

**South Carolina**

**State Fiscal Accountability Authority**

**Division of Procurement Services**

**Office of Audit & Certification**

**AGENCY PROCUREMENT AUDIT PROGRAM**

**Agency Name**

**[agency name here]**

**Audit Period**

**[Audit Period Begin] to [Audit Period End]**

Revised: March 26, 2025

Index

[A. Reporting 1](#_Toc193889751)

[B. Project Management 1](#_Toc193889752)

[C. Risk Assessment and Planning 2](#_Toc193889753)

[D. Supplies, Services, and Information Technology, and Consultants 5](#_Toc193889873)

[E. Reportable Procurements 6](#_Toc193889878)

[F. Construction-Architect/Engineer and related Professional Services 7](#_Toc193889909)

[G. Code Compliance – General 8](#_Toc193889910)

[H. Surplus Property [Reserved} 10](#_Toc193889911)

[EXHIBIT A – Audit Attributes for Section D 11](#_Toc193889912)

[EXHIBIT B – Major Construction Audit Attributes for F. 2.a. 13](#_Toc193889913)

[EXHIBIT C – Indefinite Quantity (IDQ) and Task Order (TOC) Contracts for F.3. 15](#_Toc193889914)

[EXHIBIT D – A-E and Other Related Professional Services Audit Attributes for F. 2b. 16](#_Toc193889915)

[EXHIBIT E – Purchasing Card Audit Attributes For G-1 17](#_Toc193889916)

| Step No. | Done by and Date | W/P Reference |
| --- | --- | --- |
| Reporting |  |  |
| **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** (template **A-1**)describing findings noted during the audit, and recommendations for improvements in the internal control system.   Maintain the Audit Report Checklist (**A-1-1**), and submit this draft audit report to the A&C Director. |  | **A-1** |
| 1. 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. |  |  |
| 1. 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** |
| 1. 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. |  |  |
| 1. After presenting the Management Draft Audit Report (**A-2**) to the Agency (Step #19) , and holding an exit conference, obtain the Agency’s response(s), **finalize the report** to include the responses after each recommendation, and draft the Agenda Item.   After review and approval by the CPO, 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** |
| 1. 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-6** |
|  |  |  |
| Project Management |  |  |
| 1. **Auditor-in-Charge** (AIC) make necessary changes to audit program and get Director sign-off. |  | **B-2** |
| 1. AIC will assign audit sections to auditors. |  | **B-2** |
| 1. After completion of C – Risk Assessment and Planning, schedule an **entrance conference** with Agency officials to discuss the upcoming audit. Prepare an **agenda** (**B-3-1**) for the conference.   At the conference, obtain a list of audit contact names, phone numbers, and e-mail addresses and place on a Word Document at **B-\_\_**  After the conference, prepare a memo listing the attendees, and include a bullet point summary of the topics discussed. **B-3-2**. |  | **B-3** |
| 1. On Thursday each week prepare the Agency Progress Report and send to Director. These will help guide the weekly Friday meetings. |  | **B-1** |
| 1. 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.   Reviewers should use the Review Notes template, indicating who the reviewer and auditor were. |  | **B-8** |
| 1. Auditors address the **AIC**’s **Review Notes** by correcting or completing each workpaper**,** and explaining how the note was cleared on the review workpaper. |  |  |
| 1. AIC or designee will maintain the **Summary of Findings** from all areas to identify common compliance issues. The exceptions on this workpaper will serve as the basis 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.   Prior to writing the report, review this listing with the Director of Audit & Certification to ensure agreement on approach in the report. |  | **A-5** |
| 1. AIC will monitor outstanding documentation requests pending response from agency weekly and contact agency weekly to reinforce due dates and update agency on progress. |  | **B-1** |
| 1. When fieldwork is complete, and workpapers have been reviewed by the AIC, arrange and conduct an **Informal Exit Conference** to advise agency officials of audit exceptions, subject to review.   At the Informal Exit, provide the Agency Procurement Director a copy of the **Management Representation letter** and request the Agency prepare and sign the **Letter** on Agency letterhead. The letter should be dated on or after the last day of field work. |  | **B-4**  **B-5** |
| 1. 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. |  | **B-6** |
| 1. If the Agency wants to request an increase 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.   The request should also include:   * 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 * Justification of the Agency’s need for an increase   If key personnel in the Procurement Office are near retirement, request a succession plan. |  | **A-4** |
| 1. Prepare the **Memo to Future Audit** listing audit issues, suggested changes in audit scope or other problems encountered on the audit which will assist in planning the next audit. |  | **B-7** |
|  |  |  |
| Risk Assessment and Planning |  |  |
| 1. Using the Audit File Template,   S:\SFAMMO\Audit\4 - Templates\Audit\1 - Audit File Template\_A&C  create the audit file in the appropriate shared drive folder. |  |  |
| 1. Prepare and send the **Audit Planning Memo** Form (**C-1-1**) and **Internal Control Questionnaire** (ICQ) Form (**C-1-2**) . |  | **C-1** |
| 1. Contact the agency Procurement Director to inform them that the procurement audit is in the planning stage and communicate the period under audit. Email the planning memo and ICQ and request a digital copy of items 1-6 the period under audit:    1. agency Procurement Policy and Procedure manual; (**C-3**)    2. Completed Internal Control Questionnaire    3. Organization charts showing: (1) where procurement fits into the overall organization structure, and (2) the organization of the procurement department;    4. Satellite locations, by location and procurement staff;    5. Qualifications and experience of each member (including satellite locations) of the procurement staff, as well as construction/engineering staff; and    6. A listing of construction/A-E projects in progress during the audit period    7. Any internal or external audit reports that reference Procurement or P-Cards   Establish a POC and due date one to two weeks out for these items  Document the call in an email, indicating the date of the call, who you spoke to, who is responsible for sending the item, and the established due date for receipt of the requested information; and send it to the Procurement Director at the agency and cc the A&C Director. Place a pdf of the e-mail in the file. |  | **C-2** |
| 1. **Agency’s Procurement Procedures Manual** (**C-4)** (requested at C-3 (a)).    1. Review to determine if Agency procedures are consistent with the Consolidated Procurement Code and Regulations ~~using the checklist at~~ **~~D-1-2~~** and identify forms and responsibility for areas to be audited.   Place a copy of the current Agency Procurement Manual in the folder at: S:\SFAMMO\Audit\Procurement Manuals\_Agency   * 1. Establish that procurement authority and responsibility is vested in the purchasing department, or, if not, it is clearly defined and logically delegated.   **C-1-2** 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.  Reg. 19-445.2005(A) Include information in the Memo on **C-3-1** indicating who you asked, where you observed the information about the limits and obtain a scanned copy for the file. |  | **C-4** |
| 1. Extract a **population of expenditures** from BEX.   If other than SCEIS, document the source of the data and the person that provided the listing (requested at **C-1-1** (7)). |  | **F** |
| 1. From a population of expenditures obtained in step **C. 5.**, separate the population into transactions with POs and those without. Stratify the separated populations 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.  * $0 to $10,000 * >$10,000 to $25,000 * >$25,000 to $50,000 * >$50,000 to $250,000 * >$250,000 to $500,000 * >$500,000 |  | **D** |
| 1. Select a sample of **PO expenditure** transactions:    * All large dollar POs (POs greater than $500,000), unless that’s more than 10. If that’s the case, select a representative sample of five to ten large dollar POs from highest dollar strata of the population to test    * A representative sample of the remaining transactions greater than $10,000,    * Attempt to select a representative of each source selection method, and    * Insert the sample statistics into the Population tables and assess whether or not the sample is representative of the population.   Write a sample selection memo 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.  **Note**: For testing 71 items is sufficient.  Request sample item documentation as early in the audit as possible to provide time for agency to gather the documentation. |  | **D-1** |
| 1. Stratify the population of direct payment transactions and select a representative sample to test for compliance with the State PO Policy and agency direct pay policy.   **Note**: For testing, 25 items is sufficient. |  | **D-2** |
| 1. Review work papers from the prior audit (including prior auditor's suggestions for program changes at **B-7**), and prepare a listing of findings and recommendations.   Review A&C **correspondence files**, 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. Make notes in the relevant audit sections of any follow-up items from the prior audit. |  | **C-6** |
| 1. 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 (requested at **C-1-1** (6)). Review the reports for scope in the procurement area and any resulting recommendations.   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.  Prepare a memo listing the reports reviewed and summarizing procurement related findings and recommendations. |  | **C-6** |
| 1. Using the up-to-date **organization chart** (requested in **C-1-1** (3)), determine the procurement office’s location in the Agency’s overall structure and the internal organization of the procurement office itself.   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. |  | **C-6** |
| 1. Determine if the Agency has **satellite locations** with procurement authority (requested list at **C-1-1** (4))+.   Test a sample of transactions procured through those locations. If necessary, visit satellite offices to test field procurements. |  | **C-3** |
| 1. **Population**: Obtain a listing from WORKS of all P-Card transactions for the two periods containing the following information:    * 1. Transaction Number      2. Card Last 4 Digits      3. CH Full Name      4. Vendor Name      5. Amount      6. Post Date      7. Purchase Date      8. Mgr. Signoff Date      9. Mgr. Signoff Full Name      10. Item GL Combination      11. Item Description      12. MCC      13. MCC Description |  | **G-1** |
| 1. Using the completed ICQ, evaluate internal controls efficiency and effectiveness. Document your evaluation by cross-referencing useful information to workpapers (**C-1-2**). |  |  |
| 1. **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.   Code § 11-35-40 generally, and § 11-35-40(4) specifically.  Prepare a memo (copy to perm file) documenting the nature of the entities, their relationship to the agency, and the compliance of transactions with the Consolidated Procurement Code. |  | **C-7** |
| 1. Review **blanket purchase agreement** files or lists (requested at **C-1-1** (11)).   Test BPA procedures (Reg. 19-445.2100 (E)) and a sample of three BPAs |  | **C-8** |
| 1. From the listing obtained in step B.7., review a **block sample** of two consecutive months from the most current fiscal year that is being audited. Test both the Purchase Order data (**D**) and the Direct Expenditure Voucher data (**D-2**)in two separate blocks.   Check for:   * 1. splitting of orders - § 11-35-1550 (1)   2. favored vendors - § 11-35-1550 (2)(b))   3. any questionable procurements that warrant further audit review. |  | **C-9** |
| 1. **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. Obtain a copy of the latest Delegations-to-Date file:   S:\SFAMMO\Audit\20XX\Delegations\Delegations to Date\_mm-dd-yy  and identify any delegations by the CPO to the agency during the audit period. |  | **D-3** |
|  |  |  |
| Supplies, Services, and Information Technology, and Consultants |  |  |
| 1. Test transactions selected in step C. 7. for compliance using the supplies and services attributes. ([Exhibit A](#_EXHIBIT_A)) |  | **D-1** |
| 1. Evaluate the sample selected in step C.7. to determine whether source selection methods tested (i.e., IFB, RFP, BVB, FPB, etc.), covered all methods. If not, request the agency provide an additional sample of up to three procurements representing source selection methods not already audited. |  | **D-1** |
| 1. For SCEIS agencies, test **Direct Payments** selected in step C. 8. for compliance with the States PO Policy’s direct pay requirements. For non-SCEIS agencies, evaluate the Agency’s procurement or business and finance policy on when a PO is or is not required for consistency with the State PO Policy and test for compliance with both. |  | **D-2** |
| 1. **Delegations** –Select one or two delegations and add to the sample selected in step C. 7. Review the file to ensure the procurements were executed within the authority granted by the CPO and compliance with conditions imposed by the CPO. |  | **D-3** |
| 1. Determine by inquiry of the agency procurement director and reference to the agency’s procurement manual, that procurements of **revenue generating contracts** (list requested at **C-1-1** (10)) such as vending/concessions management, trademark management, television/radio management, etc. were performed in accordance with the Code.   SC Code of Regulation – 19-445.2000 E. (3) |  | **D-4** |
| Reportable Procurements |  |  |
| **Purpose**: To determine the validity of sole source, emergency, and unauthorized procurements reported and the accuracy of reports as required by proviso. |  |  |
| Obtain copies of all (100%) sole source, emergency and trade-in procurement written determinations (requested in **C-1-1** (9)) for the audit period being reviewed.  **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.  Download a listing (**E-1**) of all Sole Source, Emergency, Trade-in, Unauthorized (*by submission date*), Applied Preferences, and 10% Rule Procurements from the Quarterly Report (QR) database, and put in a separate workbook. Copy the appropriate portion of the list to the testing control template for each type. |  | **E-1** |
| 1. Determine who is **authorized to approve**/sign sole source and emergency procurements for the Agency by looking at the ICQ response to question **C-1-2** General Compliance steps G. 1. & H. 1. |  |  |
| **Purpose**: Per Proviso 117.43, examine each sole source (**E-1-2**) and emergency (**E-1-3**) written determination to evaluate whether the written determinations for ALL Sole Source and Emergency Procurements are legitimate and valid reasons for awarding non-competitive contracts. |  |  |
| 1. If unreported non-competitive procurements are identified, append any unreported transactions to the bottom of the appropriate QR database listings. |  | **E-2**, **E-3** |
| 1. For transaction contained in the listings from step 2 above of all **Sole Source** and **Emergency procurements**, evaluate the written determination only to confirm that each is:    1. adequately explained and appropriately justified by evaluating what is contained in the written determination. Evaluate only the description of agency need, market research, and basis for adequate factual grounds and reasoning contained on (“within the four corners of”) the determination itself. The determination must contain sufficient factual grounds and reasoning to provide an informed, objective explanation for the decision    2. accurately reported |  | **E-2**, **E-3** |
| 1. Select ten **sole source procurements** from the most recent audit period and >$50k to test that proper notice of intent to award without competition was posted, including right to protest clause   Ensure the written determination was properly approved prior to posting the SCBO ad, and if the approved written determination or immediate access was included in the public notice |  | **E-2** |
| 1. Select ten **emergency procurements** >$50k to test that proper notice of intent to award without competition was posted, including right to protest clause |  | **E-3** |
| 1. Verify that the Agency is submitting quarterly reports of all **unauthorized procurements** to A&C and download a listing from the QR db (**E-1-4**). Request access to the agency’s unauthorized and illegal procurements file.   Determine the total number and amount of unauthorized procurements during the audit period. Determine the number and amount that were ratified, declared null and void, or that had been fully performed for inclusion in the report.  Select a representative sample of 5 to 10 to ensure that dispositions of unauthorized procurements are in accordance with Reg. 19-445.2015, documented in written determination(s) of appropriateness, and authorized by an appropriate official. |  | **E-4** |
| 1. Review list of **trade-in sales** (**E-1-5**) for:    1. proper approvals if the original cost is greater than $5,000.    2. accurate reporting   **Note**: The CPO for ITMO was delegated authority from SPO to approve IT equipment for trade-in effective January 27, 2015  Code § 11-35-3830 and Reg. 19-445.2150 (G) |  | **E-5** |
| 1. Prepare a memo for each section under **E** with Population Summary by fiscal year, the dollars tested and findings. |  |  |
|  |  |  |
| Construction-Architect/Engineer and related Professional Services |  |  |
| 1. From a population of facilities related expenditures (requested in **C-1-1** (5)), 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.  Note: **OSE** has a **database** that may be a good source of information related to an agency’s construction activity. |  | **F-1** |
| 1. **Article 9** - Prepare a schedule and test:    1. **Subarticle 3** - Major construction using the Construction Matrix ([Exhibit B](#_EXHIBIT_B))    2. **Subarticle 5** - A-E and Related Professional Services using the A-E Matrix. ([Exhibit D](#_EXHIBIT_D))    3. If projects began before audit period and the contract has been tested previously, limit testing to change orders or modifications that occurred during the audit period.    4. 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 |  | **F-2**  **F-3** |
| 1. **Article 10** - Inquire if Agency uses Indefinite Quantity Contracts (IDQs) § 11-35-3310 A-E and Land-Surveying Services, or Task Order Contracts (TOCs) § 11-35-3320 Construction Services   **Note**: Effective August 30, 2018, agencies are no longer required to submit quarterly IDQ reports to OSE. Agencies are now required to submit Forms SE-690 (Construction Services IDQ Delivery Order) and SE-695 (Construction Services IDQ Delivery Order Modification) to OSE for approval prior to proceeding with a IDQ Delivery Order that is above their Construction Contract Certification.  Select a sample of three or four and test for compliance. ([Exhibit C](#_EXHIBIT_C))  Prepare a sample selection memo describing how the sample was selected.  Request a listing of any IDQs, or TOCs 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. |  | **F-2**  **F-3** |
| 1. Inquire if the Agency used any authorized project delivery methods other than design bid build. §11-35-3005    1. construction management at risk;    2. operations and maintenance;    3. design-build;    4. design-build-operate-maintain; and    5. design-build-finance-operate-maintain.   If so, test project for compliance with:  § 11-35-3010 – Choice of Project Delivery Method, and  § 11-35-3015 – Source Selection Methods assigned to project delivery methods. |  |  |
| 1. Document findings, results, and conclusions in a memo. |  | **F-1** |
|  |  |  |
| Policy Compliance |  |  |
| 1. **Purchasing Card** Review (**G-1**)    1. Review the Agency’s P-Card Procedures Manual (requested at **C-1-1** (1)) to confirm compliance with the State P-Card Policy (revised 9/9/21; eff 1/1/20) using the P-Card Manual Checklist.   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 Supervisor/Approver and Liaison prior to payment to BOA. |  | **G-1-1**(2) |
| * 1. 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 per State P-Card Policy V(A)(6).   Determine when the last independent P-Card audit was conducted. Obtain a copy of the report (requested **C-1-1** (6)). |  | **G-1-1**(2) |
| * 1. Program Administration Risk Assessment   Obtain a listing from WORKS, of all P-Cards that were active during the audit period showing the Cardholder, Reviewer/Approver, Date of Issue, Single Transaction and Credit Limits, and date of last transaction.   * + 1. Card Issuance - Ensure that P-Cards are issued according to State P-Card Policy section V.C., and per State P-Card Policy V. C. 1. - no more than one card may be issued to an individual)     2. Training – Ensure that the Agency has documented Level I and Level II training programs for new card holders, supervisor/approvers, and liaisons.     3. Account Types - Determine that the Agency has no unassigned cards, i.e., that all card types are issued according to section VI.     4. Confirm that no cards have been inactive for more than one year.     5. Single Transaction Limits - Sort the listing to verify that no single transaction limit (STL) is greater than the Procurement Code competition threshold.   For cards with STL’s greater than:   1. $2500 requires agency head or governing board approval per II. B. 2 2. $10,000 - the competition threshold, obtain documentation of the CPO’s approval per II. D. |  | **G-1-1** (2) |
| **Note**: Portia Davis, [pdavis@mmo.sc.gov](mailto:ethompson@mmo.sc.gov) , (803) 737-5473, is the State P-Card Coordinator.  The State P-Card Coordinator maintains documentation of all approvals for STLs greater than $10k. |  |  |
| * 1. From the transaction listing in Section C, determine the Bank of America expenditures by month and prepare a summary. Judgmentally select at least two monthly billing statements within the audit period for testing. |  | **G-1-2** (1) |
| * 1. If higher ed, obtain a listing of the Group B Agency’s blocked MCC codes (See State P-Card Policy II. (C)(3)). |  | **G-1-1** (2) |
| * 1. For the population of transactions:  1. Determine that purchases are not made from blocked MCCs by scanning the population. For three transactions using blocked MCC codes, request documentation of approval for MCC codes to be temporarily unblocked. 2. 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. |  | **G-1** |
| * 1. Select a sample 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 Attributes ([Exhibit E](#_EXHIBIT_E)) that purchases are being made in compliance with the State and Agency P-Card policy and internal procedures. |  | **G-1-2** (2) |
| 1. **Minority Business Enterprise** (MBE) Utilization (19-445.2160) (Utilization Plans and progress reports requested at **C-1-1** (14))    1. Confirm that MBE utilization plans were submitted for approval no later than July thirtieth, annually. (§ 11-35-5240)    2. Confirm that progress reports were submitted no later than thirty days after the end of each fiscal quarter. (§ 11-35-5260) |  | **G-2** |
|  |  |  |
| Surplus Property [Reserved} |  |  |

# EXHIBIT A – Audit Attributes for [Section D](#_D.__)

(A) Market Research documented.

(B) State**-term contracts** (§ 11-35-310 (37)) were utilized.

10% Rule: If term contract prices were beaten by 10%, and all other contract terms were met, determine that the contract vendor was offered the chance to match the price.

(C) The procurement complied with the **Consolidated Procurement Code and Regulations**. (1-9 below)

(D) **IT Acquisitions** > $50,000 have verification of IT Plan approval prior to solicitation. (Proviso 117.107 (5))

(E) Written Determinations present as required

(F) 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 (§ 11-35-1830) for Competitive Sealed Proposals, Competitive Negotiations, and Sole Sources procurements.

(G) Public Notice of Solicitation properly posted

(H) Bids Tabulated and Properly Evaluated

(I) Contract Properly Awarded

(J) Proper Public Notice & Notification of Award

1. **Small Purchases** (§ 11-35-1550; Reg. 19-445.2100)

* < $10,000 - accomplished without securing competitive quotations if the prices are considered reasonable
* >$10,000 to $25,000, or COTS or construction $100,000. Solicitation of three written quotes, including purchase description, for written quotes from a minimum of three qualified sources of supply
  + Documentation of at least three bona fide, responsive, and responsible quotes must be attached to the purchase requisition
  + Award made to lowest responsive and responsible sources
  + Requests distributed equitably among qualified sources unless advertised
* If advertised at least once in South Carolina Business Opportunities (SCBO) or a newspaper of general circulation.
  + Copy of written solicitation and written quotes attached to requisition
  + Award to lowest responsive and responsible source or, when RFP, highest ranking offeror.

Check for clarifications made by buyers

1. **Competitive Sealed Bids** (required for > $50,000.00) (§ 11-35-1520)

* Market research certification obtained
* Written invitation for bids must include specifications and contract Ts & Cs
* Required written determinations in file
* Public Notice as required § 11-35-1520(3) in SCBO w Right to Protest.
* Bids/responses tabulated and evaluated
* Award to lowest responsive & responsible bidder based on published criteria.
* Notice of award or intent-to-award documented, posted, & distributed to each respondent on the day indicated in the Public Notice
* Drug-free Workplace Act certification obtained prior to issuance of a PO

1. **Competitive Fixed Price** § 11-35-1525,

* Same requirements as § 11-35-1520 except as allowed in referenced Code Section
* Written Determination that method is more advantageous than § 11-35-1520

1. **Competitive Best Value** § 11-35-1528

* Same requirements as § 11-35-1520 except as allowed in referenced Code Section
* Written Determinations that method is more advantageous than § 11-35-1520
* Evaluation factors in solicitation with weighting
* Cost must be at a minimum of 60% of the award decision

1. **Competitive On Line Bidding** § 11-35-1529

* Same requirements as § 11-35-1520 except as allowed in applicable Code Section
* Written Determinations that method is more advantageous than § 11-35-1520

1. **Competitive Sealed Proposals** (§ 11-35-1530)

* Same requirements as § 11-35-1520 except as allowed in referenced Code Section, and
* Written Determinations that method is more advantageous than § 11-35-1520
* If discussions used, was CPO approval obtained
* Evaluation factors in solicitation, with relative importance, and applied to responses
* Evaluation committee's score sheets with comments concerning scores, confidentiality statements
* If negotiations used, were objectives documented in advance
* Award to highest ranked offeror
* Cost or pricing data obtained for RFPs over threshold (§ 11-35-1830 & Reg 19-445.2120).

1. **Sole Source** (§ 11-35-1560 and Reg 19-445.2105)

* Written determination prepared in advance and approved by authorized official
* Sole source was appropriate and adequately justified
* Public Notice as required (§ 11-35-1560(A)) in SCBO w/Right to Protest (§ 11-35-4210(1)).
* Transaction reported (§ 11-35-2440)
* Cost or pricing data obtained for sole sources greater than threshold. (§ 11-35-1830 & Reg 19-445.2120)

1. **Emergency** (§ 11-35-1570 and Reg 19-445.2110)

* Written determination prepared and approved by authorized official
* Nature and scope of emergency was appropriate and adequately justified,
* Public Notice as required (§ 11-35-1570(B)) in SCBO w Right to Protest (§ 11-35-4210(1)).
* Competition, as practicable, was sought
* Transaction reported (§ 11-35-2440)

1. **Auction or Bankruptcy Sale**; (§ 11-35-1575)

* Written Determinations that method is more advantageous than § 11-35-1520
* Documentation that price determined prior to attending auction

**Note**: *Any issues related to cost or pricing data not being collected will be a discussed with in the Summary of Findings*.

# EXHIBIT B – Major Construction Audit Attributes for [F. 2.a.](#_F.__)

* 1. Establishment of a Permanent Improvement Project

1. Land or building acquisition regardless of amount
2. State Agencies $100,000
3. Colleges and Universities $2,000,000
4. Research Universities $5,000,000 (Proviso 117.136)
   1. Determine Type of Construction Delivery Method:
5. Design-Bid-Build – SC Code § 11-35-2910(6) & Chapter 6 OSE Manual (D-B-B)
6. Construction Management at Risk - SC Code § 11-35-2910(5) & Chapter 11 OSE Manual
7. Design-Build - SC Code § 11-35-2910(7) & Chapter 12 OSE Manual
8. Design-Build-Operate-Maintain – SC Code § 11-35-2910(9) & Chapter 12 OSE Manual
9. Design-Build-Finance-Operate-Maintain – SC Code § 11-35-2910(8) & Chapter 12 OSE Manual
10. Operations and Maintenance - SC Code § 11-35-2910(13)

Determine if Construction Contract Award Authority

* 1. Over Agency Authority, then:

1. Advertised in SCBO
2. Approved “Request for Authority to Execute a Construction Contract. For D-B-B-(SE 310)
3. Contractor Notice To Proceed (D-B-B SE-390) issued after contract executed (Except for IDQ)
   1. Within Agency Authority,

Then do:

1. Advertised in Official State publication(All construction over $100,000 must be advertised in SCBO SC Code §§ 11-35-1520, 1530 and 3020)
2. Bid form of low bidder with listing of subcontractors (D-B-B SE 330)
3. Bid Security of low bidder with power of attorney (5% of bid >$100,000)
4. Certified Bid Tabulation sent to all bidders within 10 days
5. Notice of Award >$50,000, Notice of Intent to Award sent to all bidders >$100,000 (For D-B-B SE-370, or Depends on Construction Delivery Method)
6. Fully executed construction contract
7. Performance Bond and Labor and Materials Payment Bond with Power of Attorney (100% of Contract >$50,000) (SE 355 and SE 357)
8. Notice to Proceed (D-B-B SE-390) issued after contract executed
   1. Change Orders (D-B-B SE-380) SE form number depends on construction delivery method.
9. All change orders to construction contract properly approved by OSE or by Agency if within certification
10. Compare change order approval dates with applications for payment
11. Cost or pricing data obtained for change orders over threshold. (§ 11-35-1830 & Reg 19-445.2120)
12. Change orders are within the general scope of the original contract.
    1. Payment of Contractor
13. Application for payment for construction contract Payment for construction contract made within 21 days (§ 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)
14. Retention not to exceed 3.5%
    1. Sole Source (§ 11-35-1560)
15. Single source was appropriate
16. Written determination prepared in advance and approved by authorized official
17. Public Notice Provided in SCBO if greater than $50,000.
18. Transaction reported (§ 11-35-2440)
19. Cost or pricing data obtained for sole sources greater than threshold. (§ 11-35-1830 & Reg 19-445.2120)
20. Labor and Material Payment Bonds received if over $50,000
21. Contractor's Certificate of Insurance provided and insurance maintained throughout contract
    1. Emergency (§ 11-35-1570)
22. Emergency was justified
23. Written determination prepared and approved by authorized official
24. Public Notice Provided in SCBO if greater than $50,000.
25. Competition, as practicable was sought
26. Transaction reported (§ 11-35-2440)
27. Labor and Material Payment Bonds received if over $50,000
28. Contractor's Certificate of Insurance provided and insurance maintained throughout contract

# EXHIBIT C – Indefinite Quantity (IDQ) and Task Order (TOC) Contracts for [F.3.](#_F.__)

See OSE Manual for Planning and Execution of State Permanent Improvements (PI Manual), **Chapter 9**

Definitions:

An **Indefinite Quantity Contract (IDQ)** [§ 11-35-3310] may be awarded on an as-needed basis for architectural-engineering and land-surveying services pursuant to § 11-35-3220.

**9.2.1** - a Professional Services contract that does not procure or specify a defined quantity of services (other than a minimum or maximum quantity) and that provides for the issuance of Delivery Orders for the performance of work during the period of the contract. Agencies procure Indefinite Quantity Contracts in the same manner as any professional services contract as set forth in Chapter 4. Section 9.4 gives instructions for the use of indefinite quantity contracting.

A **Task Order Contract (TOC)** [§ 11-35-3320] a contract to acquire construction services when the exact time or exact quantities of future tasks are not known at the time of contract award.

**9.2.2** - a Construction Services contract that does not procure or specify a firm quantity of services (other than a minimum or maximum quantity) and that provides for the issuance of Task Orders for the performance of tasks during the period of the contract. Agencies procure TOCs in the manner set forth in Section 9.6.

**9.5.2** – Every award of a TOC must be approved by OSE

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

(1) IDQs

(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).

Agencies are now required to submit Forms SE-690 (Construction Services TOC Delivery Order) and SE-695 (Construction Services TOC Delivery Order Modification) to OSE for approval prior to proceeding with a TOC 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 IDQs.

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

Small IDQs 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.

# EXHIBIT D – A-E and Other Related Professional Services Audit Attributes for [F. 2b.](#_Architect/Engineer_and_other)

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. When it is determined by the agency that the ranking report is final, written notification of the highest ranked person or firm must immediately be sent to all firms interviewed. (§ 11-35-3220 (6))

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 threshold. (§ 11-35-1830 & Reg 19-445.2120)

G Emergency (§ 11-35-1570)

* + Emergency was justified
  + Written determination prepared and approved by authorized official
  + Competition sought as practicable
  + Transaction reported (§ 11-35-2440)

# EXHIBIT E – Purchasing Card Audit Attributes For [G-1](#_Code_Compliance_–)

1. Appropriate documentation on file to support transaction: Sales slips, register receipts, P-Card slips
2. Purchase not shipped to employee home address
3. State Procurement Code was followed
4. Purchased from Contract Vendor when available
5. No purchases prohibited by State P-Card Policy IV. E.:
   * Exceeds STL
   * Personal purchases
   * Cash advances
   * Gift Cards
   * Employee travel, including lodging, transportation (excluding airline and rental cars), and meals
   * Entertainment
   * Alcoholic beverages
   * Tobacco products
   * Fuel for State owned vehicles
   * Professional services
   * Food for consumption by State employees
   * Blocked MCC
   * Payment on Open Account
   * State and local taxes to Dept of Revenue
6. Transaction not split to circumvent STL
7. Purchase made by named Cardholder
8. Statement signed by Cardholder
9. Statement/transaction properly approved by Supervisor/Approver
10. Documented review for prohibited transactions by Liaison