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**South Carolina
Division of General Services**

PROCUREMENT AUDIT AND CERTIFICATION

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AIKEN TECHNICAL COLLEGE

AGENCY

JUNE 1, 1986 - DECEMBER 31, 1988

DATE

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



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JAMES J. FORTH, JR.
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ROBERT N. McLELLAN
CHAIRMAN, WAYS AND MEANS COMMITTEE

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

October 2, 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 Aiken Technical College procurement audit report and recommendations made by the Office of Audit and Certification. I concur and recommend the Budget and Control Board grant the College a two (2) year certification as outlined in the audit report.

Sincerely,

A handwritten signature in cursive script that reads "James J. Forth, Jr.".

James J. Forth, Jr.
Assistant Division Director

jlj

Attachment

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CHAIRMAN, WAYS AND MEANS COMMITTEE

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

September 26, 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 Aiken Technical College for the period June 1, 1986 through December 31, 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 internal 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 Aiken 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 Aiken Technical College in compliance with the South Carolina Consolidated Procurement Code and ensuing regulations.


R. Voight Shealy, Manager
Audit and Certification

BACKGROUND

Section 11-35-1210 of the South Carolina Consolidated Procurement Code states:

The (Budget and Control) Board may assign differential dollar limits below which individual governmental bodies may make direct procurements not under term contracts. The Division of General Services shall review the respective governmental body's internal procurement operation, shall verify in writing that it is consistent with the provisions of this code and the ensuing regulations, and recommend to the Board those dollar limits for the respective governmental body's procurement not under term contract.

While on site, we received a written request from Aiken Technical College for certification to make local fund procurements in the following category and designated amount:

<u>Category</u>	<u>Requested Limit</u>
Goods and Services	\$10,000

SCOPE

Our examination encompassed a detailed analysis of the internal procurement operating procedures of Aiken 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. Our examination was limited to procurements from local funds, which includes some 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 random samples of procurement transactions for the period July 1, 1986 - December 31, 1988, 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 provisions of the South Carolina Consolidated Procurement Code and 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) inventory and disposition of surplus property;
- (10) economy and efficiency of the procurement process; and,
- (11) Minority Business Enterprise Utilization Plan.

RESULTS OF EXAMINATION

We reviewed sixty-two (62) transactions which each exceeded \$500.00. We found all to be in accordance with the South Carolina Consolidated Procurement Code and noted no exceptions. We also reviewed a block sample of three hundred purchase orders and found no exceptions.

When we reviewed all of the College's sole source and emergency procurements for the audit period, we found the following reporting exceptions.

I. Reporting of Sole Source and Emergency Procurements

A. Continuing Education Procurements

The below listed sole source and emergency procurements were directly related to continuing education. College and university continuing education programs are totally for commercial sale. As such, the direct expenditures made toward specific courses are exempt from the Consolidated Procurement Code under Section 11-35-710(h) if they are funded from collections of registration fees.

<u>PO#</u>	<u>Amount</u>
18267	\$ 4,727.10
19053	600.00
657	897.00
673	2,292.00
655	892.50
345	515.70
346	1,100.31
347	20,716.50
1612	4,065.75
1723	9,636.90
1724	2,811.90
1645	7,072.00
1127	690.00
1338	12,312.00

1738	520.00
1797	2,720.00
1798	5,984.00
1799	5,712.00
1800	5,984.00
1801	5,440.00
1802	5,440.00
1803	2,720.00
1779	2,783.03
4346	29,033.36
4348	1,701.00
4148	21,183.36
4322	915.04
4323	5,130.00
4324	13,707.75

We found no violation of the procurement process, only reporting errors on the quarterly reports.

We recommend that Aiken Technical College file amended reports for the quarters affected above.

B. Software Procurements Incorrectly Reported as Sole Source Procurements

Our review of sole source and emergency procurements also revealed that the below listed procurements were for the renewal of computer software maintenance agreements. Once computer software has been procured in accordance with the Consolidated Procurement Code, annual renewals of maintenance agreements for the software are exempt. Thus, they should not have been reported on the sole source quarterly reports.

<u>PO#</u>	<u>Amount</u>
18857	\$ 990.00
2430	3,600.00
2431	990.00
4682	10,904.10

We recommend that Aiken Technical College file amended reports with the Division of General Services.

II. Review of Purchasing Procedures Manual

We reviewed the Purchasing Policies and Procedures Manual of Aiken Technical College. We found the Manual to be in order with the following requirement: Section BX must be expanded to include the sealed bid process to comply with the requirements that accompany increased certification. Please also include a sample of a sealed bid solicitation and include Aiken Technical College's terms and conditions. These changes must be incorporated into the manual before certification can be granted.

CERTIFICATION RECOMMENDATION

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 Aiken Technical College in compliance with the South Carolina Consolidated Procurement Code and ensuing regulations. We recommend that this corrective action be taken by July 31, 1989. We will perform a follow-up review to verify this.

Under the authority described in Section 11-35-1210 of the Procurement Code, subject to this corrective action, we recommend Aiken Technical College be certified to make direct agency procurements up to the following limit:

<u>Procurement Area</u>	<u>Recommended Certification</u>
Goods and Services (Local Funds Only)	* \$ 10,000

*The total potential purchase commitment whether single year or multi-year contracts are used.



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



R. Voight Shealy, Manager
Audit and Certification

August 8, 1989

Dr. Paul L. Blowers, President
AIKEN COUNTY COMMISSION FOR
TECHNICAL EDUCATION

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Vice President of
Administrative Services

Evan S. Flynn
Dean of Business, Industry
and Community Education

Gloria Busch-Johnson
Dean of Student Services

Mr. R. Voight Shealy, Manager
Audit and Certification
Materials Management Office
Division of General Services
Budget and Control Board
State of South Carolina
1201 Main Street
Columbia, SC 29201

Dear Mr. Shealy:

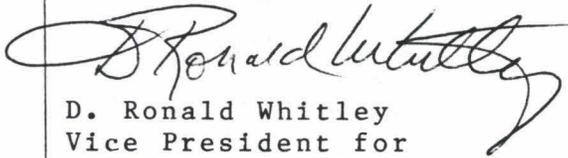
Please accept this letter as official response to the procurement audit performed by Mr. Marshall Williams of your start covering the period from June 1, 1986 through December 31, 1988.

We were very pleased with the examination and the resulting outcome. We were especially appreciative of the professionalism and managerial assistance given by Mr. Williams.

We concur with all findings and have implemented corrective measures for each and every recommendation.

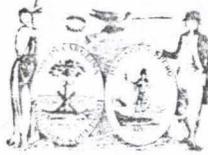
Again, many thanks for your help and consideration.

Yours truly,


D. Ronald Whitley
Vice President for
Administrative Services

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

September 27, 1989

Mr. 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 Aiken 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.

We, therefore, recommend that the certification limit for Aiken Technical College as outlined in the audit report be granted for a period of two (2) years.

Sincerely,

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

R. Voight Shealy, Manager
Audit and Certification

/jlj

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