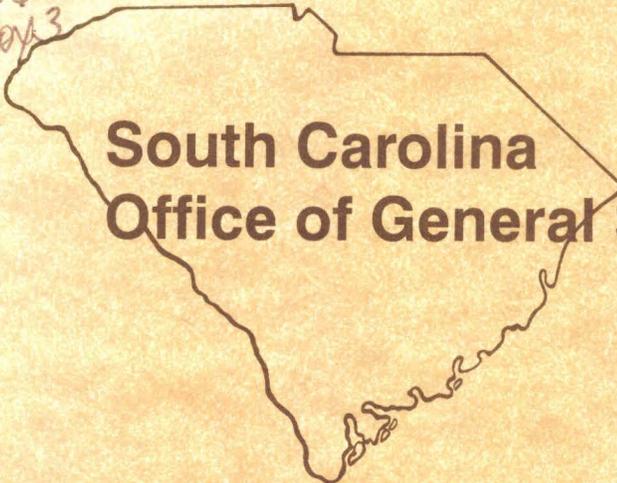


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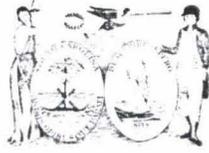
**South Carolina  
Office of General Services**

# PROCUREMENT AUDIT AND CERTIFICATION

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AIKEN TECHNICAL COLLEGE  
AGENCY  
OCTOBER 1, 1993 - JUNE 30, 1996  
DATE

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**State Budget and Control Board**  
OFFICE OF GENERAL SERVICES



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LUTHER F. CARTER  
EXECUTIVE DIRECTOR

October 29, 1996

Ms. Helen T. Zeigler, Director  
Office of General Services  
1201 Main Street, Suite 420  
Columbia, South Carolina 29201

Dear Helen:

I have attached Aiken Technical College's 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 three year certification as noted in the audit report.

Sincerely,

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

R. Voight Shealy  
Interim Materials Management Officer

/tl

**AIKEN TECHNICAL COLLEGE  
PROCUREMENT AUDIT REPORT**

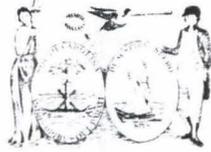
**OCTOBER 1, 1993 - JUNE 30, 1996**

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**NOTE:** The College's response to issues noted in the report have been inserted immediately following the issues they refer.

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**State Budget and Control Board**  
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LUTHER F. CARTER  
EXECUTIVE DIRECTOR

October 14, 1996

Mr. R. Voight Shealy  
Interim Materials Management Officer  
Division of General Services  
1201 Main Street, Suite 600  
Columbia, South Carolina 29201

Dear Voight:

We have examined the procurement policies and procedures of Aiken Technical College for the period October 1, 1993 through June 30, 1996. As part of our examination, we studied and evaluated the system of internal control over procurement transactions to the extent we considered necessary.

The 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 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 judgments 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 professional care. However, because of the nature of audit testing, they would not necessarily disclose all weaknesses in the system.

The examination did, however, disclose conditions enumerated in this report that we believe need 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.

Sincerely,

  
Larry G Sorrell, Manager  
Audit and Certification

## SCOPE

We conducted our examination with Generally Accepted Auditing Standards as they apply to compliance audits. Our examination encompassed a detailed analysis of the internal procurement operating procedures' manual to the extent we deemed necessary to formulate an opinion on the adequacy of the system to properly handle procurement transactions. That examination was limited to procurements made with local funds, which include federal funds, local appropriations, contributions and student collections, which is the procurement activity managed by the College. As in all South Carolina's technical colleges, state funded procurements are managed by the State Board of Technical and Comprehensive Education.

Specifically, the examination included, but was not limited to review of the following:

- (1) All sole source and emergency procurements and trade-in sales for October 1, 1993 through June 30, 1996
- (2) Payment transactions for July 1, 1994 through March 31, 1996
  - a) Sixty payments each exceeding \$1,500
  - b) Block sample of approximately 250 sequential purchase orders
- (3) Two professional service contracts
- (4) Minority Business Enterprise Plan and quarterly reports for October 1, 1993 through June 30, 1996
- (5) Internal procurement procedures manual
- (6) Information technology plans and approvals covering the audit period
- (7) Surplus property disposal procedures
- (8) Blanket purchase agreement files
- (9) File documentation and evidence of competition

## SCOPE LIMITATION

The College was unable to locate the documentation to support sole sources and emergency procurements for the quarter April 1, 1994 through June 30, 1994. Therefore, we are unable to determine compliance for this quarter.

**RESULTS OF EXAMINATION**

The Office of Audit and Certification conducted an examination of the internal procurement operating policies and procedures and related manual of Aiken Technical College. Our on-site review was conducted from August 5 to August 21, 1996, and was made under the authority as described in Section 11-35-1230(1) of the South Carolina Consolidated Procurement Code and Regulation 19-445.2020.

Most recently, on January 18, 1994, the Budget and Control Board granted Aiken Technical College the following certification (Local Funds Only):

<u>Category</u>	<u>Limit</u>
Goods and Services	\$25,000 per commitment

Our audit was performed primarily to determine if recertification for expenditures of local funds is warranted. Also, the College requested certification (Local Funds Only) in the following areas.

<u>Procurement Area</u>	<u>Recommended Certification Limits</u>
Goods and Services	\$25,000 per commitment
Information Technology	\$25,000 per commitment

While the College has maintained a professional and efficient procurement system since our last audit, we did note the following items which should be addressed by management.

Unauthorized Procurement

The College procured design and printing services on PO26610 for \$4,400 dated June 6, 1995. However, the invoices were dated March 30, 1995. Additionally, a sole source determination was prepared on June 6, 1995. According to the Director of Purchasing, she was not aware of the purchase until the invoices were received. Therefore, the services had already been rendered prior to approval. Section B I. of the College's internal procedures manual states, "For these reasons, the authority and responsibility of purchasing rests with the Purchasing Department." Since the obligation was made prior to Purchasing's involvement, the item was unauthorized and should not been processed as a sole source procurement. Accordingly, we recommend that the department responsible for the violation prepare a ratification request to the College President in accordance with Regulation 19-445.2015.

### COLLEGE RESPONSE

The unauthorized procurement has been discussed with all parties concerned.

#### Unnecessary Sole Source

The College procured an enrollment software package on PO25980 for \$3,000. The determination stated that quotes were requested from three sources and only one response was received. Section 11-35-1560 of the Consolidated Procurement Code requires that a sole source procurement have a single supplier. Since the determination indicated that competition was sought, the procurement was inappropriate as a sole source procurement.

We recommend the College determine and report procurements that meet the criteria for a sole source.

### COLLEGE RESPONSE

At a previous Director's meeting the procurement officer was informed that a "no bid" was not necessarily an indication of competition. For that reason we used the sole source determination. We will seek clarification from MMO when the guidelines are unclear.

#### Overpayment

The College paid for rental of a boom lift on check 094507 for \$2,494.80. The total was comprised of \$2,160 for a four week rental period, \$216 for a damage waiver fee and \$118.80 sales tax. However, purchase order 24681 and the accompanying quote indicated that the rate per month for the equipment was \$1,695. The damage waiver fee was not addressed by the purchase order or the quote. It appears the amount paid should have been \$1,732.50 (\$1,695 plus 5% sales tax). We recommend the College review invoices more carefully to ensure payments are in accordance with the purchase order. Additionally, the College should request a refund for the overpayment.

### COLLEGE RESPONSE

The College will seek a refund for the overpayment on check number 094507. We have addressed this problem with accounts payable. We have recommended that all discrepancies be brought to the attention of the procurement officer.

#### Procurements Made Without Competition

We found three procurements that were not supported by any solicitations of competition, sole source or emergency procurement determinations.

<u>Item</u>	<u>PO</u>	<u>Check</u>	<u>Amount</u>	<u>Description</u>
1.	27245	100438	\$2,019	Computer Chips
2.	N/A	91340	3,994	Cleaning Ceiling
3.	28669	104621	6,138	Projection System

Section 11-35-1550 of the Code addresses the levels of competitions. A minimum of three verbal or written quotes were required for items 1 and 2. Solicitation of three written quotes were required for item 3. The College used a written quote on item 3 that expired on March 8, 1996, however, the purchase order was issued April 11, 1996, approximately one month later. Additionally, the purchase order was issued for \$6,138, an amount of \$293 more than the quote of \$5,845 that expired on March 8, 1996.

We recommend the College adhere to the requirements of the Code.

**COLLEGE RESPONSE**

Competition was sought on all three procurements. Apparently the documentation was lost. On the recommendation of the Senior Auditor, a quote file has been established. This corrective action should remedy the situation of misplaced files and documents.

**Payment Could Not be Reconciled to the Purchase Order**

On check 092835, the College paid for the printing of student handbooks in the amount of \$3,200. The invoice indicated that 3,000 handbooks were delivered. However, delivery tickets in the file indicated only 1,555 handbooks were received. The amount quoted and recorded on the purchase order was \$2,730 for the 3,000 handbooks. No explanation was contained to explain the difference between the amount billed and the amount on the purchase order.

We recommend the College adequately document any discrepancies between delivery tickets and the totals per the invoice. By reconciling discrepancies, the College can assure that payments are made for the correct amounts.

**COLLEGE RESPONSE**

These discrepancies have also been brought to the attention of the accounts payable clerk. Some of the documentation was lost. We realized the importance of safe guarding our documentation and have requested that all future discrepancies be reported to the procurement officer in a timely manner.

**CERTIFICATION RECOMMENDATIONS**

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

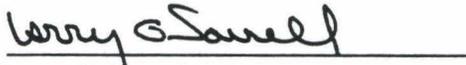
Under the authority described in Section 11-35-1210 of the Procurement Code, subject to this corrective action, we recommend recertification for three years at the levels below.

<u>Procurement Area</u>	<u>Recommended Certification Limits</u>
1. Goods and Services (Local Funds Only)	*\$25,000 per commitment
2. Information Technology in accordance with the approved with the approved Information Technology Plan (Local Funds Only)	*\$25,000 per commitment

\*The total potential commitment to the State whether single year or multi-term contracts are used.

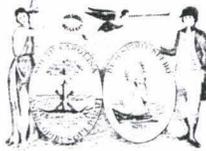


Melissa Rae Thurstin  
Senior Auditor



Larry G Sorrell, Manager  
Audit and Certification

STATE OF SOUTH CAROLINA  
**State Budget and Control Board**  
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EXECUTIVE DIRECTOR

October 28, 1996

Mr. R. Voight Shealy  
Interim Materials Management Officer  
Materials Management Office  
1201 Main Street, Suite 600  
Columbia, South Carolina 29201

Dear Voight:

We have reviewed the response from Aiken Technical College to our audit report October 1, 1993 - June 30, 1996. Also, we have followed the College's correction action during and subsequent to our field work. We are satisfied that the College has corrected the problem areas and the internal controls over the procurement system are adequate.

Therefore, we recommend the Budget and Control Board grant Aiken Technical College the certification limits noted in our report for period of three years.

Sincerely,

Handwritten signature of Larry G. Sorrell in cursive.

Larry G. Sorrell, Manager  
Audit and Certification

LGS/tl

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