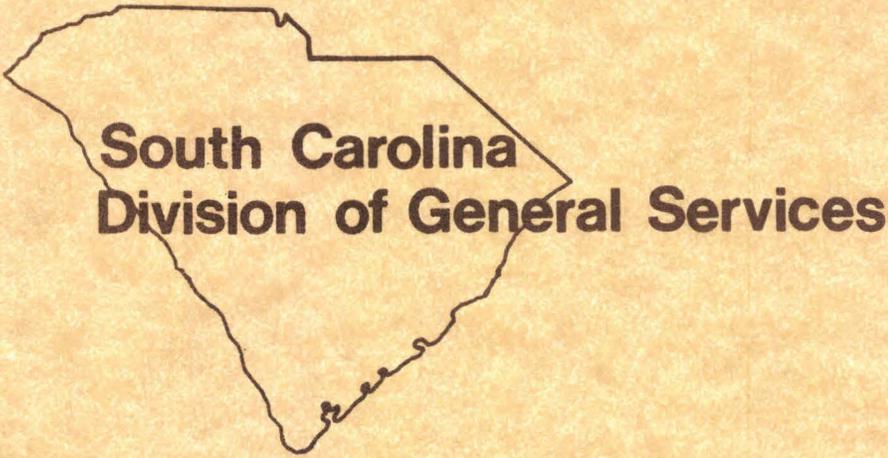


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STATE DOCUMENTS

PROCUREMENT AUDIT AND CERTIFICATION

DEPARTMENT OF VETERANS AFFAIRS

AGENCY

JULY 1, 1986 - JUNE 30, 1988

DATE



STATE OF SOUTH CAROLINA
BUDGET AND CONTROL BOARD
DIVISION OF GENERAL SERVICES
1201 MAIN STREET, SUITE 420
COLUMBIA, SOUTH CAROLINA 29201
(803) 737-3880

CARROLL A. CAMPBELL, JR.
GOVERNOR

GRADY L. PATTERSON, JR.
STATE TREASURER

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL



RICHARD W. KELLY
DIVISION DIRECTOR

JAMES M. WADDELL, JR.
CHAIRMAN,
SENATE FINANCE COMMITTEE

ROBERT N. McLELLAN
CHAIRMAN,
HOUSE WAYS AND MEANS COMMITTEE

JESSE A. COLES, JR., Ph.D.
EXECUTIVE DIRECTOR

September 26, 1988

Mr. Richard W. Kelly
Division Director
Division of General Services
1201 Main Street, Suite 400
Columbia, South Carolina 29201

Dear Rick:

Attached is the Department of Veterans Affairs audit report and recommendations made by the Office of Audit and Certification. Since no certification above the \$2,500.00 allowed by law was requested, and no action is necessary by the Budget and Control Board, I recommend that this report be presented to them for their information.

Sincerely,

A handwritten signature in cursive script, appearing to read "James J. Forth, Jr.", written in dark ink.

James J. Forth, Jr.
Assistant Division Director

Attachment

DEPARTMENT OF VETERANS AFFAIRS
AUDIT REPORT

JULY 1, 1986 - JUNE 30, 1988

STATE OF SOUTH CAROLINA
BUDGET AND CONTROL BOARD
DIVISION OF GENERAL SERVICES
1201 MAIN STREET, SUITE 420
COLUMBIA, SOUTH CAROLINA 29201
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CHAIRMAN,
SENATE FINANCE COMMITTEE

ROBERT N. McLELLAN
CHAIRMAN,
HOUSE WAYS AND MEANS COMMITTEE

JESSE A. COLES, JR., Ph.D.
EXECUTIVE DIRECTOR

August 29, 1988

Mr. James J. Forth, Jr.
Assistant Division Director
Division of General Services
1201 Main Street, Suite 600
Columbia, South Carolina 29201

We have examined the procurement policies and procedures of the Department of Veterans Affairs for the period July 1, 1986 through June 30, 1988. As a part of our examination, we made a study and evaluation of the system of internal control over procurement transactions to the extent we considered necessary.

The purpose of such evaluation was to establish a basis for reliance upon the system of internal control to assure adherence to the Consolidated Procurement Code and State and Department procurement policy. Additionally, the evaluation was used in determining the nature, timing and extent of other auditing procedures that were necessary for developing an opinion on the adequacy, efficiency and effectiveness of the procurement system.

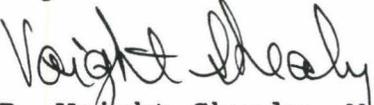
The administration of the Department of Veterans Affairs is responsible for establishing and maintaining a system of internal control over procurement transactions. In fulfilling

this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance of the integrity of the procurement process, that affected assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and are recorded properly.

Because of inherent limitations in any system of internal control, errors or irregularities may occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions, or that the degree of compliance with the procedures may deteriorate.

Our study and evaluation of the system of internal control over procurement transactions as well as our overall examination of procurement policies and procedures were conducted with due professional care. They would not, however, because of the nature of audit testing, necessarily disclose all weaknesses in the system.

We noted no exceptions and found the Department of Veterans Affairs to be in compliance with the South Carolina Consolidated Procurement Code and ensuing regulations.


R. Voight Shealy, Manager
Audit and Certification

RESULTS OF EXAMINATION

The Office of Audit and Certification performed an examination of the internal operating procedures and policies and the related manual of the Department of Veterans Affairs for the period July 1, 1986 through June 30, 1988. Our on-site review was conducted July 19 and July 20, 1988, and was made under the authority described in Section 11-35-1230(1) of the South Carolina Consolidated Procurement Code.

The Department of Veterans Affairs had a limited number of procurement actions during the audit period. For this reason, we tested all procurement transactions for the audit period. They were handled in a professional manner. We noted no exceptions and found the Department to be in compliance with the Consolidated Procurement Code.

Since the Department has not requested additional certification, we recommend that they be allowed to procure all goods and services, consultants, construction, and information technology up to the basic level of \$2,500.00, as outlined in the Procurement Code.



Robert J. Aycock, IV
Procurement Auditor



State of South Carolina
Department of Veterans Affairs

PHONE 734-0200
227 BROWN STATE OFFICE BUILDING
1205 PENDLETON STREET
COLUMBIA, S.C. 29201

BILL J. SAMS
DIRECTOR

IN REPLY REFER TO:

AUDIT REPORT DRAFT

September 13, 1988

Mr. R. Voight Shealy, Manager
Audit and Certification
Budget & Control Board
1201 Main Street
Columbia, S.C. 29201

Dear Mr. Shealy:

After reviewing the draft report on your audit for the period of July 1, 1986 through June 30, 1988, we are very pleased with the results of the audit. Due to the fact there were no exceptions, we do not feel it is necessary to have a formal exit conference.

Thank you for your help and assistance during the audit. Linda Skipper, our Business Manager, stated it was a learning experience and your staff was friendly and very helpful in answering questions. As we are a small agency with many questions that needed answering regarding procurement, we did appreciate your patience and help.

If you have any further questions regarding this audit, please feel free to contact me.

Sincerely,

A handwritten signature in cursive script that reads "Bill J. Sams".

Bill J. Sams
Director

BS/lS

