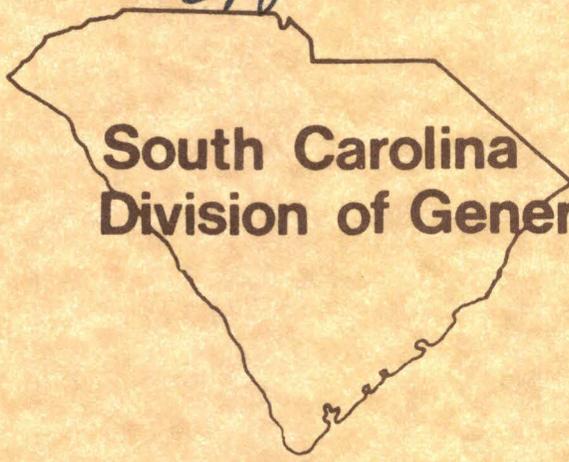


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**South Carolina
Division of General Services**

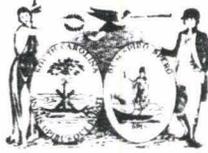
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PROCUREMENT AUDIT AND CERTIFICATION

WILLIAMSBURG TECHNICAL COLLEGE
AGENCY

APRIL 1, 1986 - MARCH 31, 1989
DATE

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



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ROBERT N. McLELLAN
CHAIRMAN, WAYS AND MEANS COMMITTEE

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

October 16, 1989

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

Dear Rick:

Attached is the final Williamsburg Technical College procurement 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.'.

James J. Forth, Jr.
Assistant Division Director

/jlj

Attachment

WILLIAMSBURG TECHNICAL COLLEGE

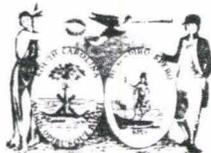
AUDIT REPORT

APRIL 1, 1986 - MARCH 31, 1989

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

October 10, 1989

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 Williamsburg Technical College for the period April 1, 1986 through March 31, 1989. 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 College 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 Williamsburg Technical College is responsible for establishing and maintaining a system of internal control over procurement transactions. In fulfilling

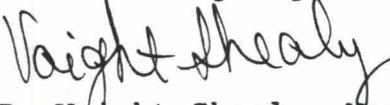
this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance of the integrity of the procurement process, that affected 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.

The examination did, however, disclose conditions enumerated in this report which we believe to be subject to correction or improvement.

Corrective action based on the recommendations described in these findings will in all material respects place Williamsburg Technical College in compliance with the South Carolina Consolidated Procurement Code and ensuing regulations.


R. Voight Shealy, Manager
Audit and Certification

INTRODUCTION

The Office of Audit and Certification conducted an examination of the internal procurement operating procedures and policies and related manual of Williamsburg Technical College. Our on-site review was conducted April 19-27, 1989 and was made under authority as described in Section 11-35-1230(1) of the South Carolina Consolidated Procurement Code and Regulation 19-445.2020.

The examination was directed principally to determine whether, in all material respects, that the procurement system's internal controls were adequate and the procurement procedures, as outlined in the Internal Procurement Operating Procedures Manual, were in Compliance with the South Carolina Consolidated Procurement Code and regulations.

SCOPE

Our examination encompassed a detailed analysis of the internal procurement operating procedures of Williamsburg Technical College and the related policies and procedures manual to the extent we deemed necessary to formulate an opinion on the adequacy of the system to properly handle procurement transactions. The examination was limited to procurements from local funds including federal funds, local contributions and student collections, which is the procurement activity managed completely by the College. As in all South Carolina technical colleges, State funded procurements are managed by the State Board of Technical and Comprehensive Education.

We selected a random sample of procurement transactions for the period April 1, 1986 - March 31, 1989, for compliance testing and performed other audit procedures that we considered necessary in the circumstances to formulate this opinion. Our review of the system included, but was not limited to, the following areas:

- (1) adherence to the provisions of the South Carolina Consolidated Procurement Code and accompanying regulations;
- (2) procurement staff and training;
- (3) adequate audit trails and purchase order registers;
- (4) evidences of competition;
- (5) small purchase provisions and purchase order confirmations;
- (6) emergency and sole source procurements;
- (7) source selections;

- (8) file documentation of procurements;
- (9) disposition of surplus property;
- (10) economy and efficiency of the procurement process;
and,
- (11) approval of the Minority Business Enterprise
Utilization Plan.

SUMMARY OF AUDIT FINDINGS

Our audit of procurement at Williamsburg Technical College, hereinafter referred to as the College, produced findings and recommendations in the following areas:

	<u>PAGE</u>
I. <u>Compliance - Procurements</u>	8
<p>We found one procurement which was split and consequently exceeded the College's level of procurement authority. Also, the equipment procured was not recorded on the equipment inventory. Finally, one tie bid was resolved inappropriately.</p>	
II. <u>Reporting - Sole Source Procurements</u>	9
<p>Seven procurements were reported as sole sources even though they were exempt from the Procurement Code.</p>	

RESULTS OF EXAMINATION

I. Compliance - Procurements

We found one procurement which was split into two purchase orders. The total procurement exceeded the College's level of procurement authority and is therefore unauthorized. Also, solicitations of written quotes were made whereas Code Section 11-35-1520 requires "Contracts amounting to two thousand, five hundred dollars or more shall be awarded by competitive sealed bidding..." Finally, the College failed to record the equipment procured on its equipment inventory. The purchase orders for this procurement were as follows:

<u>P.O.#</u>	<u>Amount</u>	<u>Description</u>
90833	\$1,992.65	Satellite equipment & installation
90834	<u>2,412.65</u>	Satellite equipment & installation
Total	<u>\$4,405.30</u>	

The College misunderstood the Procurement Code's definition of a procurement and consequently split the procurement by soliciting quotes into two separate parts. Regulation 19-445.2100 states in part "Any procurement under this Regulation not exceeding \$2,499.99 may be made by governmental bodies provided, however, that procurement requirements shall not be artificially divided..."

Since the procurement is unauthorized as stated above, ratification in accordance to Regulation 19-445.2015 must be requested from the Materials Management Officer. Also, the equipment must be recorded on the College's equipment inventory at the appropriate capitalized amount. We also recommend that

the College consider all costs of an acquisition when determining authority and competition requirements.

On purchase order 80501 in the amount of \$1,551.52 for building materials, the College resolved a tie bid in an inappropriate manner. Section 11-35-1520 paragraph (9) of the Code requires that when two or more South Carolina bidders from the same taxing jurisdiction are tied in price while otherwise meeting all of the required conditions, awards are determined as follows:

(d) Tie bids involving South Carolina firms in the same taxing jurisdiction as the governmental body's consuming location must be resolved by the flip of a coin in the office of the chief procurement officer or the head of a purchasing agency witnessed by all interested parties.

The College simply chose one vendor over another even though all requirements of the solicitation were met by both vendors. We recommend that the College adhere to the Procurement Code when resolving tie bids.

II. Reporting - Sole Source Procurements

We found seven procurements which were inappropriately reported as sole sources. They were as follows:

<u>P.O.#</u>	<u>Amount</u>	<u>Description</u>
60985	\$1,200.00	Renewal of software license agreement
70850	990.00	Renewal of software license agreement
70947	1,200.00	Renewal of software license agreement
80859	990.00	Renewal of software license agreement
80865	1,200.00	Renewal of software license agreement
90262	1,225.00	Renewal of software license agreement
90659	2,958.00	Instructional video tapes

Each of the procurements noted above were exempt from the Procurement Code and should not have been procured/reported as sole source procurements.

We recommend amended sole source reports be submitted to the Division of General Services to reduce the reported sole source activity for the fiscal years in question. For the current fiscal year, amended reports should be submitted by quarter.

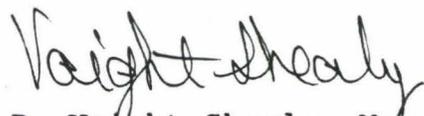
CONCLUSION

As enumerated in our transmittal letter, corrective action based on the recommendations described in the body of this report, we believe, will in all material respects place Williamsburg Technical College in compliance with the South Carolina Consolidated Procurement Code and ensuing regulations.

Prior to July 31, 1989, the Office of Audit and Certification will perform a follow-up review to determine if the proposed corrective action has been taken. Subject to this corrective action and since Williamsburg Technical College has not requested additional procurement certification, we recommend that they be allowed to continue procuring all goods and services, consultant services, construction services and information technology up to the basic level of \$2,500.00 as allowed by the Consolidated Procurement Code and regulations.



Robert J. Aycok, IV
Audit Supervisor



R. Voight Shealy, Manager
Audit and Certification

Williamsburg Technical College

601 LANE ROAD, KINGSTREE, SOUTH CAROLINA 29556
803/354-7423

John T. Wynn
President

August 3, 1989

Mr. R. Voight Shealy
Director of Audit and Certification
Division of General Services
1201 Main Street
Columbia, SC 29201

Dear Mr. Shealy:

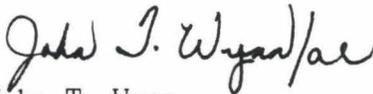
In connection with your examination of the internal procurement operating procedures and policies and related manual of Williamsburg Technical College for April 1, 1986 through March 31, 1989, ratification request has been made to the Materials Management Officer regarding the unauthorized purchase of our satellite system. A copy of that letter is enclosed.

The auditors also brought to our attention the proper handling of tie bids. We had arbitrarily awarded a tie bid when both bidders were from the same taxing jurisdiction. We were unaware as to the proper method of awarding a tie bid; however, future awards will be made appropriately.

Seven sole source procurements were found to be exempt and have been corrected by amended reports. Notations regarding these procurements have been made in the college's quarterly report file in an effort to prevent repetition of same. Copies of the amended reports are enclosed for your convenience.

Thank you for your assistance.

Sincerely,

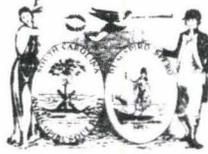


John T. Wynn
President

Enclosures

CC: Anne C. Ellis
Linda Baltenbach

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



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

October 12, 1989

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

Dear Jim:

We have reviewed the response to our audit report of Williamsburg Technical College covering the period June 1, 1986 through December 31, 1988. This review has satisfied the Office of Audit and Certification that the College corrected the problem areas found and that internal controls over the procurement system are adequate.

The College has not requested procurement certification so I recommend that the College be allowed to continue procuring all goods and services, consulting services, construction and information technology up to the basic level as outlined in the Consolidated Procurement Code.

Sincerely,

A handwritten signature in cursive script that reads "R. Voight Shealy".

R. Voight Shealy, Manager
Audit and Certification

/j1j

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