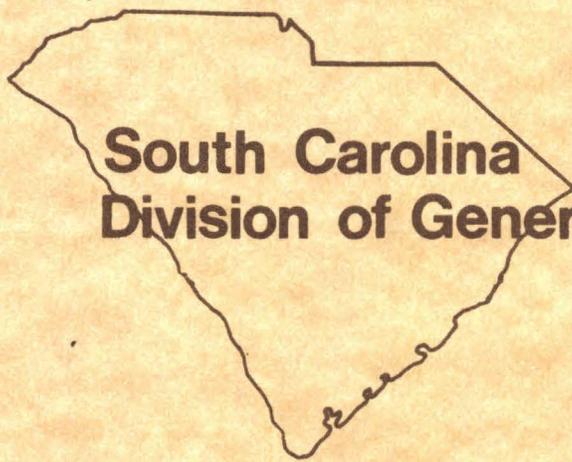


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**South Carolina
Division of General Services**

PROCUREMENT AUDIT AND CERTIFICATION

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SOUTH CAROLINA
STATE ATHLETIC COMMISSION

AGENCY

JULY 1, 1987 - JUNE 30, 1989

DATE

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



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ROBERT N. McLELLAN
CHAIRMAN, WAYS AND MEANS COMMITTEE

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

December 18, 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 South Carolina State Athletic Commission procurement audit report and recommendations made by the Office of Audit and Certification. Since no certification above the \$2,500.00 limit allowed by law was requested, and no action is necessary by the Budget and Control Board, I recommend that this report be presented to them for their information.

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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STATE OF SOUTH CAROLINA
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ROBERT N. McLELLAN
CHAIRMAN, WAYS AND MEANS COMMITTEE

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

December 11, 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 the South Carolina State Athletic Commission for the period July 1, 1987 - June 30, 1989. 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 Commission 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 the State Athletic Commission 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 the State Athletic Commission in compliance with the South Carolina Consolidated Procurement Code and ensuing regulations.

Voight Shealy
R. Voight Shealy, Manager
Audit and Certification

RESULTS OF EXAMINATION

The Office of Audit and Certification performed an examination of the internal operating procedures and policies and related manual of the State Athletic Commission, hereinafter referred to as the Commission, for the period July 1, 1987 through June 30, 1989. The examination was made under the authority described in Section 11-35-1230(1) of the South Carolina Consolidated Procurement Code.

The Commission had a limited number of procurement actions during the audit period so we tested all of them. We found these procurements to be in compliance with the Code. However, we did note the following exceptions.

In the past, the Commission has reported sole source and emergency procurements and/or trade-in sales on an annual basis. However, the Commission is now required to report these activities on a quarterly basis. Even if no activity occurs in the quarter, a report is required with the report marked "no activity".

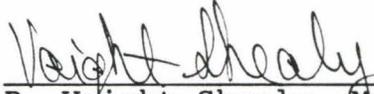
The Commission does not have an approved Minority Business Utilization Plan as required by Section 11-35-5240 of the Code. We recommend that the Commission contact the Office of Small and Minority Business Assistance to determine its requirements.

Finally, the Commission does not have an approved procurement procedures manual as required by Section 11-35-540 of the Code. Either a procurement procedures manual should be prepared or a letter of intent to comply with the Consolidated Procurement Code should be filed with our office.

CONCLUSION

As enumerated in our transmittal letter, corrective action based on the recommendations described in the findings of this report, we believe, will in all material respects place the State Athletic Commission in compliance with the South Carolina Consolidated Procurement Code. This corrective action should be completed by November 30, 1989.

The Commission has not requested additional certification. Subject to completion of corrective action, we recommend that it be allowed to procure all goods and services, consultants, construction and information technology up to the basic level of \$2,500.00, as outlined in the Procurement Code.



R. Voight Shealy, Manager
Audit and Certification

South Carolina
STATE ATHLETIC COMMISSION



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Commissioners

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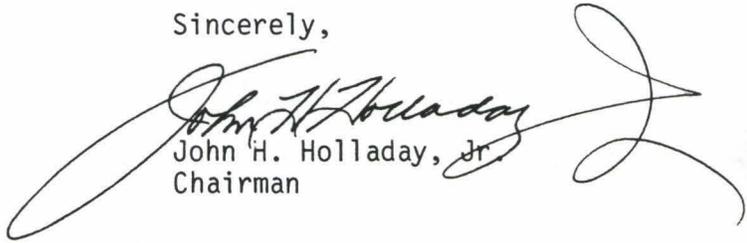
South Carolina State Budget and Control Board
Division of General Services
Materials Management Office
1201 Main Street, Suite 600
Columbia, South Carolina 29201

ATTENTION: Mr. R. Voight Shealy, Manager
Audit and Certification

This Commission does not have a procurement procedures manual and since our volume of purchases is so small that we do not plan to prepare one. It is our intention, however, to comply with the Consolidated Procedure Code. It is also our intention to comply with all requirements of the Office of Small and Minority Business Assistance.

Quarterly reports, even if there is no activity, will be completed as soon as we receive them.

Sincerely,


John H. Holladay, Jr.
Chairman

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



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

December 13, 1989

Mr. James J. Forth, Jr.
Assistant Division Director
Division of General Services
1201 Main Street, Suite 600
Columbia, South Carolina 29201

Dear Jim:

I have reviewed the response of the State Athletic Commission to our audit report covering the period July 1, 1987 - June 30, 1989. Also, I have discussed the audit results with Mr. John H. Holladay, Jr., Chairman. Through these efforts, I have resolved the few issues raised in the report.

Therefore, since additional certification above the \$2,500.00 limit allowed by the Consolidated Procurement Code has not been requested, I recommend that this report be presented to the Budget and Control Board as information.

Sincerely,

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

R. Voight Shealy, Manager
Audit and Certification

/j1j

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