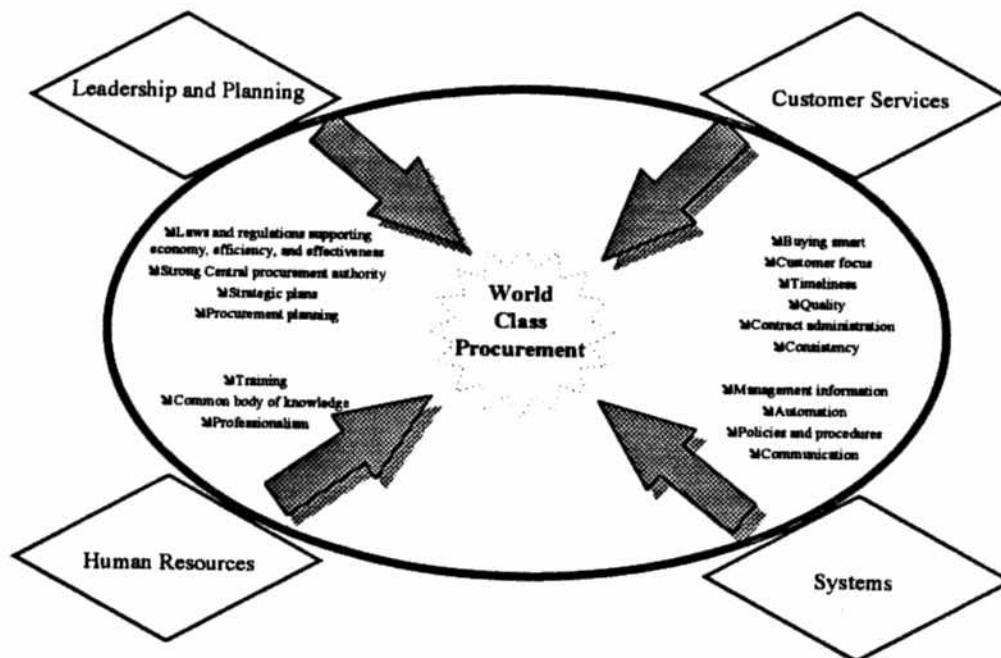


**Exhibit 3-1
The Procurement Function**



South Carolina's current procurement system is progressive and already incorporates many components of a sound procurement system. The results of a comparison between the National Association of Government Purchasing Officials' (NASPO)¹ essential elements of a procurement system and the South Carolina Consolidated Procurement Code (the Code) demonstrate this situation (see Appendix D).

Many of NASPO's recommended policies and practices have already been implemented in South Carolina's procurement system. In fact, almost all procurement officials and customers interviewed during the course of this audit expressed the belief that the state's current procurement process is effective, that the procurement code serves as a strong foundation for the system, and that customer service levels throughout the procurement system are high.

¹ Source: *State and Local Government Purchasing Principles and Practices*, 5th Edition, 1997.

There are several recommended policies and practices that have not yet been implemented or are in need of improvement in the state's procurement function. Each of the issues identified during the procurement function review relate to one of the interrelated core elements of a world class procurement system; several findings cut across different elements. Many of the findings were identified as a result of information obtained from the data request responses from the procurement survey distributed to agency procurement officials. Of 95 surveys distributed, 84 were returned, and fewer than half were able to provide all the information requested for the previous four fiscal years—1993-94 through 1996-97. Requested information included:

- Staffing levels
- Budget supporting procurement function
- Extent of automation of the procurement function
- Procurements, number awarded and dollar amount by acquisition type
- Procurements, number awarded and dollar amount by commodity

The following sections highlight the strengths of the current system, discuss specific opportunities for improvement of South Carolina's procurement system, and identify specific findings and recommendations designed to improve the system's efficiency and effectiveness while enhancing value to the taxpayers of South Carolina.

Strengths of the South Carolina Procurement System

South Carolina's progressive procurement system is illustrated by high levels of satisfaction with the procurement process in the state expressed by procurement officials at the MMO and agency levels, customers and vendors—all users of the system.

System strengths include:

- A flexible and comprehensive South Carolina Consolidated Procurement Code
 - MMO staff described the Procurement Code as fair for both the state and the vendor community
 - MMO and agency procurement officials noted that the Procurement Code is flexible and not overly restrictive
- A certification program that offers agencies the flexibility to conduct certain procurements at the agency level, while maintaining a strong central procurement office and effective audit and review of distributed/delegated activity

- Timely and effective support from MMO. According to client agencies, MMO provides effective support by defining and processing procurements in excess of the agencies' procurement authority
- An audit team that provides client agencies with a source of guidance for procurement-related matters

Opportunities to Reduce Costs

MMO spends an estimated \$700 million annually in the procurement of goods and services. Precise statistics that include all state agencies' expenditures, number of contracts awarded, and a break-out of commodities and services procured were unavailable. The difficulty in collecting and analyzing this most basic procurement may be attributable to the limited use of consistent and comprehensive procurement management and financial systems designed to track purchasing activity. The state's existing systems capabilities severely limit the ability to easily obtain basic procurement management information and the evaluation of fiscal impacts pertaining to procurement management decisions of practice, policy, and procedure.

The following findings address policies and practices that can adversely impact the state's ability to serve as effective and efficient purchasers and to procure goods and services in the most cost-conscious and timely manner.

Finding: There is a lack of complete procurement information.

The State of South Carolina has difficulty reporting with certainty how much is spent for the procurement of goods and services, what goods and services are procured, and what department or agency procured them. There exists no consolidated, comprehensive, method, process or database that tracks procurement information on a statewide basis.

Difficulty in collecting consistent, accurate procurement data occurred primarily at the agency level. MMO was able to report procurement, by purchase method, for the last four fiscal years. With a relatively high degree of confidence, it can be reported that in fiscal year 1996-97, MMO procured \$683 million worth of goods and services. A statewide survey requesting agencies to report their total annual procurements by purchasing method did not produce complete information—some agencies were able to provide the requested procurement data, but the majority were not.

Survey results pertaining to specific commodities procured were less conclusive. Very few agencies could produce a summary of purchases by commodity; MMO's information management system also had difficulty producing reports by commodity codes. According to MMO staff, basic procurement information reported by MMO required the consolidation of data from over 30 different automated reports, although they noted that given more time to generate the requested data, fewer reports would have been needed.

The limited availability of this basic management and financial information impacts the overall economy of statewide procurement. Timely and accurate procurement data is a critical element needed in a procurement system. Obtaining this critical data and using the data effectively offers the opportunity to potentially reduce costs in the procurement of goods and services through consolidated purchases and leveraging the state's negotiation position. Further discussion regarding the need for improving procurement information can be found in the section: **Opportunities To Improve Financial and Management Information**.

Finding: Preferences may increase contract prices.

Preferences, as defined by NASPO, are advantages given to a bidder by reason of the bidder's residence, business location, origin of product offered, or business classification. In South Carolina there are distinct competitive advantages for South Carolina residents and local vendors. The Code specifically requires providing in-state preferences for vendors that are residents of South Carolina (the resident preference) and for vendors making, manufacturing, or growing products in South Carolina (the product preference). Also required by the Code is a United States (U.S.) product preference, and the South Carolina Solid Waste Policy and Management Act of 1991 mandates a recycled products preference.

South Carolina's Procurement 2000 Committee, an inter-agency study committee composed of state procurement officials, recently proposed several initiatives related to the Code. These initiatives included proposals to:

- Simplify the preference provisions for South Carolina products and vendors
- Prohibit the combined product and resident vendor preference
- Increase the South Carolina resident vendor preference to five percent to be at the same level as the preference provided for products made, manufactured, or grown in South Carolina

However, the Code's recently enacted revisions increased both the vendor and product preferences to seven percent and established a maximum preference of ten percent for vendors claiming both. The U.S. product preference remained at two percent. There are exceptions to the preference statute including, but not limited to, exceptions for:

- Any solicitation, bid, offer, or procurement where the price of a single unit of the end-product is more than \$30,000
- Any solicitation, bid, offer, or procurement where the contract awarded is less than \$10,000
- Any solicitation conducted under the competitive sealed proposal section of the Code

Preference policies impact the cost effectiveness of a public procurement process by restraining competition and potentially costing the state more money in the procurement of their goods and services. Potentially, a greater financial burden may be incurred because of one or both of the following impacts of preferences:

- Paying a higher price for the procurement of goods and services
- Incurring additional administrative costs in the procurement process as a result of having to evaluate preferences

Numerous procurement staff interviewed voiced their concern that preferences cost the state more money because of both factors noted above. According to a 1997 NASPO survey of state procurement offices, South Carolina is one of only six states that provide prohibitions or preferences for "all items" procured.

Preferences may appear to have a positive economic impact by keeping activity in the state's economy, but this allowance provided to local vendors is costly to the taxpayers and may negatively impact state vendors. According to NASPO, local preference policies maintained over an extended period of time often drive up prices and reduce quality.² A preference policy can also hinder the state's competitive position—some states penalize South Carolina vendors by enforcing reciprocal preference laws.

MMO was able to provide data which indicates that preferences have slightly increased costs to the state since the new preference provisions were enacted July 1, 1997. It is difficult to determine the ultimate financial impact preferences will have on the state based on the limited timeframe represented by this data. In light of the Code's recent changes, contracts awarded based on preferences could add as much as ten percent to the contract price. NASPO's *1994 State and Local Government Purchasing, Principles and Practices*, 4th Edition, cited a 1986 study that found that "percentage preference laws significantly increase state expenditures over what would otherwise be expected by about

² Source: *State and Local Government Purchasing Principles and Practices*, 5th Edition, 1997.

3 percent in real terms per capita.” If this figure were to hold true in South Carolina, the elimination of preferences would result in significant cost savings for the state.

Recommendation: Amend the legislation that provides for procurement preferences.

The South Carolina General Assembly should review and update the Code to eliminate the various procurement preferences. A true public procurement process encourages competition and the purchase of goods and services at the least cost to the taxpayer—the preference policy restricts the achievement of these goals.

Until legislation is enacted to eliminate preferences, MMO and all state agencies should be directed to track the number of contracts awarded as a result of preferences, and record the additional dollar amount expended as a result of the preference award. Additionally, a measurement system to track the administrative costs associated with complying with the preference policy should be established. Procurement staff should record all instances that they are tasked with additional duties as a result of preferences and determine the cost of completing these additional tasks. These cost impact figures should be consolidated and presented to the legislature annually in order to demonstrate the financial impact of the current preference policy.

Finding: *Current restrictions in cooperative purchasing limit flexibility.*

Cooperative purchasing, combining purchasing requirements of governmental bodies, is a progressive procurement practice that promotes efficiency and cost-effectiveness in public procurement. The South Carolina Procurement Code currently permits cooperative purchasing with state and local governmental bodies, but cooperative purchasing contract awards must be made to manufacturers distributing the products to South Carolina governmental bodies through South Carolina vendors.

This requirement restricts cooperative purchasing, and as one state procurement official stated, makes multi-state purchasing difficult. Furthermore, the Code does not permit cooperative purchasing with the federal government. The option for South Carolina state agencies to use contracts already established by other South Carolina state agencies is prohibited as well. Multi-agency purchasing is permitted, but once a contract has been established, agencies not part of the original award are forbidden from consolidating their purchases by “piggybacking” on contracts established by other state agencies.

These restrictions on pooling procurement activities hamper state buyers from using current and innovative procurement practices to obtain the best price and highest quality goods and services. According to NASPO’s *State and Local Government Purchasing Principles and Practices*, 5th Edition, cooperative purchasing offers several advantages by:

- Reducing administrative costs
- Encouraging the sharing of information and expertise in specific commodity and service areas
- Offering solicitations that are more attractive to vendors
- Providing the potential for joint training efforts and the exchange of information regarding specifications, product testing, and vendor performance

Comparing South Carolina's consolidated purchasing practices with those of their peers:

- 34 states participate in multi-state contracts according to NASPO's *1997 Survey of State and Local Government Purchasing Practices*, 5th Edition
- Numerous states and local governments authorize individual agencies to use or "piggyback" contracts established by other states agencies
- Several states, including Florida, California, and New Mexico³, have the authority to contract with the General Services Administration (GSA), Federal Supply Service's Multiple Award Schedule Program (MAS), although GSA is still awaiting final authority to offer their MAS to state and local governments

In the MAS program, GSA enters into contracts with commercial vendors to provide supplies and services at contracted prices. In the Federal Acquisition Streamlining Act of 1994, Congress authorized state and local governments to use GSA's MAS program, but implementation has been suspended until December 1997 pending further review. This legislation was based on a National Performance Review (NPR) recommendation. The authority to utilize federal contracts would further leverage state and local governments' purchasing power and offer another tool for governments to achieve efficiency and economy in public procurement.

Exhibit 3-2, on the following pages, presents price comparisons between select products from GSA's established contracts and South Carolina's term contracts. In cases where pricing in the two different contracts is based on different quantities, a comparable price is listed so that the price reflects similar quantities.

The prices for most items are comparable, though seven products are less expensive on the GSA contract, and five are less expensive on the South Carolina contract. Because of varying delivery timeframes and the limited availability of data that would permit factoring in the administrative costs of purchasing from an established contract versus the state establishing and administering the contract, it is difficult to do strict product-to-product price comparisons.

³ Source: *State and Local Government Purchasing and Practices*, 5th Edition, 1997.

As the comparison indicates, cooperative purchasing with the federal government offers the availability of certain commodities and services at a lower costs than can be established by the state individually. More importantly, cooperative purchasing with the federal government offers the state strengthened negotiating power with its current vendors because the state has another established source of supply. Additionally, as presented later in this report, cooperative purchasing offers opportunities to:

- Lower administrative costs associated with establishing contracts
- Leverage the state's buying power
- Achieve cost savings through economies of scale

Exhibit 3-2
Price Comparison

GSA PRICING *				SOUTH CAROLINA PRICING **			
Commodity—Manufacturer	Delivery	Unit	Price	Commodity—Manufacturer	Delivery	Unit	Price
Office Products							
General Copier Paper, Xerographic EXP 20 LB, 8.5x11—N/A	7-14 Days	BX (5000 SH)	\$19.99	General Copier Paper—Willcopy \$500 MINIMUM	5 Days	RM	\$2.00
	Comparable Pricing	BX (5000 SH)	\$19.99			BX (5000 SH)	\$20.00
Copier Paper, 20% Postconsumer Material, 20 LB, 8.5x11—N/A	7-14 Days	BX (5000 SH)	\$19.94	Recycled Copier Paper—Great White \$500 MINIMUM	5 Days	RM	\$2.21
	Comparable Pricing	BX (5000 SH)	\$19.94			BX (5000 SH)	\$22.21
Paper Clip, 1/8" capacity, wire—NISH	1-3 Days	MX	\$1.68	Paper Clip—Charles Leonard, \$1100 MINIMUM, 250 BX/CTN, 10,000 clips per CTN	20 Days	BX (40 clips)	\$0.088
	Comparable Pricing	10,000 Clips	\$16.80			10,000 Clips	\$22.00
Pen, ball-point, retractable, medium point—N/A	7-14 Days	DZ	\$5.48	Pen, ball-point, retractable, medium point—Zebra, \$800 MINIMUM	20 Days	DZ	\$5.33

* Source: GSA contract pricing reported on the "Advantage" home page.

** Source: Materials Management Office

Exhibit 3-2, Continued
Price Comparison

GSA PRICING *				SOUTH CAROLINA PRICING **			
Commodity—Manufacturer	Delivery	Unit	Price	Price	Unit	Delivery	Commodity—Manufacturer
Information Technology							
Printer, LaserJet 5—Hewlett-Packard	30 Days	EA	\$983	\$965	EA	3 Days	Printer, LaserJet 5—Hewlett-Packard
Multimedia Notebook, Solo 2200-120—Gateway 2000	30 Days	EA	\$2,788	\$2,534	EA	30 Days	Multimedia Notebook, Solo 2200-120—Gateway 2000
Toner Cartridge, Laser 5P/MP—Hewlett Packard	30 Days	EA	\$77.39	\$84	EA	3 Days	Toner Cartridge—Hewlett Packard
Furniture							
Desk, Executive Wood Double Pedestal, 60"x30"x29", Walnut—N/A	N/A	EA	\$846	\$410	EA	2-6 Weeks	Desk—Indiana
Furniture, Credenza, Executive Double Pedestal, Unitized, 66"x18"x30", walnut-finish—N/A	1-14 Days	EA	\$360	\$511	EA	2-6 Weeks	Credenza—Indiana
File Cabinet, Standard Duty, 5 drawer, vertical, letter, steel, locking—N/A	7-14 Days	EA	\$170	\$248	EA	4-12 Weeks	File Cabinet—Allsteel
Miscellaneous							
Battery, AA Alkaline, 1.5V,—N/A \$6.00 MINIMUM	7-14 Days	PG	\$0.249	\$0.22	EA	10 Days	Battery, AA, EN91, Alkaline, 1.5v—Eveready, \$25 Minimum
Tractor, 2 Wheel Drive, 5500 Tractor, 73 PTO HP, Diesel—John Deere	60 Days	EA	\$20,634	\$24,565	EA	90-120 Days	Tractor, 6640—Ford

* Source: GSA contract pricing reported on the "Advantage" home page.

** Source: Materials Management Office

Recommendation: Modify the Procurement Code to encourage and strengthen cooperative purchasing.

In any public procurement process the option should be available to pool procurement requirements in order to achieve lower costs and improve efficiency. The South Carolina General Assembly should:

- Remove restrictive requirements on state and local cooperative purchasing
- Authorize agencies to “piggyback” on established state agency contracts with appropriate notification/agreement from vendors and MMO oversight to ensure fair and reasonable pricing
- Authorize cooperative purchasing with the federal government

These legislative changes will provide the flexibility necessary to select the commodity or service that meets the state’s needs and at a price that offers the best value and the lowest overall cost.

By entering into cooperative procurements and consolidating purchases, the opportunity exists to lower expenditures for goods and services. Furthermore, when utilizing established contracts, the state’s central procurement office or state agency procurement office eliminates the administrative cost of soliciting, awarding, and establishing a separate contract. Cooperative purchasing offers the opportunity for lowered administrative costs by reducing or eliminating a number of specific tasks, including:

- Search for sources
- Development of specifications
- Evaluation of bids and offers
- Preparation of purchase orders
- Contract administration
- Quality assurance

Ultimately, cooperative purchasing leverages buying power. As the National Performance Review reported in their *Reinventing Federal Procurement* report, “allowing governments at various levels to enter into agreements to use one another’s contracts represents a win-win situation for the governments and the taxpayers.”

Finding: *Delay in purchase card implementation is limiting the state's ability to lower procurement costs.*

The state has taken the initiative to lower costs associated with small purchases with the implementation of a purchase card program. The committee overseeing this initiative is composed of officials from the State Treasurer and Comptroller General offices. MMO provides the committee with procurement expertise, as required.

The purchase card initiative began approximately two and one-half years ago when a committee recommended that the state implement a purchase card program. The initial RFP for a purchase card was released in October 1995, but was later withdrawn. The RFP was later reissued as a one-year contract with two one-year extensions. Award of the contract was made in December 1996. The roll-out of the purchase card program includes one-year pilots at twelve agencies selected by the oversight committee. During the pilot, the card is to be used to only purchase supplies.

Current steps to be completed prior to pilot agencies receiving purchase cards are:

1. Agency develops purchase card policies and procedures based on the model procedures given to the pilot agencies by the committee in February, 1997
2. Committee reviews the agency's policies and procedures
3. Agency modifies policies and procedures if necessary
4. Committee approves policies and procedures
5. Agency completes the credit application
6. Agency, State Treasurer's office, and contractor sign credit card agreement
7. Contractor works with vendor in issuing cards

As of August 1997, seven of the twelve pilot agencies have submitted their policies and procedures. Three of these seven agencies have been issued cards and four agencies are in the review process. The remaining five have not submitted policies and procedures for review.

The implementation of this program has been slow. Since final award of the contract, the bottleneck appears to be in the agencies' policies and procedures development step. Only a little over half of the agencies have submitted procedures for review since receiving the model policies in February of this year.

According to procurement officials, feedback has been positive in those agencies with the cards, but agency staff have indicated that further benefits could be achieved by extending use of the card to include the procurement of services.

Purchase cards programs are widely used by other states and the federal government, and have already proven successful. The General Accounting Office's *Implementation of NPR Recommendations: Procurement Part II*, December 1994, reported that with adequate controls, a credit card program in public procurement improves the efficiency of purchasing as well as the payment process. Benefits include reduced paperwork, prompt receipt of items, improved management information and audit capability, and a reduction in the number of invoices and inquiries about payments because the government is paying only one vendor with a purchase card program. Additionally, managers have the opportunity to better control funds and track expenditures, and the administrative cost avoidance from using purchase cards is enormous.

Exhibits 3-3 and 3-4 show that the state could achieve cost savings/avoidance between \$10 million and \$16.6 million by using a purchase card for supplies and equipment purchases under \$2,500. These estimated figures were derived by using the state's number of procurement transactions in fiscal year 1995-96⁴ and a range of estimated costs per purchase order and purchase card transactions. According to NASPO, the cost to process a purchase order typically ranges between \$75 and \$100 per transaction, and the cost for a purchase card transaction is between \$10 and \$20. The estimated savings is based on using the purchase card for all procurements of supplies and equipment under \$2,500.

⁴ Source: South Carolina Legislative Audit Council Report, *Improving South Carolina's Management and Use of Information Technology*, July 1997.

Exhibit 3-3
Estimated Savings Using Purchase Cards at a Cost of \$75 to Issue a Purchase Order
and a Cost of \$20 per Purchase Card Transaction

	(1)	(2)	(3)	(4)	(5)
Parameters of Procurement Card Use	Number of Transactions	Estimated Cost of Issuing a Purchase Order	Total Cost of Transactions [(1) * (2)]	Estimated Cost Using Purchase Card at a Cost of \$20 per Transaction	Estimated Cost Savings/Avoidance Using Purchase Card [(3) less (4)]
Supplies < \$1,500	170,024	\$75	\$12,751,800	\$3,400,480	\$9,351,320
Supplies < \$2,500	175,862	\$75	\$13,189,650	\$3,517,240	\$9,672,410
Supplies & Equipment < \$1,500	177,422	\$75	\$13,306,650	\$3,548,440	\$9,758,210
Supplies & Equipment < \$2,500	184,678	\$75	\$13,850,850	\$3,693,560	\$10,157,290

Sources:

- (1) South Carolina Legislative Audit Council, *Improving South Carolina's Management and Use of Information Technology*, July 1997.
- (2) National Association of State Purchasing Officials, *State & Local Government Purchasing Principles & Practices*, 5th Edition, 1997.
- (4) National Association of State Purchasing Officials, *State & Local Government Purchasing Principles & Practices*, 5th Edition, 1997.

Exhibit 3-4
Estimated Savings Using Purchase Cards at a Cost of \$100 to Issue a Purchase Order
and a Cost of \$10 per Purchase Card Transaction

	(1)	(2)	(3)	(4)	(5)
Parameters of Procurement Card Use	Number of Transactions	Estimated Cost of Issuing a Purchase Order	Total Cost of Transactions [(1) * (2)]	Estimated Cost Using Purchase Card at a Cost of \$10 per Transaction	Estimated Cost Savings/Avoidance Using Purchase Card [(3) less (4)]
Supplies < \$1,500	170,024	\$100	\$17,002,400	\$1,700,240	\$15,302,160
Supplies < \$2,500	175,862	\$100	\$17,586,200	\$1,758,620	\$15,827,580
Supplies & Equipment < \$1,500	177,422	\$100	\$17,742,200	\$1,774,220	\$15,967,980
Supplies & Equipment < \$2,500	184,678	\$100	\$18,467,800	\$1,846,780	\$16,621,020

Sources:

- (1) South Carolina Legislative Audit Council, *Improving South Carolina's Management and Use of Information Technology*, July 1997.
- (2) National Association of State Purchasing Officials, *State & Local Government Purchasing Principles & Practices*, 5th Edition, 1997.
- (4) National Association of State Purchasing Officials, *State & Local Government Purchasing Principles & Practices*, 5th Edition, 1997.

Recommendation: Implement the purchase card program in all state agencies within the next year.

A pilot program is important for the successful implementation of the purchase card program. However to achieve cost savings as quickly as possible, the card should be made available to all state agencies within the next eight to twelve months and authority to procure equipment and services using the card should be granted.

In order to facilitate statewide implementation of the purchase card program, the oversight committee should eliminate the requirement that they review agency policies and procedures for those agencies that adopt the oversight committee's standardized policies and procedures without substantial modifications. All aspects of mandated policies and procedures are contained in the standard policy and procedure guide promulgated by the committee. Agencies can be instructed not to modify those policies and procedures unless fundamentally necessary to their ability to accurately and efficiently account for and track transactions. The policies and procedures provided by the oversight committee are sufficiently complete, so if an agency does not wish to create an agency-specific document, it has a standard set of policies and procedures to use.

A procurement card program is not self-implementing. The initiative needs central procurement support and guidance to advance implementation and expansion.

The lack of statewide data regarding the number and dollar amounts of purchase orders released hinders the determination of the potential cost avoidance or financial benefits of instituting a card program; the potential for savings could be sizable. It is essential to establish policies and procedures to prevent purchase card misuse. However, the potential for cost savings warrants quicker implementation. This is a program that has been tested in other governmental bodies and has been successful.

Opportunities to Improve Financial and Management Information

Timely, accurate, and accessible management and financial information is a critical element of high performance procurement operations. Such information can enhance the efficiency and effectiveness of a variety of procurement processes.

Currently, South Carolina has limited access to the consistent, consolidated procurement management information necessary to maximize the value of these processes. Our survey of agency procurement activities determined that there are numerous management information systems in place in the agency procurement offices.

Furthermore, the individual state agencies and the central procurement systems make limited use of automated purchasing procedures such as electronic processing of purchase requisitions or receiving reports and electronic data interchange (EDI). EDI consists of electronically preparing and transmitting an order from an ordering agency to a vendor

who fills the order and electronically submits an invoice for goods shipped—the entire transaction is handled without use of hard copies.

Advanced procurement processes such as EDI reduce the administrative costs of processing purchase transactions. While MMO has made significant strides to enhance their communication through the use of advanced technology initiatives (such as developing an Internet site that is useful to vendors and state agency staff, and the planned move of MMO toward electronic commerce with the establishment of a new central information system), there is a significant need to improve policies and systems supporting the acquisition of procurement management information.

The opportunity to improve financial and management systems rests on two findings that also affect the state's ability to procure goods and services in the most cost effective manner, as addressed in the previous section. The impact of inadequate systems impacts all core elements of a procurement system.

The two findings related to the procurement systems are presented first, followed by the recommendation that addresses all of these information-related issues.

Finding: Assessment of the overall efficiency and effectiveness of state procurement is hindered by limitations in agency procurement systems.

The level of procurement automation and the types of systems throughout the state's agency-level procurement offices varies—information gathered and maintained, forms used, processes followed, and reports generated differ from agency to agency. There is no statewide integrated system that interfaces with or reports to MMO comprehensive procurement information.

In its role as the central procurement office, MMO is tasked with helping develop a knowledgeable government purchasing community and promoting and increasing the effectiveness, efficiency, and economy of state procurement. MMO is, and should continue to be, an information resource for agency staff. According to state agency procurement staff, MMO is a superior technical resource and the audit staff is regarded as a partner in the agency procurement process. However, the lack of a centralized reporting system severely limits the ability of MMO to determine on a statewide basis: 1) what was purchased; 2) how much was spent in the procurement; 3) what methods of procurement were used; and 4) the supplier of goods and services purchased.

MMO produces a thorough summary of the activity and workload measures in their *Annual Accountability Report*, but activity and workload measures by agency are very difficult to determine. Because of a lack of information, establishing statewide performance measures, such as the number of dollars expended per buyer, is difficult.