

## Module 2: South Carolina Public Procurement



Upon completion of this module, you should have a better understanding of Public Procurement and South Carolina Public Procurement, in particular.

You should be able to apply the concepts in Module 1 to strengthen understanding that State Public Procurement starts with the South Carolina Consolidate Procurement Code and Regulations, and the Chief Procurement Officers.

You should better understand the roles, responsibilities, and policies as maintained by SC Central Government: the Division of Procurement Services, the Offices of the Comptroller General and the State Treasurer, and the SC Enterprise Information System Division of the SC Department of Administration.

You should understand that SC Public Procurement is governed by rules of law, regulations, standards, electronic systems, and transparency to ensure best practices and authorized/"legal" Public Procurement.

You should also grasp that help is available to you, the authorized procurement staff, from the websites and offices of the Central Government

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agencies charged with handling Public Materials Management for the enterprise of SC State Government.

## Introduction



South Carolina procures goods and services for direct consumption and for inventory.



This course module discusses South Carolina Public Procurement and how it is administered by Central State Government agencies. South Carolina procures goods and services for direct consumption and for inventory.

## Public Procurement



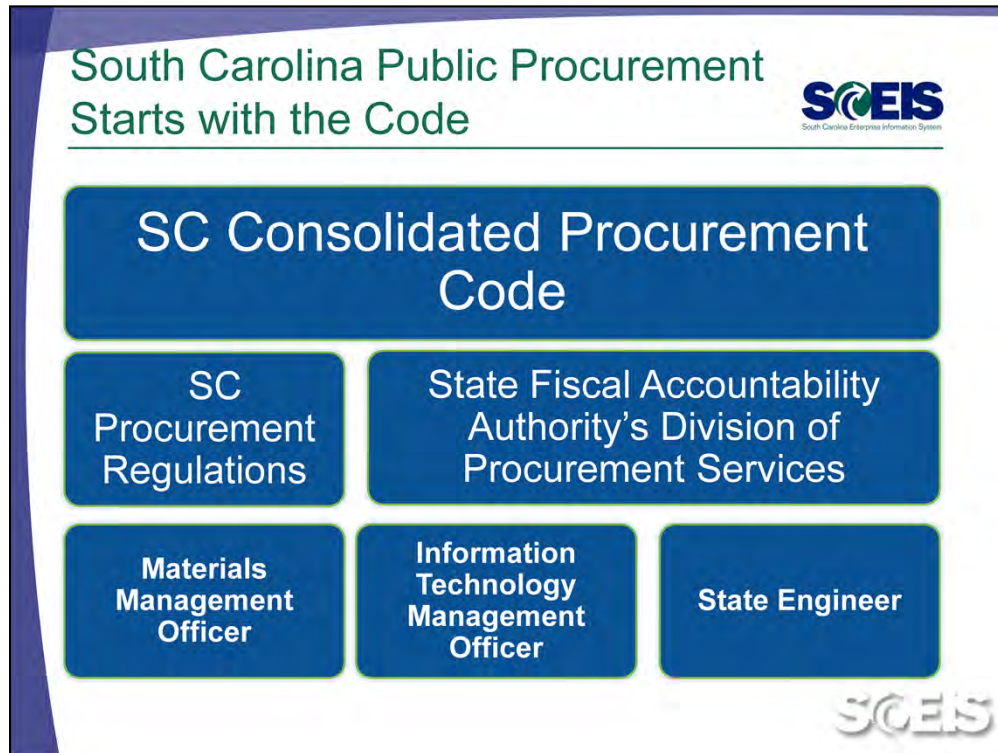
- Funded by tax dollars
- Performed by governmental entities
- Based in State rules of law, regulations, standards, electronic systems, and transparency
- Implemented and controlled by Central Government



Public Procurement is funded by tax dollars and performed by governmental entities.

This procurement is based in State rules of law, regulations, standards, electronic systems, and transparency.

Public Procurement is implemented and controlled by Central Government agencies.



The SC Consolidated Procurement Code provides underlying purposes and policies for legal procurement in state government, while the SC Procurement Regulations govern the Code.

The Code provides for central administrative support services to state agencies in the area of procurement, through the Division of Procurement Services, in the State Fiscal Accountability Authority.

The Code also stipulates the roles and responsibilities of the State's Chief Procurement Officers:

- the Materials Management Officer,
- the Information Technology Management Officer, and
- the State Engineer.



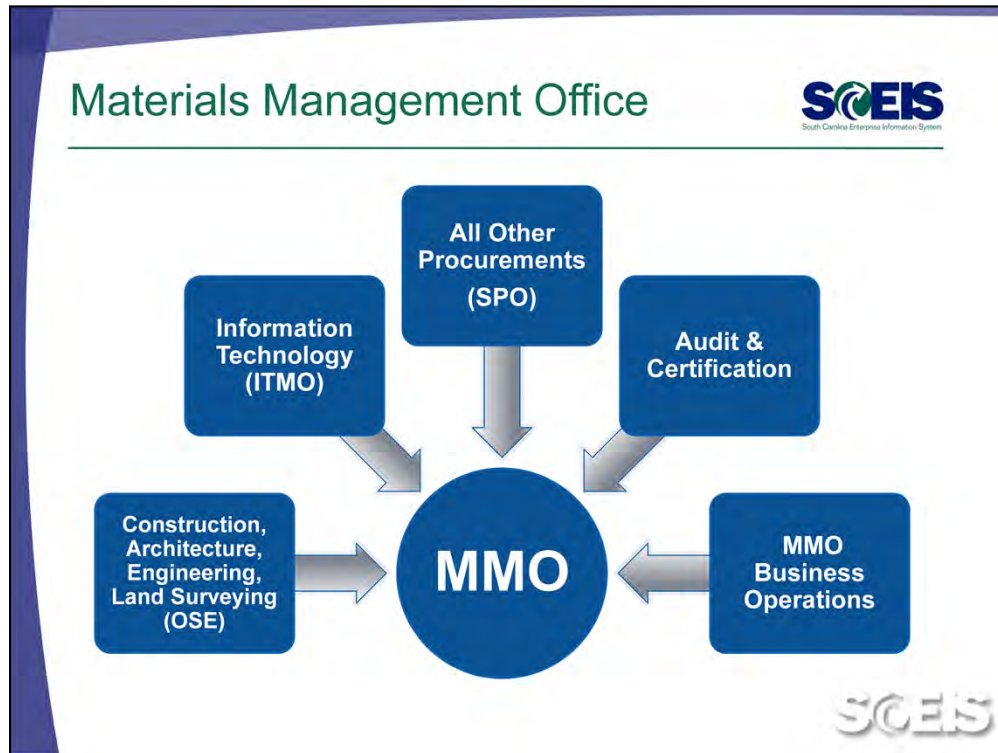
## Regulated Procurement Workflow



The SC Consolidated Procurement Code is available in the Code of Laws section of the South Carolina Legislature website.

On this website, staffs can find the rules of law, regulations, standards, electronic systems, and transparency for performing Public Procurement. Also included are references to Central Government agencies for related information such as policies and fiscal reports.

In an agency, Procurement staffs work together because integrated functions create related work. Through inputs to and outputs from these functions, a proper workflow is created and goods/services can be acquired. However, their work must be regulated by the SC Consolidated Procurement Code to ensure authorized/"legal" Public Procurement.



The Materials Management Office (MMO) is synonymous with the Procurement Services Division and is responsible for

- the Office of the State Engineer (OSE),
- the Information Technology Management Office (ITMO),
- the State Procurement Office (SPO),
- the Audit & Certification Office, and
- the Business Operations of MMO.

By now you should have a good understanding of the authority of these Central Government agencies – the State’s Big Picture for Procurement!





The SC Office of the Comptroller General (CGO) is the office of the state's chief accountant, supervising state spending, keeping the state's books and maintaining accounting controls and authority over state agencies.

The CGO, along with MMO, also administers registration and validation of vendors seeking to do business with the State.

Additionally, the CGO authority includes procurement payment management tools for state agencies.

## Policy for Use of Purchasing / Payment Document Types



**PURCHASE ORDER**  
*Document Type*

Purchasing Office: SC Department of Transportation, Procurement Office, 1500 E. 9th St., Columbia, SC 29204, Phone: (803) 735-5400, Fax: (803) 735-5400

Invoice To: SC Department of Transportation, 1500 E. 9th St., Columbia, SC 29204, Phone: (803) 735-5400, Fax: (803) 735-5400

Purchase Order: 0000000000, Date Issued: 01/01/2014, TO: State of South Carolina, 1500 E. 9th St., Columbia, SC 29204

Vendor: 0000000000, Name: STATE OF SOUTH CAROLINA, 1500 E. 9th St., Columbia, SC 29204

Supplier To: The State of South Carolina, BRUTES' Department of Transportation, 1500 E. 9th St., Columbia, SC 29204

"The purpose of this policy is to standardize agency use of all purchasing or payment document types for all transactions processed for payment, including year-end processing, and adopt best practice methodology."

--SC Comptroller General

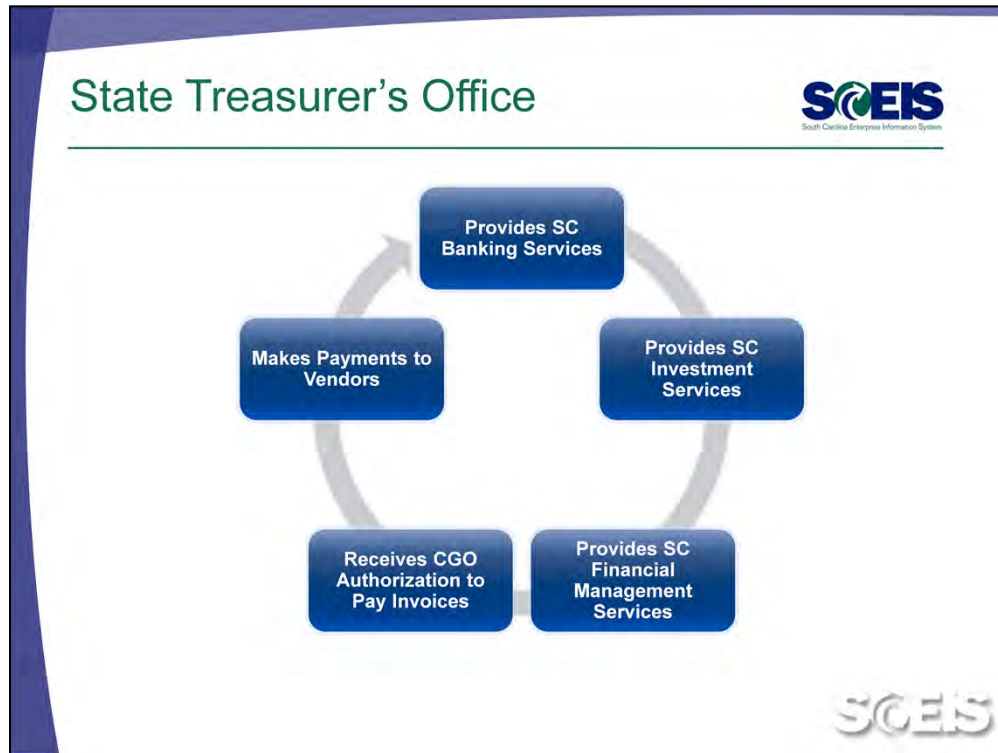


The CGO's *Policy for Use of Purchasing/Payment Document Types* clearly outlines the State's procurement payment management tools for state agencies. This policy is located on the CGO's website and is updated quarterly, as required.

Agencies consult this policy throughout Materials Management to accomplish good Public Procurement.

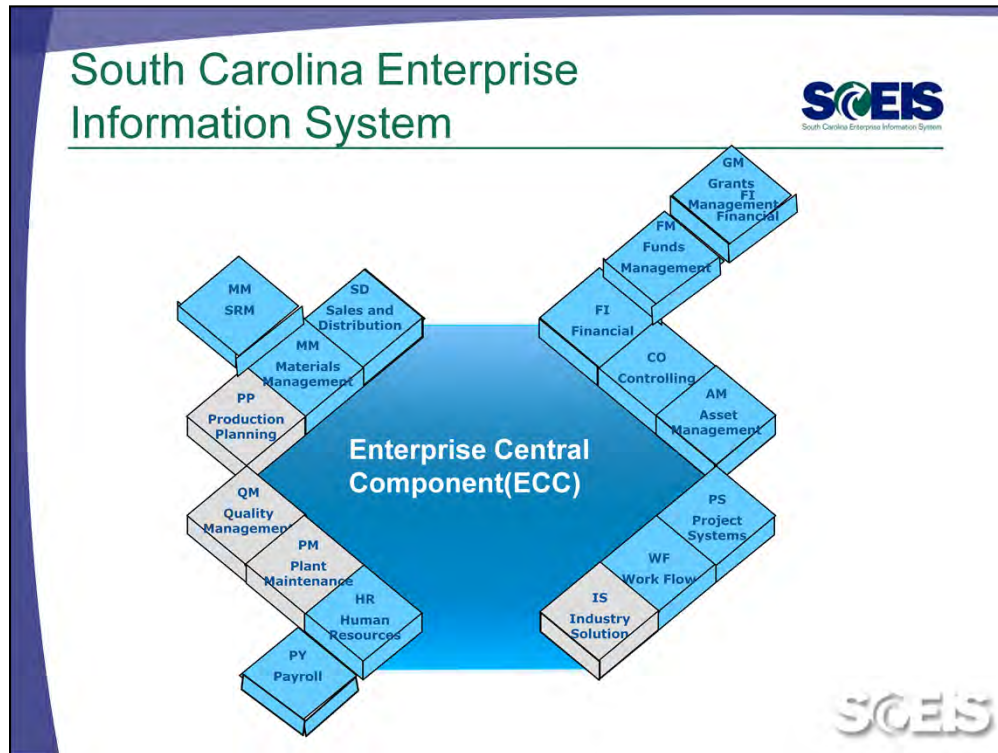
Compliance with this policy ensures the appropriate use of information, creation of proper procurement documents and the proper flow of information into related functions such as reporting.

This policy also distinguishes Procurement from payment methods such as the "Purchasing Card."



SC Office of the State Treasurer (STO) provides banking, investment and financial management services for state government.

STO procurement-related activities include receiving authorization from the CGO to pay invoices processed by the CGO and agencies, following Purchase Orders.



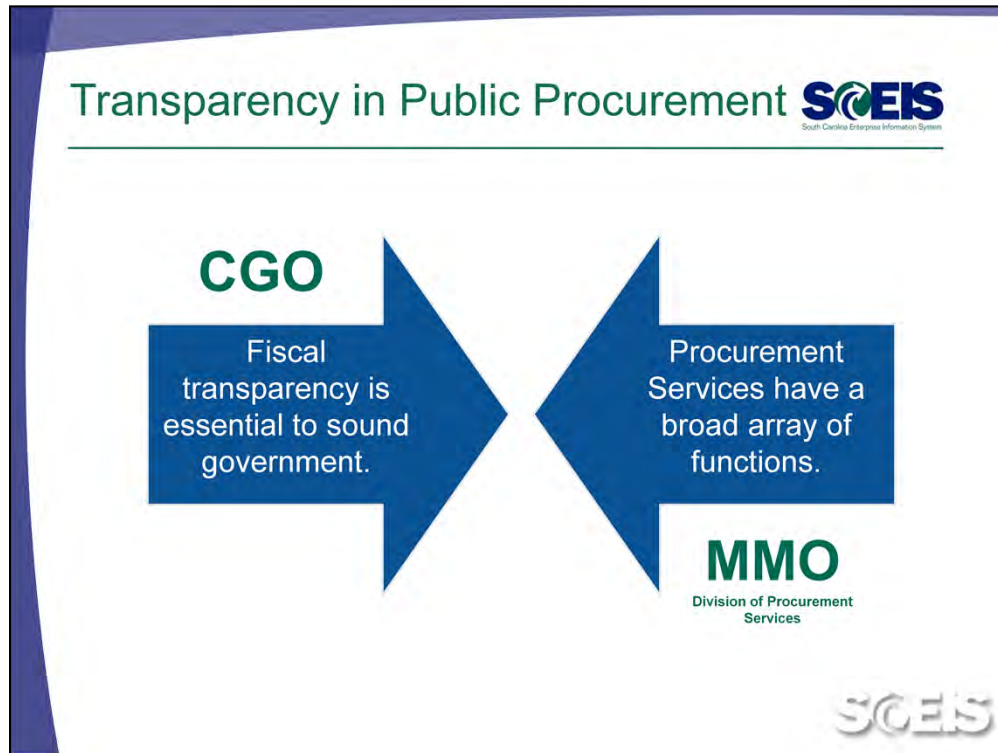
In 2003, South Carolina reported using “nearly 170 different applications to manage their finances, procure goods and services, manage human resources and pay employees. “

Today, the South Carolina Enterprise Information System (SCEIS) is the statewide enterprise accounting system that standardizes the state's business processes.

According to its Mission Statement, “The South Carolina Enterprise Information System (SCEIS) will standardize and streamline business processes within the government of South Carolina, using best business practices to achieve cost-effective and efficient delivery of services.

Timely, accurate and complete information provided through SCEIS will empower decision-makers, insuring transparency and improving the way government works for the citizens of South Carolina.”

In 2015, SCEIS was established as a division of the SC Department of Administration.



According to the CGO's S.C. Fiscal Transparency Website, "Fiscal transparency is essential to sound government."

The Division of Procurement Services Website notes, "Procurement Services have a broad array of functions, which include the following: ...Ensuring transparency and integrity in the expenditure of public money by auditing and assessing internal agency procurement controls and processes."

These websites, together, show Procurement education and controls are still needed to ensure good Public Procurement.

## Transparency in Public Procurement

“For all reporting agencies” in  
FY2013 – 2014:

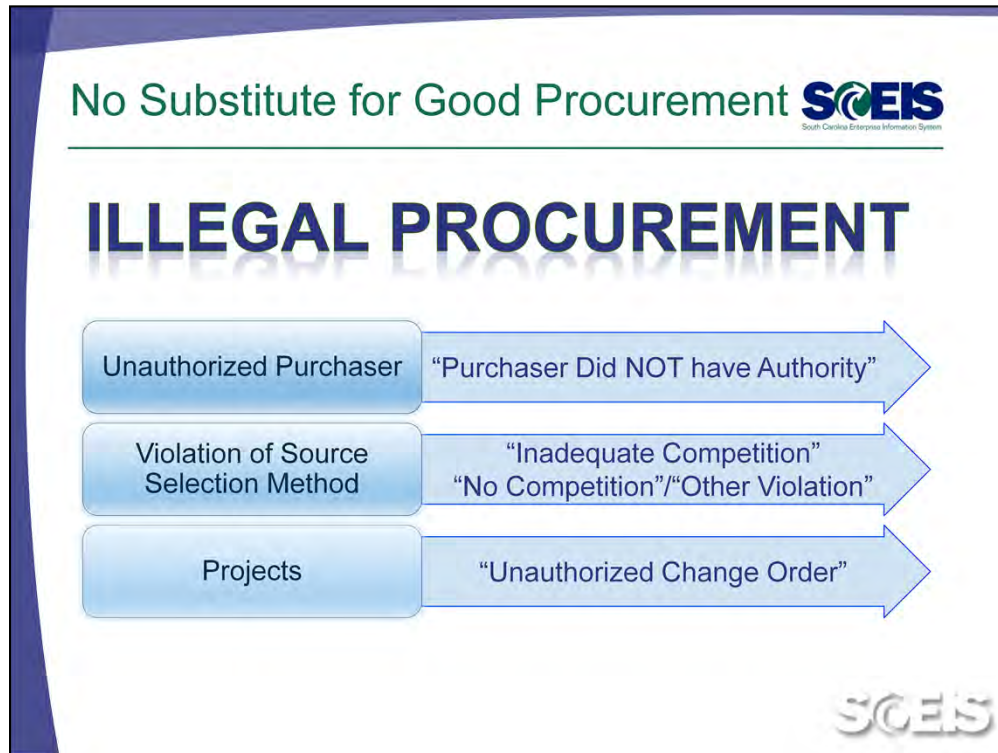
- South Carolina Spending Transparency Report
  - “Supplies and Materials”  
\$429,809,660.69
- State Fiscal Accountability Authority Transparency – MMO Report
  - \$2,977,766.29 in “illegal procurements”



SCGIS

According to the CGO's Transparency website, agencies spent approximately \$430M in Fiscal Year 2013 – 2014 on “Supplies and Materials.” However, for the same period, the MMO Report indicated approximately \$3M





There is no substitute for good Public Procurement.

According to the Procurement Services Website, for FY2013-2014, "illegal procurements" were in three primary categories: "Unauthorized Purchaser", "Violation of Source Selection Method" and "Projects."

The report of improper procurements included descriptions such as "Purchaser Did Not Have Authority", "Inadequate Competition", "No Competition", "Unauthorized Change Order", and "Other Violation of Source Selection Method."

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## Module 2: Summary



- You should now have a better understanding of the following:
  - ✓ Getting Started with Public Procurement
  - ✓ SC Consolidated Procurement Code and Regulations, and the Chief Procurement Officers
  - ✓ Procurement Services/Materials Management Office
  - ✓ Office of the Comptroller General
  - ✓ Office of the State Treasurer
  - ✓ SC Enterprise Information System
  - ✓ Getting Help for Performing Public Procurement



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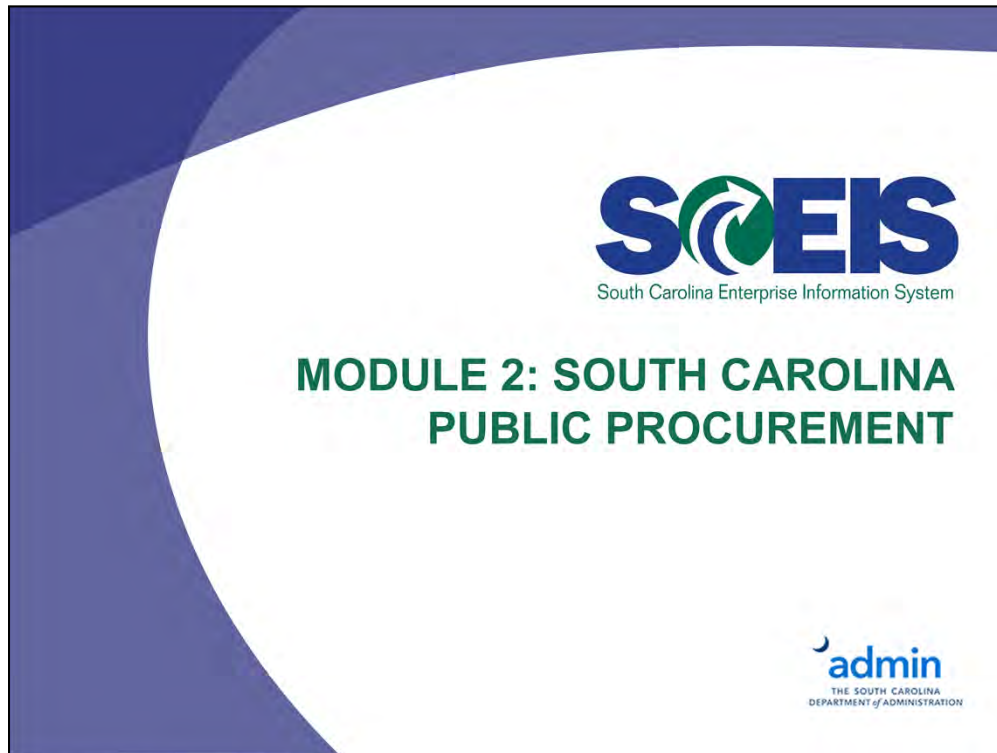
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This is the end of PR101 Module 2. Please continue to Module 3 of the PR101 course.