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

Dear Helen:

I have attached the final audit report for Williamsburg 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,

[Signature]
R. Voight Shealy

November 20, 1996
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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 Williamsburg Technical College for the period July 1, 1994 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 Williamsburg 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 Williamsburg 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 Williamsburg Technical College. Our on-site review was conducted August 6 - 9, 1996 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 Williamsburg 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 Williamsburg Technical College and its related policies and procedures manual to extent we deemed necessary to formulate an opinion on the adequacy of the system to properly handle procurement transactions.

We selected judgmental samples for the period July 1, 1994 through June 30, 1996 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 and emergency procurements and trade-in sales for July 1, 1994 through June 30, 1996

(2) Procurement transactions for the period July 1, 1994 - June 30, 1996 as follows:
   a) Thirty payments, each exceeding $1,500
   b) Block sample of 102 vouchers filed by vendors

(3) Information technology plans for fiscal years 94/95 and 95/96-97/98

(4) Internal procurement procedures manual

(5) Surplus property procedures
SUMMARY OF AUDIT FINDINGS

Our audit of the procurement system of Williamsburg Technical College, hereinafter referred to as the College, produced findings and recommendations as follows.

I. Specifications Not Utilized
   We reviewed four procurements where the College did not use specifications in determining procurement requirements.

II. Procurement of Telecommunications Equipment
    In February of 1992 the College procured a new telephone system in the amount of $29,467 and failed to obtain approval with the Office of Information Resource Management of the Budget and Control Board.

III. Sole Source Procurement
    One sole source was inappropriate and competition should have been solicited.

IV. Low Bidders Not Awarded
    In two instances the low bidders were not awarded the contracts.
RESULTS OF EXAMINATION

We reviewed thirty payments selected at random from the College’s check register for compliance to the South Carolina 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 the following exceptions.

I. Specifications Not Utilized

We reviewed four procurements where the College did not use specifications in determining procurement requirements.

<table>
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<tr>
<th>PO</th>
<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td>119471</td>
<td>Uninterruptible Power Supply</td>
<td>$4,884</td>
</tr>
<tr>
<td>117665</td>
<td>Floor Cleaning Equipment</td>
<td>4,228</td>
</tr>
<tr>
<td>119741</td>
<td>Trash Containers</td>
<td>2,886</td>
</tr>
<tr>
<td>117528</td>
<td>Television and Camcorder</td>
<td>2,704</td>
</tr>
</tbody>
</table>

In each case the College sought competition and information on the products then evaluated the products to determine the one best suited for the College’s needs. The College should request information from vendors so the College can determine a standard of equipment that will meet the needs and then solicit competition based on those standards. The standards are typically identified through specifications which identify the technical aspects of equipment, supplies and even services.

We believe by clearly identifying to vendors the needs of the College, the College should receive better pricing through the competitive environment. It will also ensure that the College obtains the desired quality of equipment, supplies and services. Further, the solicitations sent to vendors will afford each vendor a fair and equal chance to receive an award.

II. Procurement of Telecommunications Equipment

In February of 1992 the College procured a new telephone system in the amount of $29,467 on purchase order 112672. South Carolina Code of Law Section 1-11-430 requires that all purchases of telecommunications equipment and services for State government be secured through the Budget and Control Board (Board). The Office of Information Resource Management (OIR) was designated by the Board as the office responsible for securing telecommunications equipment and
services. Our review of the procurement file revealed no such approval or coordination with OIR. As a result we must consider this procurement as being unauthorized.

We recommend that all future procurements of telecommunications equipment or services be coordinated through OIR of the Board. Ratification of purchase order 112672 should be requested from the Materials Management Officer in accordance with the provisions outlined in Regulation 19-445.2015.

III. Sole Source Procurement

We examined the quarterly reports of sole source, emergency and trade-in sale procurements for the period July 1, 1994 through June 30, 1996. This review was performed to determine the appropriateness of the procurement actions taken and the accuracy of the reports submitted to the Office of General Services as required by Section 11-35-2440 of the Consolidated Procurement Code. We found most of the procurements to be proper. However, we did note one exception.

On purchase order 114576 the College declared a sole source to procure consultant services in the amount of $20,000 to help write a Title III grant. We believe this sole source was inappropriate and competition should have been solicited. A request for proposal solicitation should have been issued through the Materials Management Office for these services. Different institutions across State government use different consultants for these same services

We recommend that competition be solicited in the future for grant writing services. Procurements exceeding $5,000 will have to be coordinated through the Materials Management Office.

IV. Low Bidders Not Awarded

In two instances we noted where low bidders were not awarded the contracts. The first situation occurred on purchase order 119912 for the printing of brochures. The College initially ordered a quantity of 2,500 brochures and then later decided to order 10,000 brochures. Competition had been sought on various quantities up to 10,000 brochures. One vendor was the lower bidder on the quantity of 2,500 and a second vendor was the low bidder on the quantity of 10,000. When the College changed its desired quantity from 2,500 to 10,000 brochures, the increased quantity was placed with the first vendor. The difference in prices for the 10,000 quantity was $1,474.
We recommend the College check quoted prices when increased quantities are ordered to determine the low bidder.

The second instance occurred on purchase order 119300 for computer paper. The College failed to consider shipping costs in determining the low bidder. We remind the College that all costs are considered in determining an award except for sales taxes.
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 Williamsburg 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 recommend that the College be allowed to continue procuring goods and services, consultant services, construction and information technology up to that level.

Robert J. Aycock, IV
Audit Manager

Larry G. Sorrell, Manager
Audit and Certification
November 6, 1996

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

Dear Mr. Shealy:

We have read the Summary of Audit Findings sent to us by letter of Mr. Larry Sorrell, Manager, Audit and Certification, October 18, 1996, and after due consideration, find that we concur with the findings and recommendations as stated under the above Summary.

We feel that this audit was handled by the auditor, Jimmy Aycock, in a very businesslike manner. We appreciated his help and concern.

If we can assist in any other way, please advise.

Yours truly,

[Signature]

Norman H. Scott
President

NHS/brm
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 Williamsburg Technical College’s response to our audit report for July 1, 1994 - June 30, 1996. 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 as outlined in the Code.

Sincerely,  

Larry G. Sorrell, Manager  
Audit and Certification  

November 20, 1996