management, television/radio management, etc. were performed in accordance with the Consolidated Procurement Code. Inquire if quid-pro-quo contracts exist and test for compliance.</p>		D-8
<p>E. <u>Sole Source, Emergency, and Trade-In Procurements</u></p>		
<p>Purpose: To determine the validity of sole source, emergency, and trade-in procurements reported and the accuracy of reports as required by proviso.</p>		

**DIVISION of PROCUREMENT SERVICES
OFFICE of AUDIT & CERTIFICATION
AGENCY PROCUREMENT EXAMINATION PROGRAM**

Step No.	Done by and Date	W/P Reference
<p>Obtain copies of all (100%) sole source, emergency and trade-in procurement determinations and findings (requested in B-1-2 (6)) and related purchase orders or vouchers for the audit period being reviewed.</p> <p>Note: Effective with the first quarter of FY19, DPS required all justifications to be uploaded into the Quarterly Report database. If not all justifications have been uploaded, determine the reason and request all missing documents.</p> <p>Download a listing of all Sole Source (E-2), Emergency (E-3), Trade-in (E-4), and Unauthorized Procurements (E-5) from the Quarterly Report (QR) database, and put in the testing control spreadsheet template.</p>		E-1
<p>1. Determine who is authorized to approve/sign sole source and emergency procurements for the Agency by looking at the ICQ response to question B-1-1- General Compliance steps F. 1. & G. 1.</p>		E-2 E-3
<p>Purpose: Per Proviso 117.43, examine each <u>sole source and emergency determination</u> to evaluate and determine whether the written determinations, explanations, and basis for [ALL] Sole Source and Emergency Procurement determinations are legitimate and valid reasons for awarding non-competitive contracts.</p> <p>2. Use the listing downloaded (E-2, E-3) from the QR database above of all Sole Source and Emergency procurements for the audit period confirm that each is:</p> <ol style="list-style-type: none"> a. adequately explained and appropriately justified (Exhibit A). The determination must contain sufficient factual grounds and reasoning to provide an informed, objective explanation for the decision b. properly approved c. accurately reported. 		
<p>3. Review file of <u>trade-ins</u> for:</p> <ol style="list-style-type: none"> a. proper approvals if the original cost is greater than \$5,000. b. accurate reporting <p>Note: The CPO for ITMO was delegated authority from SPO to approve IT equipment for trade-in effective January 27, 2015</p> <p>Code §11-35-3830 and Reg. 19-445.2150 (G)</p>		E-4
<p>4. Determine if the Agency maintains a separate file of <u>unauthorized procurements</u>.</p> <p>Determine that unauthorized procurements and ratifications or terminations of same were properly addressed in accordance with Reg. 19-445.2015 and authorized by an appropriate official. Obtain written documentation of the facts and circumstances surrounding the unauthorized procurements and the actions taken to prevent future recurrence.</p> <p>Verify that the Agency is submitting quarterly reports of unauthorized procurements to A&C.</p>		E-5
<p>5. Prepare a memo for Section E with Population Statistics, by quarter, the dollars tested and findings. State the number of transactions and total dollars tested in the memo.</p>		E-1

**DIVISION of PROCUREMENT SERVICES
OFFICE of AUDIT & CERTIFICATION
AGENCY PROCUREMENT EXAMINATION PROGRAM**

Step No.	Done by and Date	W/P Reference
F. <u>Supplies and Services, Information Technology, and Consultants</u>		
<p>1. From a population of expenditures obtained in step B. 5., separate the population into transactions with POs and those without. Stratify the population to better understand the volume and total dollar amount by five to seven PO size ranges; and the volume and total dollar amount of each PO type, and display in two tables for presentation in the report.</p> <ul style="list-style-type: none"> • \$0 to \$2500 • >\$2500 to \$10,000 • >\$10,000 to \$50,000 • >\$50,000 to \$250,000 • >\$250,000 to \$500,000 • >\$500,000 • If necessary, break the >\$500k into categories by \$millions 		F
<p>2. Select a sample:</p> <ul style="list-style-type: none"> • All large dollar POs (POs greater than \$500,000), unless that's more than 10. If that's the case, attempt to further stratify the large dollar POs in the population and isolate the highest dollar strata to test 100% • A representative sample of the remaining transactions greater than \$2500, and • Insert the sample statistics into the Population tables and assess whether or not the sample is representative of the population. <p>Write a <u>sample selection memo</u> explaining how the population was stratified and how judgement was used in the selection of the sample. That would include how state-term contract purchases were avoided, how general ledger accounts were avoided and then whether the sample was chosen judgmentally, or every Nth item, etc.</p> <p>Note: For testing, 45 to 71 items is sufficient, with more selected if the assessed risk of error in the population is higher.</p>		F
<p>3. Test selected transactions for compliance using the standard matrix. (Exhibit A)</p>		F-1
<p>4. Select a sample of <u>Direct Expenditure Vouchers</u> (DEVs), direct pays, to test for compliance with the PO Policy and internal direct pay policies.</p> <p>Stratify your population for sample selection to include large dollar payments for testing.</p> <p>For SCEIS agencies, test for compliance with the States PO Policy's direct pay requirements. For non-SCEIS agencies, test for compliance with Agency procurement or Business and Finance policy on when a PO is or is not required.</p> <p>Note: For testing, 15 to 25 items is sufficient, with more selected if the assessed risk of error in the population is higher.</p>		F-2
<p>5. Determine that the Agency has an approved <u>Information Technology Plan</u> (requested in B-1-2).</p> <p>Document the Agency's process to ensure IT procurements are made in compliance with its IT Plan.</p>		F-3
<p>6. Delegations – Select one or two delegations and add to the sample selected in Section F. Review the file to ensure that conditions imposed by the CPO were followed.</p>		F-4

**DIVISION of PROCUREMENT SERVICES
OFFICE of AUDIT & CERTIFICATION
AGENCY PROCUREMENT EXAMINATION PROGRAM**

Step No.	Done by and Date	W/P Reference
7. Evaluate sample tested in F-1 . If source selection methods tested (i.e., IFB, RFP, BVB, FPB, etc), did not cover all methods, request the Procurement Director provide an additional sample of up to ten procurements representing source selection methods not already audited.		F-5
8. Document findings, results and conclusions in a memo and discuss findings with Agency audit contact(s).		F-1
G. <u>Surplus Property</u>		
1. Determine that the Agency has properly reported surplus personal property to the Surplus Property Management Office (SPMO) as required by §11-35-3820. Request three to five recent TIDs (including TIDs with Data Removal Certifications) to verify that SMPO was notified within 180 days of the property being determined to be surplus.		G
2. Determine if the Agency has conducted <u>sales of unserviceable supplies</u> , or “junk” during the audit period. If so, check for SPMO designation of the supplies as “junk”, 19-445.2150 (H), that sales were advertised for 15 days, and sold in public to the highest bidder as required in §11-35-3850.		
3. Prepare a memo documenting the work performed and findings.		
H. <u>Architect/Engineer and other related Professional Services and Construction Services</u>		
1. From a population of facilities related expenditures, select a representative sample of three to five facilities transactions and test for compliance using appropriate matrix. Prepare a sample selection memo describing the assessed risk, and how the sample was selected.		H-1
2. Prepare a schedule and test: a. Major construction using the Construction Matrix (Exhibit B) b. A-E and Related Professional Services using the A-E Matrix. (Exhibit D) c. If projects began before audit period and the contract has been tested previously, test change orders that occurred during the audit period. d. Expand sample as necessary to assure adequate testing of contracts awarded under ARTICLE 9 - Construction, Architect/Engineer, Construction Management, And Land Surveying Services of the Agency’s Code		H-2 H-3
3. Inquire if Agency uses <u>Indefinite Delivery Contracts</u> (IDCs). Note: Effective August 30, 2018, agencies are no longer required to submit quarterly IDC reports to OSE. Agencies are now required to submit Forms SE-690 (Construction Services IDC Delivery Order) and SE-695 (Construction Services IDC Delivery Order Modification) to OSE for approval prior to proceeding with a IDC Delivery Order that is above their Construction Contract Certification. Select a sample of three or four and test for compliance. (Exhibit C) Prepare a sample selection memo describing how the sample was selected. Request a listing of all IDCs that exceeded the allowed limits. Determine whether or not they were reported as illegal procurements. If not advise them that they should be reported quarterly.		H-2 H-3

**DIVISION of PROCUREMENT SERVICES
OFFICE of AUDIT & CERTIFICATION
AGENCY PROCUREMENT EXAMINATION PROGRAM**

Step No.	Done by and Date	W/P Reference
<p>4. Inquire if the Agency used any <u>alternative construction delivery methods</u> (other than design bid build). (These alternative methods are most frequently used by higher education. §11-35-1530 (Competitive Sealed Proposals) applies to these other methods.)</p> <p>If so, test project for applicable Code Section compliance.</p> <ul style="list-style-type: none"> a. construction management at risk; b. operations and maintenance; c. design build; d. design build operate maintain; and e. design build finance operate maintain. <p>In addition to those methods identified, the regulations may:</p> <ul style="list-style-type: none"> a. approve as an alternate project delivery method any combination of design, construction, finance, and services for operations and maintenance of an infrastructure facility; and b. allow or require the Agency to follow any of the additional procedures established by SC Code Ann. §11-35-3024. 		
<p>5. Document findings, results, and conclusions in a memo.</p>		H-1

**DIVISION of PROCUREMENT SERVICES
OFFICE of AUDIT & CERTIFICATION
AGENCY PROCUREMENT EXAMINATION PROGRAM**

EXHIBIT A - Audit Matrix for [Section F](#)

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- (A) The properly approved requisition agrees with the purchase order (PO) and the vendor invoice for items procured and amount. Invoice and PO amounts agree. The voucher is supported by the proper receiving documents which are signed and dated by receiving personnel. Dates of documents indicate that the procurement was properly authorized.
- (B) Discounts were taken and payment was made in a timely manner. Only S.C. sales taxes were paid.
- (C) All purchase order modifications or amendments (i.e., price and quantity changes) were properly documented and approved and cost or pricing data obtained as required for Competitive Sealed Proposals and Sole Sources procurements.
- (D) DPS state-term contracts were utilized.
10% Rule: If term contract prices were beaten by 10%, determine that the contract vendor was offered the chance to match the price.
- (E) The procurement was made in accordance with the Consolidated Procurement Code and Regulations.
1. Small Purchases (Code §11-35-1550) (< \$50,000)
 - ≤ \$2,500.00 - Small purchases not exceeding \$2,500 may be accomplished without securing competitive quotations if the prices are considered reasonable
 - > \$2,500 to \$10,000. Solicitation of written quotes from a minimum of three qualified sources of supply
 - > \$10,000 up to \$50,000. Written solicitation of written quotes, bids, or proposals must be made.
 - The procurement shall be advertised at least once in South Carolina Business Opportunities (SCBO) or a newspaper of general circulation.
 - Written or electronic responses documented
 - Preferences correctly appliedCheck for clarifications made by buyers
 2. Competitive Sealed Bids (required for ≥ \$50,000.00) (Code Section §11-35-1520)
 - Written invitation for bids documented
 - Written responses documented and tabulated
 - Award to lowest responsive & responsible (including certification of compliance with Drug-free Workplace Act) bidder or written determination if not
 - Advertisement bid documented as required §11-35-1520(3) in SCBO.
 - Notice of award or intent to award documented, posted, & distributed to each respondent
 3. Competitive Sealed Proposals (§11-35-1530)
 - Same requirements as §11-35-1520 except as allowed in applicable Code Section and
 - Adequate Written Determinations prepared to authorize bidding method other than §11-35-1520
 - Determinations to conduct RFP prepared
 - Evaluation factors in solicitation, with relative importance, and applied to responses
 - Evaluation committee's score sheets, confidential statements
 - Award to highest ranked offeror
 - Cost or pricing data obtained for RFPs over \$500,000 if applicable.
 4. Competitive Fixed Price §11-35-1525,
 - Same requirements as §11-35-1520 except as allowed in applicable Code Section
 - Adequate Written Determinations prepared to authorize bidding method other than §11-35-1520
 5. Competitive Best Value §11-35-1528
 - Same requirements as §11-35-1520 except as allowed in applicable Code Section
 - Evaluation factors in solicitation with weighting
 - cost must be at a minimum of 60% of the award decision
 - Adequate Written Determinations prepared to authorize bidding method other than §11-35-1520

**DIVISION of PROCUREMENT SERVICES
OFFICE of AUDIT & CERTIFICATION
AGENCY PROCUREMENT EXAMINATION PROGRAM**

6. Competitive On Line Bidding §11-35-1529
 - Same requirements as §11-35-1520 except as allowed in applicable Code Section
 - Adequate Written Determinations prepared to authorize bidding method other than §11-35-1520
7. Participation in Auction or Bankruptcy Sale; (§11-35-1575)
 - Adequate Written Determinations prepared to authorize bidding method other than §11-35-1520
8. Sole Source (§11-35-1560)
 - Single source was appropriate
 - Written determination prepared in advance and approved by authorized official
 - Transaction reported (§11-35-2440)
 - Cost or pricing data obtained for sole sources greater than \$500,000.
9. Emergency (§11-35-1570)
 - Emergency was justified
 - Written determination prepared and approved by authorized official
 - Competition, as practicable was sought
 - Transaction reported (§11-35-2440)
10. Delegated Procurements (**A-8F-4**)
 - Verify agency had documented delegation of authority from the CPO, and
 - that any conditions imposed by the CPO were followed

**DIVISION of PROCUREMENT SERVICES
OFFICE of AUDIT & CERTIFICATION
AGENCY PROCUREMENT EXAMINATION PROGRAM**

EXHIBIT B - Major Construction Audit Matrix for [H. 2.a.](#)

- A. Establishment of a Permanent Improvement Project (A-1)
- 1 Land or building acquisition regardless of amount
 - 2 State Agencies \$100,000
 - 3 Colleges and Universities \$500,000
- B Determine if Construction Contract Award Authority Over Agency Authority,
Then do:
- 1 Advertised in SCBO
 - 2 Contractor's Certificate of Insurance provided and insurance maintained throughout contract
 - 3 Approved "Request for Authority to Execute a Construction Contract" (SE-380)
 - 4 Contractor Notice To Proceed (SE-390) issued after contract executed (Except for IDC)
- C Within Agency Authority,
Then do:
- 1 Advertised in Official State publication(All construction over \$10,000 must be advertised in SCBO)
 - 2 Bid form of low bidder with listing of subcontractors (SE-330)
 - 3 Bid Security of low bidder with power of attorney (5% of bid >\$50,000)
 - 4 Certified Bid Tabulation sent to all bidders within 10 days
 - 5 Notice of Intent to Award sent to all bidders >\$50,000 (SE-370)
 - 6 Fully executed construction contract
 - 7 Performance Bond and Labor and Materials Payment Bond with Power of Attorney (100% of Contract >\$50,000)
 - 8 Contractor's Certificate of Insurance maintain to current
 - 9 Notice to Proceed (SE-390) issued after contract executed
- D Change Orders (SE-480)
- 1 All change orders to construction contract properly approved by OSE or by Agency if within certification
 - 2 Compare change order approval dates with applications for payment
 - 3 Cost or pricing data obtained for change orders over \$500,000.
 4. Change orders are within the general scope of the original contract.
- E Payment of Contractor
- 1 Application for payment for construction contract (SE-470) Payment for construction contract made within 21 days (SC Code Ann. §29-6-30 requires payment to a contractor of the undisputed amount of any pay request within 21 days of receipt of the pay request)
 - 2 Retention not to exceed 3.5%
- E Sole Source (§11-35-1560)
1. Single source was appropriate
 2. Written determination prepared in advance and approved by authorized official
 3. Transaction reported (§11-35-2440)
 4. Cost or pricing data obtained for sole sources greater than \$500,000.
 5. Labor and Material Payment Bonds received if over \$100,000
 6. Contractor's Certificate of Insurance provided and insurance maintained throughout contract
- F Emergency (§11-35-1570)
1. Emergency was justified
 2. Written determination prepared and approved by authorized official
 3. Competition, as practicable was sought
 4. Transaction reported (§11-35-2440)
 5. Labor and Material Payment Bonds received if over \$100,000
 6. Contractor's Certificate of Insurance provided and insurance maintained throughout contract

**DIVISION of PROCUREMENT SERVICES
OFFICE of AUDIT & CERTIFICATION
AGENCY PROCUREMENT EXAMINATION PROGRAM**

EXHIBIT C - Indefinite Delivery Contracts (IDC) for Construction for [H.3.](#)

Definitions:

A **Construction Services IDC** is a contract whereby the contractor agrees to provide the Agency construction services on an “as-needed” basis during the term of the contract.

A **Professional Services IDC** is a contract whereby the professional agrees to provide the Agency professional services as an “as-needed” basis during the term of the contract.

IDCs are awarded for construction services pursuant to the procedures in §11-35-3015(2)(b), and for architectural-engineering and land surveying services pursuant to §11-35-3220.

(1) IDCs

(a) Construction Services.

When construction services contracts are awarded, each contract shall be limited to a total expenditure of \$750,000 for a two year period (\$1 million for higher education)

Individual project expenditures must not exceed \$150,000 (\$250,000 for higher education).

Effective August 30, 2018, agencies are no longer required to submit quarterly IDC reports to OSE. Agencies are now required to submit Forms SE-690 (Construction Services IDC Delivery Order) and SE-695 (Construction Services IDC Delivery Order Modification) to OSE for approval prior to proceeding with a IDC Delivery Order that is above their Construction Contract Certification.

(b) Architectural Engineering and Land Surveying Services. When architectural engineering and land surveying services contracts are awarded, each contract shall be limited to a total expenditure of \$300,000 for a two year period (\$500,000 for higher education)

Individual project expenditures must not exceed \$100,000 (\$200,000 for higher education)

(2) Small IDCs.

The sum of all delivery orders during the two year term of the contract under a small professional services IDC may not exceed \$25,000. (\$50,000 for higher education)

Small IDCs for architectural engineering and land surveying services may be procured as provided in §11-35-3230. A contract established under this section shall be subject to and included in the limitations for individual and total contract amounts provided in §11-35-3230, and any regulations.

**DIVISION of PROCUREMENT SERVICES
OFFICE of AUDIT & CERTIFICATION
AGENCY PROCUREMENT EXAMINATION PROGRAM**

EXHIBIT D – A-E and Other Related Professional Services Audit Matrix for [H. 2b.](#)

- A. Advertised with response date at least 15 days.
- B. Bidders must use proper form in response
A-E Service Questionnaires, Federal Standard Form #330 or applicable forms as provided in the Manual for Planning and Execution of State Permanent Improvement Projects.
- C. Interviews
 1. Selection committee's determination must be in writing as to ranking.
 2. Written notification of order of ranking must be sent to all responding vendors.
- D. A-E Selection Approval Request
 1. Approval obtained as required.
 2. Copy of executed agreement for A&E services.
 - 3 Agency used proper contract forms as provided in Reg. 19-445.2145(E)
- E. A-E Approval Request - Small Contracts
 1. Procurement must be under \$25,000 (Steps A-D do not apply).
 2. Copy of executed agreement for A&E services.
- F. Sole Source (§11-35-1560)
 - Single source was appropriate
 - Written determination prepared in advance and approved by authorized official
 - Transaction reported (§11-35-2440)
 - Cost or pricing data obtained for sole sources greater than \$500,000.
- G Emergency (§11-35-1570)
 - Emergency was justified
 - Written determination prepared and approved by authorized official
 - Competition, as practicable was sought
 - Transaction reported (§11-35-2440)

**DIVISION of PROCUREMENT SERVICES
OFFICE of AUDIT & CERTIFICATION
AGENCY PROCUREMENT EXAMINATION PROGRAM**

EXHIBIT E - Procurement Card Audit Matrix For [D-3](#)

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- A. Appropriate documentation on file to support transaction: Sales slips, register receipts, P-Card slips, (*documentation to be maintained by Liaison*)
 - B. State Procurement Code was followed
 - C. Purchased from Contract Vendor (contract on file) when available
 - D. Purchase meets criteria for “Allowable” in State and Agency P-Card policies and procedures:
 - Less than STL
 - Airline tickets
 - Advertising
 - Subscriptions
 - Registration for training and conferences
 - Books
 - Freight, express and delivery services
 - Office supplies
 - Utilities
 - Statewide contracts
 - Equipment costing less than \$2500
 - E. Transaction not split to circumvent STL
 - F. Purchase made by named Cardholder
 - G. Purchase not shipped to employee home address
 - H. Transaction properly executed through Works and authorized by Works Approver
 - I. Activity Reconciler reviewed all transactions and maintains evidence of reconciliation
 - Cardholder Activity Statement agrees to Receipts/Invoices
 - J. Monthly Statement properly approved for payment