



STATE OF NORTH CAROLINA
Office of the State Auditor

Leslie W. Merritt, Jr., CPA, CFP
State Auditor

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December 29, 2005

Ms. Emily S. Manning, Chairman
Duplin County Board of Education
PO Box 128
Kenansville, North Carolina 28349

Dear Ms. Manning:

We received a complaint through the State Auditor's Hotline alleging the Media/Technology Department of Duplin County Public Schools violated state regulations and local policies.

We have completed a special review of these allegations and are submitting the following findings and recommendations for your review and written response. Our findings and recommendations are based on examination of various documents and records; review of applicable policies and statutes; and interviews of personnel with and external to Duplin County Schools.

The Duplin County Board of Education failed to obtain competitive bids for an IT contract.

According to our review, the former Superintendent and the current Superintendent awarded contracts to Applied Technology, Inc. (formally Global Systems, Inc. (GSI)) without obtaining competitive bids. ATI/GSI provided LAN/WAN infrastructure networking, equipment, and Internet access for the school system under contract from 1997 through July 31, 2005. The Board Chair, Superintendent, and Director of Media and Technology said their policy was to work with local vendors as much as possible. It was their understanding there were no other companies in the county large enough to provide the services of ATI/GSI. The Board Chair said they never thought that a company from another area might want to bid. The Director of Media and Technology said ATI/GSI gave the Duplin schools a very low rate.

The Duplin County Board of Education *Purchasing Guides and Vendor Lists* policy states, "Opportunity should be provided to all responsible suppliers to do business with the Duplin County Schools...The award of a bid or contract shall be made to the lowest responsible bidder who can provide the product with the quality and performance standards needed and within the time specified in the contract." By not publicly soliciting bids, Duplin County Schools violated its own policy and did not provide an opportunity for others to do business with Duplin County Schools.

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The Duplin County Board of Education Local Purchasing policy states, "It shall be the policy of Duplin County Schools to purchase locally provided goods of equal quality and at competitive prices from local suppliers." Duplin County Schools apparently contracted with ATI/GSI because ATI/GSI was the only vendor in the county capable of providing the needed services. However, in selecting ATI/GSI without the benefit of seeing other bids, Duplin County Schools had no way of knowing whether they received goods of equal quality and at competitive prices. Competitive bidding helps ensure the School District is not overpaying for goods and services, reduces the risk of fraudulent transactions, and allows potential vendors to compete fairly for the School District's business.

Recommendations

Duplin County Schools should comply with procurement regulations requiring written bids from potential IT vendors. In addition, Duplin County Schools should maintain all appropriate bid documentation on file.

Please provide your written response to these findings and recommendations, including corrective actions taken or planned by January 17, 2006. In accordance with North Carolina General Statute §147-64(c)(12), the Governor, the Attorney General and other appropriate officials will receive a copy of this management letter. We appreciate the cooperation received from the employees of Duplin County Schools during our review. If you have any questions or wish to discuss this matter further, please contact us.

Sincerely,



Leslie W. Merritt, Jr., CPA, CFP
State Auditor

Management letter and responses receive the same distribution as audit reports.

OFFICE OF
SUPERINTENDENT
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BOARD OF EDUCATION



DUPLIN COUNTY
P.O. Box 128
Kenansville, North Carolina 28349-0128

January 9, 2006

Leslie W. Merritt, Jr., CPA, CFP
State Auditor
State of North Carolina
2 S. Salisbury Street
20601 Mail Service Center
Raleigh, NC 27699-06001

Dear Sir:

The Duplin County Board of Education has made and continues to make every effort to monitor and take whatever action necessary to assure compliance with approved board policies. We sincerely believe that we made every attempt to comply with the Duplin County Schools *Purchasing Guides and Vendor Lists Policy*.

The Duplin County Board of Education did follow the proper competitive bid procedures in soliciting bids for all network services and telecommunications service to provide LAN/WAN connectivity for all fifteen schools and administrative offices and has documentation to justify contact awards.

We do realize however that our current *Purchasing Guides and Vendor Lists Policy*, adopted in 1993, does not include provision noting documentation of sole source vendors. The Duplin County Board of Education will review North Carolina School Board Policies to update and revise our current policy.

We believe that it is our duty and mission to comply with adopted policy and standards. We will continue to comply with procurement regulations and maintain all appropriate documentation on file to justify expenditures. We appreciate your patience and understanding

Sincerely,

Ms. Emily Manning, Chairman
Duplin County Board of Education