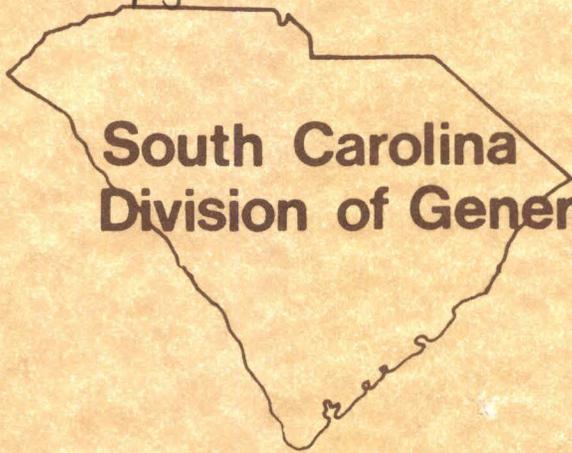


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PROCUREMENT AUDIT AND CERTIFICATION

TRIDENT TECHNICAL COLLEGE
AGENCY

MARCH 1, 1986 - MAY 31, 1988
DATE

STATE OF SOUTH CAROLINA
BUDGET AND CONTROL BOARD
DIVISION OF GENERAL SERVICES
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ROBERT N. McLELLAN
CHAIRMAN,
HOUSE WAYS AND MEANS COMMITTEE

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

November 23, 1988

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

Dear Rick:

Attached is final Trident Technical College audit report and recommendations made by the Office of Audit and Certification. I concur and recommend the Budget and Control Board grant the College three (3) years certification as outlined in the audit report.

Sincerely,

A handwritten signature in dark ink, appearing to read "James J. Forth, Jr.", written over a light-colored background.

James J. Forth, Jr.
Assistant Division Director

Attachment

TRIDENT TECHNICAL COLLEGE

AUDIT REPORT

MARCH 1, 1986 - MAY 31, 1988

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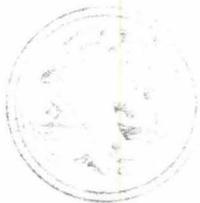
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JESSE A. COLES, JR., Ph.D.
EXECUTIVE DIRECTOR

November 30, 1988

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 Trident Technical College for the period July 1, 1986 through May 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 Trident Technical College is responsible for establishing and maintaining a system of internal control over procurement transactions. In fulfilling

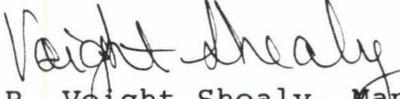
this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance of the integrity of the procurement process, that affected 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 Trident Technical College in compliance with the South Carolina Consolidated Procurement Code and ensuing regulations.


R. Voight Shealy, Manager
Audit and Certification

SCOPE

The Office of Audit and Certification performed an examination of the internal procurement operating procedures, policies, and related manual of Trident Technical College for the period July 1, 1986 through May 31, 1988. The examination was limited to procurements from local funds, which include 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.

Our on-site review was conducted June 7, 1988 through June 23, 1988 and was made under authority as described in Section 11-35-1230(1) of the South Carolina Consolidated Procurement Code.

The scope of our audit included, but was not limited to, a review of the following:

- (1) One hundred forty-two randomly selected procurement transactions;
- (2) Permanent improvement projects and contracts for Architects/Engineers for approvals and compliance with the Manual for Planning and Execution of State Permanent Improvements;
- (3) Sole source procurements from January 1, 1986 through March 31, 1988;
- (4) Emergency procurements from January 1, 1986 through March 31, 1988;
- (5) Trade-in sales from January 1, 1986 through March 31, 1988.

The College requested increased certification limits as follows for procurements funded with local and state appropriated funds:

<u>Category</u>	<u>Amount</u>
Goods and Services	\$ 30,000
Consultants	30,000
Construction	25,000
Information Technology	30,000

RESULTS OF EXAMINATION

Our audit of the procurement system of the College produced the following findings.

I. Sole Source Procurements

We examined the quarterly reports of sole source procurements and all available supporting documents for the period January 1, 1986 through March 31, 1988. This review was performed to determine the appropriateness of the procurement actions taken and the accuracy of the reports submitted to the Division of General Services. We found the majority of these procurements to be adequately justified except for the following three procurements that did not meet the criteria for a sole source as defined in the Code and regulations.

<u>Quarter Reported</u>	<u>P.O.</u>	<u>Amount</u>	<u>Description</u>
6/87	72560	\$ 2,100.00	Consultant
12/87	80841	905.55	Consultant
3/88	83090	2,625.00	Consultant engineer

Future procurements of these types of consultant services should be made competitively.

COLLEGE RESPONSE

In the future, consultants will be procured in accordance with the South Carolina Procurement Code.

II. Compliance - Goods and Services

The College has not solicited competition for the following three types of services.

1. Magazine subscription services
2. Travel agencies
3. Retreat/banquet facilities

The College considered these services exempt from the Procurement Code. They are not exempt.

Future procurements of these services should be made in accordance with the Code and regulations.

COLLEGE RESPONSE

1. Magazine Subscription Services -- We have contacted the central office and requested that the library peer group develop an RFP for library services since this is a complex procurement. We will utilize this information and competitively bid the magazine subscription services.
2. Travel Agencies -- We shall make travel procurements in accordance with the South Carolina Procurement Code. In the future all airline procurements will be the responsibility of the employee.
3. Retreat Facilities -- All procurements for retreat facilities will be made in accordance with the South Carolina Procurement Code.

III. Compliance - Trade-ins

We examined the quarterly reports of trade-in activity and all available supporting documents for the period January 1, 1986 through March 31, 1988. This review was performed to determine the appropriateness of the trade-in actions taken and the accuracy of the reports submitted to the Division of General Services. The following activity was reported as indicated:

<u>Quarter Reported</u>	<u>Trade In Amount</u>	<u>Description</u>
6/86	\$ 9,400.00	Ten dictating machines
9/86	2,250.00	Transcribing machines

The College did not obtain the approval of the Materials Management Officer as required by Regulation 19-445.2150(E) that states:

Governmental bodies may trade-in personal property, the trade-in value of which may be applied to the purchase of new like items. The trade-in value of such personal property shall not exceed five hundred dollars (\$500.00). When the trade-in value exceeds five hundred dollars (\$500.00), the governmental body shall refer the matter to the Materials Management Officer for disposition by the office or for submission to the Board for consideration.

The operating procedures at the College require that trade-in activity be forwarded to Inventory Control Section at the State Board for Technical and Comprehensive Education in Columbia as it is responsible for obtaining approvals from the Materials Management Officer.

The College submitted to the Columbia office the necessary documents to initiate the approval process. However, neither the College nor Inventory Control Section of the State Board could furnish us with the approval.

We recommend that the College develop procedures, in conjunction with the Inventory Control Section of the State Board, to assure that prior to any trade-in activity the approval requirements of the regulations are satisfied.

COLLEGE RESPONSE

In the future we will request that a copy of the Materials Management Officer's approval be forwarded to our inventory control section prior to making any trade-in of equipment.

CERTIFICATION RECOMMENDATIONS

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 Trident 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 Trident Technical College be certified to make direct agency procurements up to the limits as follows:

<u>Procurement Area</u>	<u>Recommended Certification</u>
Goods and Services (Local Funds Only)	* \$30,000
Consultants (Local Funds Only)	* 30,000
Construction (Local Funds Only)	* 25,000
Information Technology in accordance with the approved Information Technology Plan (Local Funds Only)	* 30,000

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

As indicated in the Scope section of this report, state allocated funds for technical colleges are formally committed by the State Board of Technical and Comprehensive Education, not the colleges themselves. This being the case, we cannot recommend certification for state allocated funds. Such certification would have to be requested by the State Board.


Larry G. Sorrell
Audit Manager


R. Voight Shealy, Manager
Audit and Certification

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EXECUTIVE DIRECTOR

November 23, 1988

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 Trident Technical College covering the period March 1, 1986 through May 31, 1988. Combined with observations made during our site visit, this review has satisfied the Office of Audit and Certification that the College is correcting the problem areas found and that internal controls over the procurement system are adequate.

We therefore, recommend that the certification limits for Trident Technical College outlined in the audit report be granted for a period of three (3) years.

Sincerely,

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

R. Voight Shealy, Manager
Audit and Certification

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