

July 1995

A Review of the Department of Corrections' Procurement of Janitorial Cleaning Products



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A Review of the Department of Corrections' Procurement of Janitorial Cleaning Products was conducted by the following audit team.

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Report to the General Assembly

**A Review of the
Department of
Corrections' Procurement
of Janitorial Cleaning
Products**

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Contents

Executive Summary

Members of the General Assembly requested that we conduct a review of the Department of Corrections' purchase of janitorial cleaning products. We were asked to focus on the department's decision to purchase premeasured cleaning products from a particular vendor.

The Department of Corrections manufactured janitorial cleaning products at its prison industries beginning in 1982. In FY 91-92, the department began purchasing most of these products from a company called PortionPac. Prison industries' production of janitorial products was phased-out ending in 1994.

Our audit objectives and the results of our review are summarized below.

Determine the Department of Corrections' reasons for discontinuing the manufacture of janitorial cleaning chemicals by inmates in its prison industries.

Evidence indicates that the department discontinued the manufacture of cleaning products primarily because management decided to purchase its products from PortionPac. Because only about 20% of prison industries' cleaning products had been sold to other government agencies, remaining demand was not great enough for the operation to make a profit. However, discontinuing the manufacture of janitorial cleaning chemicals did not have an overall negative effect on the department's prison industries. The manufacturing operation previously had employed only 18-19 inmates and experienced only marginal profits (see p. 3).

Determine the Department of Corrections' reasons for the specifications it developed for janitorial cleaning chemicals and the effect of the specifications on obtaining competitive bids.

Department officials stated that the specifications were developed to minimize waste and abuse, simplify inventory, and help meet safety standards. However, the specifications for janitorial cleaning chemicals were written with the direct involvement of the vendor that was later awarded the contract. There is evidence that the specifications were written with the effect that other vendors with adequate products may have been excluded (see p. 7).

Determine the cost of purchasing bulk janitorial cleaning chemicals instead of the premeasured products purchased by the Department of Corrections.

We reviewed the prices paid in FY 93-94 by the Department of Corrections for premeasured janitorial cleaning chemicals purchased from PortionPac. We compared the department's prices with those paid by other state agencies for products with different specifications but similar function.

The department paid higher prices for some PortionPac products than other agencies did for similar products. If corrections had procured these products at lower prices paid by other agencies, it would have spent approximately \$130,000 less. However, for other PortionPac products, the department paid lower prices (see p. 13).

Determine the manner in which departments of corrections in other states procure janitorial cleaning chemicals.

Prison industries in Georgia, Kentucky, and North Carolina produce janitorial products. Prison industries in Kentucky and Tennessee purchase PortionPac products and "sell" them to corrections and other state agencies. We noted that the other states all, to varying degrees, had statewide contracts for janitorial cleaning products (see p. 17).

Introduction

Audit Objectives

The objectives of our review of the Department of Corrections' purchase of janitorial cleaning chemicals were:

- (1) Determine the Department of Corrections' reasons for discontinuing the manufacture of janitorial cleaning chemicals by inmates in its prison industries.
- (2) Determine the department's reasons for the specifications it developed for janitorial cleaning chemicals and the effect of the specifications on obtaining competitive bids.
- (3) Determine the cost of purchasing bulk janitorial cleaning chemicals instead of the premeasured cleaning chemicals purchased by the department.
- (4) Determine the manner in which departments of corrections in other states procure janitorial cleaning chemicals.

Scope and Methodology

Our review was limited to the *procurement* of cleaning chemicals by the South Carolina Department of Corrections. We did not review the adequacy of the department's program for cleaning its facilities. We also did not review the procurement process subsequent to the development of bid specifications for the department's December 1993 procurement of cleaning products. We did not review other procurements or any other activities of the Department of Corrections.

The overall period of review was from FY 89-90 through FY 93-94; our cost analyses were for FY 93-94.

We examined financial and administrative records of the Department of Corrections and interviewed department staff. We reviewed prior audits of the department. In addition, we visited the department's Broad River Road Correctional Institution in Columbia.

In part, we relied on data from a computer-based system operated by the Department of Corrections. We compared non-random samples of the data

with other corrections data. We also compared the data with records of the Office of the Comptroller General. We found no material inconsistencies.

To gain perspective on the procurement practices of other entities, we obtained financial records from and interviewed officials with the Office of the State Auditor, the Division of General Services, and two other South Carolina state agencies. We also obtained information from state officials in Georgia, Kentucky, North Carolina, and Tennessee.

We evaluated the Department of Corrections' performance using criteria reflected in the South Carolina Consolidated Procurement Code. This review was conducted in accordance with generally accepted government auditing standards.

Determine the Department of Corrections' reasons for discontinuing the manufacture of janitorial cleaning chemicals by inmates in its prison industries.

In 1982, prison industries began manufacturing floor care products, disinfectants, dishwashing soap, laundry products, and hand soap. Most of the products were sold in 5-gallon pails and 55-gallon drums at ready-to-use strength. Department officials report that approximately 80% of these products were "purchased" by the Department of Corrections, and 20% were sold to other government agencies.

Prior to our review, the Department of Corrections informed a member of the General Assembly of its reasons for discontinuing prison industries' manufacture of janitorial cleaning chemicals. We did not find adequate documentation to support some of the reasons. We present evidence in this section that the department stopped manufacturing these products primarily as a result of its decision to purchase cleaning chemicals from PortionPac. We examine the department's decision to require that its janitorial cleaning chemicals be premeasured concentrates on pp. 7-11.

Reasons for Discontinuation

In a memo dated October 4, 1990, a corrections official stated that if the department were to purchase janitorial cleaning chemicals from PortionPac, sales made by the prison industries janitorial products plant would decrease significantly. The official noted that the remaining sales would be insufficient "... to make a profit in this program."

In FY 91-92, the department began purchasing janitorial cleaning chemicals from PortionPac and reduced its purchases from prison industries. Department officials report that the manufacture of janitorial cleaning chemicals was phased-out by August 1994, although limited sales of unsold inventory continued.

Annual sales of prison industries janitorial cleaning products from FY 89-90 through December 1994 are shown in Table 1.1.

Table 1.1: Prison Industries' Sales of Janitorial Cleaning Products

Year	Sales
FY 89-90	\$505,747
FY 90-91	\$432,980
FY 91-92 ^a	\$422,954
FY 92-93	\$310,227
FY 93-94	\$240,017
FY 94-95 (through 12/31/94)	\$56,670

^a First year the department purchased products from PortionPac.

Source: Department of Corrections.

In a January 21, 1994, letter to a state legislator, a department official described deficiencies in prison industries products and the production process:

For years Prison Industries manufactured janitorial liquid products which were used by Corrections and other state agencies. Corrections could not continue manufacturing and using these products because of OSHA and the American Correctional Associations Safety requirements relative to product labeling and safe handling. Prison Industries' products were produced in bulk containers and subsequently transferred into dispensers with paper labels. We had difficulty identifying the solution in containers because of labels falling off and lack of color coded liquids.

During our review, however, department officials responsible for prison industries, accreditation, and safety stated that the department had not been cited for violating standards of OSHA or the American Correctional Association (ACA). Department officials stated that their manufacturing operations had appropriate controls to meet both ACA and OSHA requirements. In addition, documents provided by the department indicate that the production process could have been changed to address concerns about labeling and color coding.

In a September 21, 1994, letter to the same state legislator, the same department official cited different reasons for discontinuing production:

- Much of the equipment used was 10 to 12 years old. The cost to maintain this equipment and extend its useful life had reached a point where the department did not feel the benefits were worth the expense.
- Employment and profits were limited. At its peak, the plant employed 19 inmates and generated net revenues as shown in Table 1.2.

**Table 1.2: Prison Industries’
Profits From the Sale of Janitorial
Cleaning Products**

Year	Profits
FY 89-90	\$3,831
FY 90-91	\$291
FY 91-92 ^a	\$31,200
FY 92-93	\$22,450
FY 93-94	\$(5,671)
FY 94-95 (through 12/31/94)	\$(14,052)

^a First year the department purchased products from PortionPac.

Source: Department of Corrections.

The department official stated that the return on the agency’s investment in this operation, both in the number of inmate jobs created and revenue being generated, could be improved by considering another industry. He further stated that “since closing the janitorial products plant, we have replaced it with another operation, which has 115 inmates currently working and is projected to net \$45,000 this year”

Prison industries officials provided us with documentation that most of the equipment used to manufacture janitorial cleaning chemicals was purchased in 1982. However, they stated that the equipment was in good working condition when production was discontinued.

Conclusion

Evidence indicates that the department discontinued the production of cleaning products primarily because management decided to purchase its products from PortionPac. Because only about 20% of prison industries' cleaning products had been sold to other government agencies, remaining demand was not great enough for the operation to make a profit. However, we did not find evidence that discontinuing the manufacture of janitorial cleaning chemicals had an overall negative effect on the department's prison industries.

Determine the Department of Corrections' reasons for the specifications it developed for janitorial cleaning chemicals and the effect of the specifications on obtaining competitive bids.

The Department of Corrections has required that its janitorial cleaning chemicals meet certain specifications. Department officials state that the specifications were developed to minimize waste and misuse, simplify inventory, and help meet safety standards. We found, however, that the specifications were written with the direct involvement of the vendor that was later awarded the contract. In addition, the specifications may have restricted the number of vendors capable of submitting bids.

Product Evaluations

The Department of Corrections conducted three separate evaluations of janitorial cleaning chemicals.

In 1990, the department began investigating the use of premeasured, liquid janitorial cleaning chemicals sold by the PortionPac Corporation. PortionPac's products are packaged in polyethylene envelopes ranging in volume from 1 ¼ ounces to 48 ounces each. The chemicals are diluted with water in order to produce a cleaning solution which is usable. The department tested PortionPac products in a pilot test at two facilities and determined that they were easy to distribute and store and that they reduced misuse and waste. These conclusions, however, were not quantified.

In 1991, the department invited multiple vendors, including PortionPac, to submit premeasured products for evaluation. Employees tested selected products at their facilities. They were asked to determine whether the products they tested were acceptable or not acceptable. In this evaluation, department officials found that some PortionPac products were acceptable and some were not. They also found that some products from other vendors were acceptable and some were not.

In February 1992, the department began what was planned as a "... detailed six-month evaluation of PortionPac janitorial supplies and cost data to determine if major savings can be achieved." This third evaluation, however, did not end until July 1993. A department official described PortionPac's performance as "... very successful to moderately successful" During this evaluation, the department purchased products from PortionPac without competitive bid and without a contract.

Vendor Involvement in Developing Specifications

Department officials stated that they wrote specifications for purchasing janitorial cleaning chemicals using their own expertise and information from other states. In addition, one vendor was directly involved in the development of product specifications. On July 8, 1993, five months before the invitation to bid was issued, PortionPac sent a letter to the department in which a detailed draft of the specifications was discussed (see Appendix A). This letter stated:

The enclosed 'South Carolina Department of Corrections Bid Format, Premeasured Detergent and Floor Care System' includes your recommended revisions made during our meeting June 10, 1993 plus additional changes

. . . I will call you after you have a chance to review this revised Bid Format.

One vendor participated in the development of product specifications.

In August 1993, the department submitted its proposed specifications to the state Division of General Services, which conducted the procurement process as authorized by state law. These specifications were almost identical to those discussed by PortionPac in its letter of July 8, 1993. General Services officials report that, although they were not directly involved in the development of specifications, they located another manufacturer, Walton-March, that could potentially meet the specifications. As amended, the specifications limited eligible products to those manufactured by PortionPac and Walton-March.

Specifications

On December 10, 1993, an invitation for bids was issued by the Division of General Services for a "system" of premeasured products ". . . including floor care, washroom, carpet and food service (excluding automatic warewashing)." The specifications required a "system" that included:

- Liquid cleaning products which are water soluble and packaged in translucent polyethylene envelopes. These products were required to be color, size, and job coded "to simplify accurate use."
- Training videos on how to use the "system."
- On-going personal instruction on the use of the "system" and on-going problem solving at all Corrections institutions.

The specifications did not state the quantity or specific products the department sought to purchase.

- Quarterly computerized usage and cost-per-inmate data reports.
- Material safety data sheets on all products.

Each vendor was required to submit a single bid price for these goods and services combined in terms of cost per inmate per day. As noted earlier, the specifications limited eligible products to those manufactured by PortionPac and Walton-March.

The specifications were written so that vendors without detailed knowledge of the department's janitorial cleaning process may not have had adequate information to estimate costs and calculate bid prices. The specifications did not state:

- The specific products the department sought to purchase.
- The quantity of products the department sought to purchase.
- The square footage of the department's facilities that would be using the products. For example, the department did not use the products in its Lee County facility.
- A description of the department's cleaning schedule or its cleaning standards.
- The frequency and content of on-going training and problem solving.

Department officials stated that the vendors were invited to visit department facilities. PortionPac, however, had actual financial data based on its sales to the department since FY 91-92.

Section 11-35-2730 of the South Carolina Code of Laws requires that specifications ". . . not be unduly restrictive." State regulation 19-445.2140 states that specifications should permit maximum competition and ". . . to the extent practicable, emphasize functional or performance criteria while limiting design or other detailed physical descriptions to those necessary to meet the needs of the State."

Requirements that products be liquid and packaged in translucent polyethylene envelopes may have limited the number of potential bidders. For example, vendors with premeasured powder products and vendors with paper or foil packets were excluded. Department officials report that these attributes help ensure that inmates properly mix cleaning solutions in a

consistent manner, and provide better inventory control. The department, however, did not conduct a formal analysis of the costs versus the benefits of the required attributes.

Department officials stated that requiring that vendors provide on-going training and problem solving helps ensure that products are used properly and consistently. However, these functions could have been performed by agency personnel responsible for managing cleaning operations. These specifications also may have limited the number of potential bidders.

Bids

The opening date for the bids was in January 1994. Only PortionPac submitted a responsive bid for janitorial cleaning chemicals. Two companies submitted letters protesting the specifications as being too restrictive. Four other companies submitted "no bids."

Neither of the protests was reviewed formally on its merits. Both were found by the South Carolina chief procurement officer and/or the procurement review panel to "lack standing" and not to have been filed in a timely manner.

The company awarded the contract was PortionPac. Table 2.1 shows the department's purchases from PortionPac beginning with FY 91-92.

**Table 2.1: Department of
Corrections Purchases From
PortionPac**

Year	Expenditures
FY 91-92	\$77,149
FY 92-93	\$326,948
FY 93-94	\$389,391
FY 94-95 (through 3/10/95)	\$289,141

Source: Office of the Comptroller General.

Conclusion

The department wrote its specifications for janitorial cleaning chemicals with the direct involvement of PortionPac, the company that was later awarded the contract. There is also evidence that the specifications were written with the effect that other vendors with adequate products may have been excluded.

Recommendations

1. The Department of Corrections should ensure that procurement specifications give vendors sufficient information on which to base bid prices.
2. The Department of Corrections should ensure that specifications are broad enough to ensure effective competition.

Determine the cost of purchasing bulk janitorial cleaning chemicals instead of the premeasured products purchased by the Department of Corrections.

We reviewed the prices paid in FY 93-94 by the Department of Corrections for premeasured janitorial cleaning chemicals purchased from PortionPac. We compared the department's prices with those paid by two other state agencies for products with different specifications but similar functions.

The department paid higher prices for some PortionPac products than other agencies did for similar products. For other PortionPac products, the department paid lower prices.

In FY 93-94, the department also purchased some janitorial cleaning chemicals from other vendors, including its own prison industries. We did not review those products.

Price Comparison

For six of its products, the department spent approximately \$130,000 more than other agencies did for similar products.

For nine janitorial cleaning chemicals, we compared the prices paid to PortionPac by the department with those paid to other vendors by a state university and a state health agency. These products comprised 80% of the department's purchases from PortionPac in FY 93-94. None of the three agencies used identical products. In addition, only the department required that its vendors provide on-going training and advice.

Table 3.1 lists the prices paid by the Department of Corrections for nine janitorial cleaning chemicals. These prices are listed in dollars per usable gallon, diluted to the strength at which the products are used. For six of the chemicals, the state university and/or the health agency paid lower prices for similar products. If corrections had procured these six chemicals at the lower prices, it would have spent approximately \$130,000 less.

For three PortionPac products the department paid lower prices than the other two agencies did for similar products. Our \$130,000 savings estimate assumes that the prices of these three products would not change if corrections purchased some products from different vendors.

As described earlier, the department purchases concentrated janitorial cleaning chemicals from PortionPac in polyethylene envelopes ranging in volume from 1 ¼ ounces to 48 ounces. Five of the six "best price" products purchased by the other agencies were in bulk containers. In addition, five of the six products were in concentrated form.

Table 3.1: Potential Savings on Nine Janitorial Cleaning Chemicals Purchased by the Department of Corrections in FY 93-94

Product Type ^a	Corrections			Lowest Price Per Usable Gallon Among Agencies Reviewed	Corrections	
	Usable Gallons Purchased	Expenditures	Expenditures Per Usable Gallon		Expenditures if Made at Lowest Price	Estimate of Potential Savings
Floor Cleaner	1,451,520	\$133,263	\$0.09	health agency ^b \$0.04	\$51,144	\$82,119
Floor Wax	4,608	\$32,832	\$7.13	university ^c \$4.78	\$22,015	\$10,817
Wax Stripper	26,208	\$10,206	\$0.39	health agency ^d \$0.24	\$6,227	\$3,979
Toilet Cleaner	16,200	\$23,976	\$1.48	Corrections \$1.48	\$23,976	\$0
Disinfectant	98,496	\$9,968	\$0.10	health agency ^e \$0.08	\$8,141	\$1,827
Odor Counteractant	3,240	\$3,110	\$0.96	Corrections \$0.96	\$3,110	\$0
Hand Dishwashing Soap	1,404,000	\$69,498	\$0.05	health agency ^f \$0.04	\$55,977	\$13,521
Glass Cleaner	9,720	\$6,415	\$0.66	Corrections \$0.66	\$6,415	\$0
General Purpose Cleaner	19,440	\$18,403	\$0.95	health agency ^g \$0.04	\$685	\$17,718
Total		\$307,671			\$177,690	\$129,981

a Some product types listed include more than one specific product.

b 55-gallon containers of concentrated product.

c 5-gallon containers requiring no dilution.

d 55-gallon containers of concentrated product.

e 0.5-ounce dissolvable packets of concentrated powder.

f 4-pound boxes of concentrated powder.

g 55-gallon containers of concentrated product.

It is important to note that different organizations may have different missions, facilities of different ages, and different cleaning surfaces. Products which are of a particular level of effectiveness in one organization may not be at the same level in another. These factors are not sufficient, however, for avoiding a comparison of prices. In many instances, cleaning environments may be equivalent or close to it.

By itself, the fact that the department is paying more for some janitorial cleaning products than are other organizations may not justify changing the department's procurement methods. This fact, however, does warrant a review by the department of its product specifications (see p. 11).

Determine the manner in which departments of corrections in other states procure janitorial cleaning chemicals.

Procurement in Other States

We contacted corrections and procurement officials in Georgia and North Carolina to obtain an overview of their procurement of janitorial cleaning chemicals. In addition, we contacted corrections and procurement officials in Kentucky and Tennessee based on reports that they used PortionPac products. The following summaries are based on interviews and agency documents.

Georgia

Officials with the Georgia Department of Corrections report that they use janitorial cleaning chemicals manufactured by inmates in the department's correctional enterprises. These products are "sold" to the department and other government agencies generally in 1-gallon, 5-gallon, and 55-gallon containers. Officials stated that most of the products are sold at usable strength, not requiring dilution.

In addition, the Georgia Department of Administrative Services has statewide contracts for janitorial cleaning chemicals.

Kentucky

Officials with the Kentucky Department of Corrections report that they use PortionPac premeasured liquid janitorial cleaning chemicals like those used by the South Carolina Department of Corrections.

Kentucky corrections industries purchases PortionPac products ready for resale. These PortionPac products are "sold" by corrections industries to the department and other government agencies. In addition, corrections industries manufactures janitorial cleaning chemicals. It sells these products generally in 1-gallon, 5-gallon, and 55-gallon containers.

Also, the Kentucky Finance and Administration Cabinet has statewide contracts for PortionPac and other janitorial cleaning chemicals.

North Carolina

Officials with the North Carolina Department of Corrections report that they use janitorial cleaning chemicals manufactured by inmates in the department's corrections enterprises. These products are "sold" to the department and other government agencies generally in 1-gallon, 5-gallon, and 55-gallon containers.

In addition, the North Carolina Department of Administrative Services has statewide contracts for several janitorial cleaning chemicals.

Tennessee

Officials with the Tennessee Department of Corrections report that they use PortionPac premeasured liquid janitorial cleaning chemicals like those used by the South Carolina Department of Corrections. Tennessee corrections enterprises purchases PortionPac products ready for resale. These PortionPac products are "sold" to the department and other government agencies.

Also, the Tennessee Department of General Services has statewide contracts for certain janitorial cleaning chemicals.

Statewide Contracts

As described above, to varying degrees, Georgia, Kentucky, North Carolina, and Tennessee have statewide contracts for janitorial cleaning chemicals. South Carolina state government does not have statewide contracts for janitorial cleaning chemicals. Statewide contracts could result in lower prices for these products.

Section 11-35-310 of the South Carolina Code of laws permits the Materials Management Office (MMO) of the Division of General Services to procure statewide contracts for products used by state agencies. Under statewide contracts, a state agency procures products without a separate procurement process. A primary benefit from statewide contracts is reduced prices resulting from bulk purchasing.

Statewide contracts could result in lower prices for janitorial cleaning chemicals.

MMO officials report that, in general, the following prerequisites should exist before procuring a statewide contract:

- The product is used by a large number of state agencies.
- The product is purchased frequently.
- The specifications require that the products meet minimum quality standards.

There are numerous products under state contract, such as hand soap, paint, carpet, paper towels, and toilet paper. MMO officials report that they previously had statewide contracts for limited janitorial cleaning chemicals. The officials stated such contracts are difficult to procure for several reasons:

- Product performance is difficult to assess.
- Agreement among state agencies using the products is difficult to obtain.
- Quality control problems occur after contracts are procured.
- Political difficulties arise when the number of vendors with state business is reduced.

However, the purchasing power of the state could be used to obtain prices for janitorial cleaning products that would result in savings for state agencies.

Recommendation

-
3. The Division of General Services should consider reassessing the feasibility of statewide contracts for janitorial cleaning chemicals.

Appendices

Correspondence from PortionPac to Department of Corrections—July 8, 1993



The original premeasured detergent and floor finish system

PortionPac Chemical Corporation 400 N. Ashland Ave., Chicago, IL 60622-6382 • 312/226-0400 • FAX 312/226-5400

July 8, 1993

Mr. Don Lemmons
Director of Procurement
South Carolina Department of Corrections
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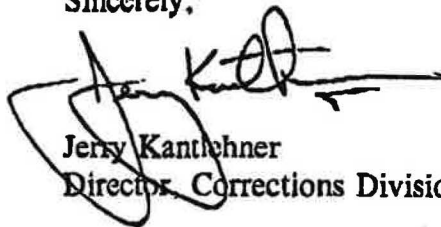
Dear Don:

The enclosed "South Carolina Department of Corrections Bid Format, Premasured Detergent and Floor Care System" includes your recommended revisions made during our meeting June 10, 1993 plus additional changes. These changes are highlighted by special type face in this draft.

Your thought of using the South Carolina Department of Corrections sizing schedule for identifying cost-per-inmate day was an excellent idea. The attached work sheet developed by the SCDC Commissary and Ron Farkas shows the actual cost-per-inmate day for each of three institution groups: small 0-299, medium 300-599, and large 600 and over.

Don, I will call you after you have a chance to review this revised Bid Format.

Sincerely,



Jerry Kantlehner
Director, Corrections Division

cc: Ron Farkas
Enclosure

Agency Comments

Appendix B
Agency Comments



south carolina department of corrections

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TELEPHONE (803) 896-8555
MICHAEL W. MOORE, Director

July 6, 1995

George L. Schroeder, Director
Legislative Audit Council
400 Gervais Street
Columbia, South Carolina 29201

Dear Mr. Schroeder:

I have received the Draft Report rendered by the Legislative Audit Council on Procurement of Janitorial Cleaning Products in the South Carolina Department of Corrections dated July 1995.

I have reviewed the Draft Report with my staff and submit the following Agency comments:

Executive Summary -

The primary reason for discontinuing Division of Industries (PI) operations was to implement a pre-measured color coded system (not necessarily PortionPac's).

It is common practice throughout the State procurement community to request assistance from vendors and others in the development of specifications. In this case, we sought assistance from PortionPac because of their familiarity with the type system in which we had an interest. However, their input was neither the sole source of nor the bulk of the information used to develop specifications. We utilized our own expertise as well as assistance from Kentucky, Oklahoma, and the South Carolina Department of Mental Health.

Issue (1) -

Division of Industries studied the possibility of providing a color coded, prepackaged product, with trainer, as well as producing a VHS training tape and determined it was not feasible for them given the additional costs, training, and accounting involved.

The primary reason for discontinuing the production of cleaning products was the desire to provide a comprehensive system that would allow for greater accountability. Additionally, this freed PI to operate an industry that would provide for a greater number of inmate jobs.

Issue (2)

As noted in the report, we began investigating the use of other than Industries bulk products in 1990 (when we determined that bulk was not appropriate to our needs).

In 1991 we invited multiple vendors to submit products for evaluation and consideration.

Interested bidders had the opportunity to come on site and elicit the information they needed to make an informed bid. All vendors were invited to visit department facilities. Beside PortionPac the only other vendor who visited was Smith-Jones. Smith-Jones visited only the Women's Correctional Institution's Kitchen and Commissary.

PortionPac was the only vendor that was willing to come, test, show, and use their products and expertise at selected sites throughout the department (they did feasibility tests at Dutchman, Cross Anchor, State Park and Evans Correctional Institutions). They conducted these tests beginning in 1992, provided training, expertise and products at no cost to the Department or the taxpayer. These tests provided PortionPac with information that could have been available to any other vendor willing to conduct their own feasibility testing.

We did compare the cost of the PortionPac products with those of PI for cost effectiveness. We procured PortionPac products under a Sole Source Contract for the purpose of conducting an evaluation of their products. The financial data discussed resulted during the sole source contract one year test period.

In mid-1993, the Agency initiated the procurement process to obtain a janitorial products system. The LAC report failed to note that we used specifications from other states' bids as well as our own expertise. We used Oklahoma, Kentucky, Materials Management Office (MMO), Mental Health and our own expertise as well in developing product specifications.

In August 1993 a final draft was submitted to the Division of General Services MMO. The specifications limited eligible products to those manufactured by PortionPac and Walton-March only so far as those were the only two known to us at the time. Any other vendor who could offer the service requested could have bid.

An on-site visit coupled with vendor expertise would have provided adequate information to determine products,

quantities, and costs. We were seeking a system - to insist on the specific product and specific quantities would have made the bid process even more restrictive. Further, contrary to what is stated by LAC, it was only after PI determined that it had more product than it could sell and had no storage space that it was decided that Lee Correctional Institution would not use PortionPac. LeeCI would store the excess product and use it until it was gone (at that time it would use PortionPac). At that same time, it was determined that CCI would also stay on PI products to help use up the excess.

All vendors had a right to protest the specifications before the bids were opened. None did so. MMO audited our procedures and did not find them to unduly limit competition.

Requiring the vendor to provide continuing training, and problem solving results in both a time and money savings. To require agency personnel to do this would entail providing training to multiple employees at each institution at a cost of time, money and resources that the Department simply does not possess.

Seven companies participated in the process. Only one, PortionPac, was interested in providing us with what we wanted.

SCDC always attempts to provide adequate information or access to necessary information on all bid offerings. In this case, only one vendor, PortionPac, expressed an interest in gaining all the information necessary to a responsive bid.

The specifications were broad enough to ensure that anyone interested in providing us with the type system we wanted could compete effectively. It did preclude companies not willing or able to provide us with what we wanted from being successful. We always endeavor to write specifications to obtain a broad vendor base. Historically, we have few amendments to bids, once published, because we take the time necessary to write specifications that are clear, concise, and generic enough to access the widest possible vendor base.

Issue (3)

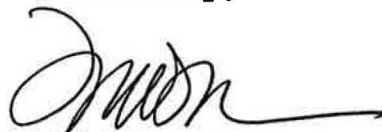
Five of the six chemicals that the LAC states could have been purchased for less were bulk items. This comparison is akin to comparing apples and oranges. We had bulk items with PI and had already decided that bulk was inappropriate to our needs. We did not have the resources to accomplish the additional supervisory, training, control, and records keeping requirements that Bulk placed upon us. A pre-measured system with a vendor provided trainer relieved us of much of that.

Unlike other agencies that use bulk products, SCDC's cleaning is accomplished by inmates rather than employees. Inmates who

often waste resources to get back at society. Inmates who often steal resources to use them for their own purposes. Inmates who, often times, are more inclined to destroy resources rather than to use them properly. A portion type system allows for better control of resources and enhances our ability to ensure its proper use without over-burdening already inadequately staffed institutions. Not only does the stated \$130,000 cost savings compare an apples to oranges situation it also fails to take into consideration the cost avoidance factor associated with less pilferage and waste. Additionally, the PortionPac system provides us with a full time trouble shooter/trainer/advisor at no additional cost to the Agency.

Both I and my staff are appreciative of the opportunity to review the Draft Report and to make comment on it. I believe the South Carolina Department of Corrections acted in a fiscally responsible manner and provided the taxpayer of South Carolina with a cost effective approach in obtaining janitorial cleaning products within its correctional institutions.

Sincerely,



Michael W. Moore

STATE OF SOUTH CAROLINA
State Budget and Control Board
OFFICE OF GENERAL SERVICES



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EXECUTIVE DIRECTOR

June 9, 1995

George Schroeder
Director
S. C. Legislative Audit Council
400 Gervais Street
Columbia, South Carolina 29201

Dear George:

I appreciate the opportunity to provide comments to the Legislative Audit Council's report entitled A Review of the Department of Correction's Procurement of Janitorial Cleaning Products. As you note in the report, there are currently no statewide term contracts for janitorial cleaning chemicals. Historically, that decision has been based on the difficulties as stated on page 14 of your report as well as the availability of chemicals from the Department of Corrections, Division of Prison Industries. This office will reassess the feasibility of establishing statewide term contracts for janitorial cleaning chemicals over the next year.

Very truly yours,

A handwritten signature in cursive script that reads "Helen T. Zeigler".

Helen T. Zeigler

This report was published for a total cost of \$598.50; 300 bound copies were printed at a cost of \$1.99 per unit.

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