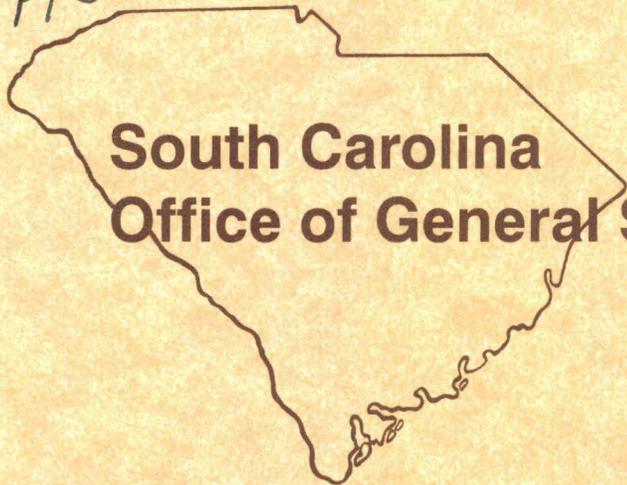


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**South Carolina  
Office of General Services**

# PROCUREMENT AUDIT AND CERTIFICATION

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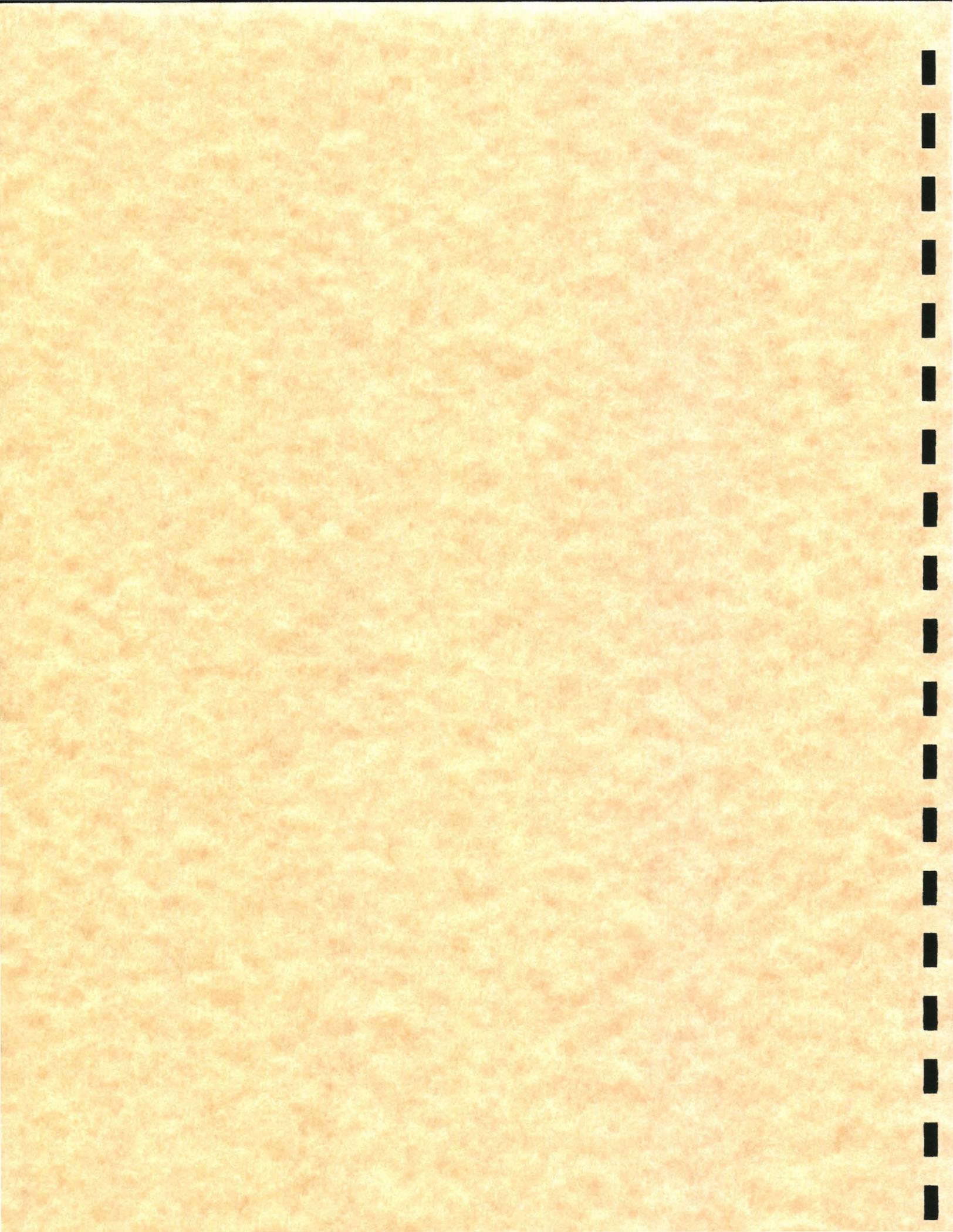
STATE DOCUMENTS

CENTRAL CAROLINA TECHNICAL COLLEGE

AGENCY

JULY 1, 1995 - JANUARY 31, 1997

DATE



STATE OF SOUTH CAROLINA  
**State Budget and Control Board**  
OFFICE OF GENERAL SERVICES



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MATERIALS MANAGEMENT OFFICE  
1201 MAIN STREET, SUITE 600  
COLUMBIA, SOUTH CAROLINA 29201  
(803) 737-0600  
Fax (803) 737-0639

VOIGHT SHEALY  
ASSISTANT DIRECTOR

May 20, 1997

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

Dear Helen:

I have attached the audit report for Central Carolina Technical College. Since we are not recommending any certification above the basic \$5,000 allowed by the Code, no action is required by the Budget and Control Board. Therefore, I recommend that the report be presented to the Budget and Control Board as information.

Sincerely,

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

R. Voight Shealy  
Materials Management Officer

/tl

**CENTRAL CAROLINA TECHNICAL COLLEGE**

**PROCUREMENT AUDIT REPORT**

**JULY 1, 1995 - JANUARY 31, 1997**

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

STATE OF SOUTH CAROLINA  
*State Budget and Control Board*  
OFFICE OF GENERAL SERVICES



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VOIGHT SHEALY  
ASSISTANT DIRECTOR

May 9, 1997

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

Dear Voight:

We have examined the procurement policies and procedures of Central Carolina Technical College for the period July 1, 1995 through January 31, 1997. 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 Central Carolina 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 two conditions enumerated in this report which we believe need correction or improvement.

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

Sincerely,



Larry G. Sorrell, Manager  
Audit and Certification

## INTRODUCTION

We conducted an examination of the internal procurement operating policies and procedures of Central Carolina Technical College. Our on-site review was conducted February 10 - 19, 1997 and was made under Section 11-35-1230(1) of the South Carolina Consolidated Procurement Code and Section 19-445.2020 of the accompanying regulations.

The examination was directed principally to determine whether, in all material respects, 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 its ensuing regulations.

Additionally our work was directed toward assisting Central Carolina Technical College in promoting the underlying purposes and policies of the Code as outlined in Section 11-35-20 which include:

- (1) to ensure the fair and equitable treatment of all persons who deal with the procurement system of this State
- (2) to provide increased economy in state procurement activities and to maximize to the fullest extent practicable the purchasing values of funds of the State
- (3) to provide safeguards for the maintenance of a procurement system of quality and integrity with clearly defined rules for ethical behavior on the part of all persons engaged in the public procurement process

## SCOPE

We conducted our examination in accordance with Generally Accepted Auditing Standards as they apply to compliance audits. Our examination encompassed a detailed analysis of the internal procurement operating procedures of Central Carolina Technical College and its 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. This 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 Central Carolina Technical College. As in all technical colleges, state funded procurements are managed by the State Board For Technical and Comprehensive Education.

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

- (1) All sole source, emergency and trade-in sale procurements for the period July 1, 1995 through December 31, 1996
- (2) Procurement transactions for the period July 1, 1995 through January 1, 1997 as follows:
  - a) Fifty-eight payments, each exceeding \$1,500
  - b) A block sample of 124 vouchers filed by vendor
- (3) Information technology plans for fiscal years 7/1/95 - 6/30/98
- (4) Minority Business Enterprise Plans and reports for the audit period
- (5) Internal procurement procedures manual
- (6) Surplus property procedures

## RESULTS OF EXAMINATION

We reviewed fifty-eight payments selected at random from Central Carolina Technical College's check register for compliance to the Consolidated Procurement Code and internal procurement policies and procedures as outlined in the College's manual. Additionally, other tests were performed in accordance to our audit program. These tests revealed two exceptions.

On purchase order 20516, the College awarded a contract for printing services in the amount of \$5,520 that exceeded its authorized level of \$5,000. As a result, the contract is unauthorized as defined in Regulation 19-445.2015(A). The President of the College must submit a ratification request to the Materials Management Office per Regulation 19-445.2015. We recommend the College not exceed its authorized level of procurement.

### College Response

The College has submitted a request for ratification to the Materials Management Office, per Regulation 19-445.2015, and has received approval on the request.

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On purchase order 20743 for \$1,800 for the production of an advertising video, the College considered the procurement exempt as advertising time or space in newspapers, radio or television. Since the College considered the procurement exempt from the Code, no competition was solicited. The Procurement Code exemption referenced does not apply to the production of advertisements. We recommend competition be solicited in accordance to the provisions outlined in the Procurement Code on all such future transactions.

### College Response

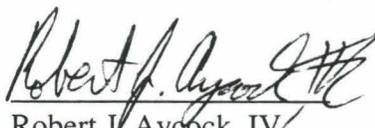
The College is aware of the error made while processing the order and will solicit competition in accordance to the Procurement Code on all such future transactions.

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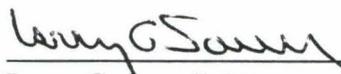
## CONCLUSION

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

The College has not requested procurement certification above the basic limit of \$5,000 allowed by the Procurement Code. Subject to corrective action listed in this report, we will recommend the College be allowed to continue procuring goods and services, consultant services, construction and information technology up to the basic level of \$5,000 as allowed by the South Carolina Consolidated Procurement Code and accompanying regulations.



Robert J. Aycock, IV  
Audit Manager



Larry G. Sorrell, Manager  
Audit and Certification

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*State Budget and Control Board*  
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VOIGHT SHEALY  
ASSISTANT DIRECTOR

May 19, 1997

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

Dear Voight:

We have reviewed Central Carolina Technical College's response to our audit report for July 1, 1995 - January 31, 1997. Also, we have followed the College's corrective 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.

Additional certification was not requested. Therefore, we recommend the College be allowed to continue procuring all goods and services, construction, information technology and consulting services up to the basic level of outlined in the Code.

Sincerely,

A handwritten signature in cursive script, appearing to read "Larry G. Sorrell".

Larry G. Sorrell, Manager  
Audit and Certification

LGS/tl

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