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# PROCUREMENT AUDIT AND CERTIFICATION

ALCOHOLIC BEVERAGE CONTROL COMMISSION

AGENCY

JULY 1, 1986 - FEBRUARY 29, 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

April 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 final Alcoholic Beverage Control 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 information only.

Sincerely,

A handwritten signature in cursive script that reads "D. L. McMillin".

D.L. McMillin, CPPO  
Acting Materials Management Officer

Attachment

ALCOHOLIC BEVERAGE CONTROL COMMISSION  
AUDIT REPORT

JULY 1, 1986 - FEBRUARY 29, 1988

STATE OF SOUTH CAROLINA  
**BUDGET AND CONTROL BOARD**  
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1201 MAIN STREET, SUITE 420  
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ROBERT N. McLELLAN  
CHAIRMAN,  
HOUSE WAYS AND MEANS COMMITTEE

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

March 15, 1988

Mr. D.L. McMillin, CPPO  
Acting Materials Management Officer  
Division of General Services  
1201 Main Street, Suite 600  
Columbia, South Carolina 29201

We have examined the procurement policies and procedures of the Alcoholic Beverage Control Commission for the period July 1, 1986 through February 29, 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 Commission 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.

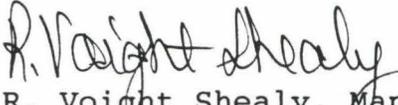
The administration of the Alcoholic Beverage Control Commission is responsible for establishing and maintaining a system of internal control over procurement transactions. In fulfilling this responsibility, estimates and judgements by

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 Alcoholic Beverage Control Commission 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 Alcoholic Beverage Control Commission for the period July 1, 1986 through February 29, 1988. Our on-site review was conducted March 10 and March 11, 1988, and was made under the authority described in Section 11-35-1230(1) of the South Carolina Consolidated Procurement Code.

The examination included but was not limited to the following:

- (1) Sole source and emergency procurement review (7/31/81 - 12/31/87)
- (2) Review of property management and fixed assets
- (3) One hundred percent (100%) review of purchase orders (7/01/86 - 2/29/88)
- (4) Minority Business Enterprise Plan
- (5) Review of surplus property sales and trade-ins
- (6) Information Technology Plan

The Alcoholic Beverage Control Commission had a limited number of procurement actions during the audit period. All were handled in a professional manner. We noted no exceptions and found the Commission to be in compliance with the Consolidated Procurement Code.

Since the Commission 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.

  
Marshall B. Williams, Jr., Supervisor  
Office of Audit and Certification

# The State of South Carolina Alcoholic Beverage Control Commission

ELLIOTT D. THOMPSON  
CHAIRMAN

JULIUS MURRAY  
A. WAYNE CRICK  
COMMISSIONERS



EDGAR BROWN OFFICE BUILDING  
1205 PENDLETON STREET  
COLUMBIA, S.C. 29201  
TELEPHONE 803-734-0470

NICHOLAS P. SIPE  
EXECUTIVE DIRECTOR

April 18, 1988

Mr. R. Voight Shealy, Manager  
Audit and Certification  
1201 Main Street, Suite 420  
Columbia, S. C. 29201

Dear Mr. Shealy:

Thank you for the draft audit report of the ABC Commission's procurement activity for the period July 1, 1986 through February 29, 1988. Based on the excellent results of the audit, I do not see a need for an exit conference. We will all strive to continue to fully comply with all laws and regulations governing procurement.

Sincerely,

A handwritten signature in dark ink, appearing to read "N. P. Sipe", is written over the typed name.

Nicholas P. Sipe

cc Mike Allen



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