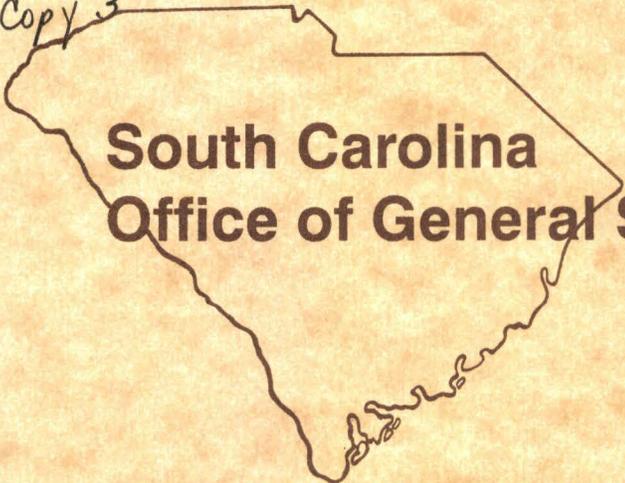


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**South Carolina  
Office of General Services**

# PROCUREMENT AUDIT AND CERTIFICATION

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SOUTH CAROLINA LAW  
ENFORCEMENT DIVISION

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AGENCY

JANUARY 1, 1997 – DECEMBER 31, 1999  
DATE

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*State Budget and Control Board*  
OFFICE OF GENERAL SERVICES

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COLUMBIA, SOUTH CAROLINA 29201  
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R. VOIGHT SHEALY  
ASSISTANT DIRECTOR

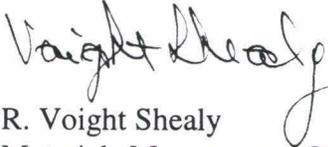
March 28, 2000

Mr. Robert W. McClam, Director  
Office of General Services  
1201 Main Street, Suite 420  
Columbia, South Carolina 29201

Dear Robbie:

I have attached the South Carolina Law Enforcement Division'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 Division a three-year certification as noted in the audit report.

Sincerely,



R. Voight Shealy  
Materials Management Officer

/jl

**SOUTH CAROLINA LAW ENFORCEMENT DIVISION  
PROCUREMENT AUDIT REPORT**

**JANUARY 1, 1997 - DECEMBER 31, 1999**

TABLE OF CONTENTS

	<u>PAGE</u>
Transmittal Letter .....	1
Scope .....	3
Results of Examination .....	4
Certification Recommendations .....	6
Agency Response .....	7
Follow-up Letter .....	8

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R. VOIGHT SHEALY  
ASSISTANT DIRECTOR

March 10, 2000

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 the South Carolina Law Enforcement Division for the period January 1, 1997 through December 31, 1999. 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, State regulations and the Division's internal 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 the South Carolina Law Enforcement Division 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 which we believe need correction or improvement.

Corrective action based on the recommendations described in these findings will in all material respects place the South Carolina Law Enforcement Division 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 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 the South Carolina Law Enforcement Division 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.

We selected judgemental samples from the period July 1, 1997 through November 30, 1999 of procurement transactions for compliance testing and performed other audit procedures that we considered necessary to formulate this opinion. Specifically, the scope of our audit included, but was not limited to, a review of the following:

- (1) All sole source, emergency and trade-in sale procurements for the period January 1, 1997 through December 31, 1999
- (2) Procurement transactions for the period July 1, 1997 through November 30, 1999 as follows:
  - a) Ninety-five payments each exceeding \$1,500
  - b) A block sample of three hundred sequential purchase orders for order splitting and favored vendors
  - c) One construction contract and one professional service contract for compliance with the Manual for Planning and Execution of State Permanent Improvements
- (3) Minority Business Enterprise Plans and reports for the audit period
- (4) Information technology plans for the audit period
- (5) Internal procurement procedures manual
- (6) Surplus property procedures
- (7) File documentation and evidence of competition

## RESULTS OF EXAMINATION

The Office of Audit and Certification conducted an examination of the internal procurement operating policies and procedures of the South Carolina Law Enforcement Division. Our on-site review was conducted December 7, 1999 to December 21, 1999 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.

On July 8, 1997, the Budget and Control Board granted the South Carolina Law Enforcement Division, hereinafter referred to as the Division, the following procurement certifications:

<u>PROCUREMENT AREAS</u>	<u>CERTIFICATION LIMITS</u>
Goods and Services	\$25,000 per commitment
Information Technology	\$25,000 per commitment
Consultant Services	\$25,000 per commitment

Since our previous audit in 1997, the Division has maintained what we consider to be a professional, efficient procurement system. We did note, however, the following points which should be addressed by management.

### Drug Free Workplace Certification Not Obtained

We noted the following four sole source procurements and one emergency procurement greater than \$50,000 where the Division did not obtain the required certification from the vendors stating that they were in compliance with the South Carolina Drug-Free Workplace Act.

<u>PO</u>	<u>Description</u>	<u>Amount</u>	<u>Type</u>
980214	Expendable laboratory supplies	\$63,000	Sole Source
991519	Genetic analysis system	71,095	Sole Source
992305	Genetic analysis system	61,057	Sole Source
992393	Accounting software system	51,660	Sole Source

<u>PO</u>	<u>Description</u>	<u>Amount</u>	<u>Type</u>
981725	Laboratory cabinetry	\$63,653	Emergency

Section 44-107-30 of the South Carolina Code of Laws requires on any contract of \$50,000 or more that a certification be obtained stating that the vendor maintains a drug-free workplace. Sole source and emergency procurements are subject to this law.

We recommend the Division obtain the drug-free workplace certification on all sole source and emergency contracts greater than \$50,000.

Inadequate Sole Source Justifications

A number of sole source justifications did not present a clear explanation as to why the item or service was unique and why no other would be acceptable to meet the Division's need. Section 11-35-1560 of the Code states, "Any decision by a governmental body that a procurement be restricted to one potential vendor must be accompanied by an explanation as to why no other will be suitable or acceptable to meet the need."

We recommend the Division adequately justify each sole source procurement as to why no other vendor is acceptable and why the item or service is unique. Explanations should be sufficient to satisfy external audits.

Preferences Not Included In Solicitation Documents

The Division does not provide bidder preference information in its written solicitations for procurements between \$10,000 and \$25,000. Section 11-35-1524 of the Code allows preferences for resident vendors and end products made, manufactured or grown in South Carolina or the United States. However, bidders are not being informed of the availability of these preferences.

We recommend the preferences found in Section 11-35-1524 be included in the written solicitations.

**CERTIFICATION RECOMMENDATIONS**

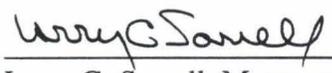
As enumerated in our transmittal letter, corrective action based on the recommendations described in this report, we believe, will in all material respects place the South Carolina Law Enforcement Division in compliance with the Consolidated Procurement Code and ensuing regulations.

Under the authority described in Section 11-35-1210 of the Procurement Code, subject to this corrective action, we will recommend the South Carolina Law Enforcement Division be recertified to make direct agency procurements for three years up to the limits as follows.

<u>PROCUREMENT AREAS</u>	<u>RECOMMENDED CERTIFICATION LIMITS</u>
Goods and Services	*\$25,000 per commitment
Information Technology	*\$25,000 per commitment
Consultant Services	*\$25,000 per commitment

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

  
\_\_\_\_\_  
James M. Stiles, CPPB  
Audit Manager

  
\_\_\_\_\_  
Larry G. Sorrell, Manager  
Audit and Certification

# SOUTH CAROLINA LAW ENFORCEMENT DIVISION

JAMES H. HODGES  
*Governor*



ROBERT M. STEWART  
*Chief*

March 27, 2000

Mr. Larry Sorrell, Manager  
Audit and Certification  
Materials Management Office  
1201 Main Street, Suite 600  
Columbia, South Carolina 29201

Re: SLED Procurement Audit  
Period of January 1, 1997 – December 31, 1999

Dear Mr. Sorrell:

In response to the copy of your draft procurement audit report of the S.C. Law Enforcement Division for the period of January 1, 1997 – December 31, 1999, this department has reviewed your findings. Action has been taken to discuss said findings with departmental personnel and corrective action has or will be taken. In the event you should have any questions, please contact me at 896-7004.

Sincerely,

Michael S. Smith  
Administrative Coordinator

CC:  
Robert M. Stewart, Chief  
Rosetta Johnson, Director of Administration  
Procurement Officers



An Accredited Law Enforcement Agency

P.O. Box 21398 / Columbia, South Carolina 29221-1398 / (803) 737-9000 / Fax (803) 896-7041

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ROBERT W. HARRELL, JR.  
CHAIRMAN, WAYS AND MEANS COMMITTEE

RICK KELLY  
EXECUTIVE DIRECTOR

March 28, 2000

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

Dear Voight:

We have reviewed the response from the South Carolina Law Enforcement Division to our audit report for the period of July 1, 1997 – December 31, 1999. Also we have followed the Division's corrective action during and subsequent to our fieldwork. We are satisfied that the Division has corrected the problem areas and the internal controls over the procurement system are adequate.

Therefore, we recommend the Budget and Control Board grant the South Carolina Law Enforcement Division the certification limits noted in our report for a period of three years.

Sincerely,

A handwritten signature in cursive script that reads "Larry G. Sorrell".

Larry G. Sorrell, Manager  
Audit and Certification

LGS/jl

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