PROCUREMENT
AUDIT AND
CERTIFICATION

BEAUFORT COUNTY SCHOOL
DISTRICT
AGENCY
JULY 1, 1998 – JUNE 30, 1999
JULY 1, 1999 – JUNE 30, 2000
DATE
Mr. George N. Dorn, Jr., Director  
Office of General Services  
1201 Main Street, Suite 420  
Columbia, South Carolina 29201

Dear George:

I have attached the procurement audit reports of Beaufort County School District for the periods July 1, 1998 to June 30, 1999 and July 1, 1999 to June 30, 2000. The audit was performed in accordance with Section 11-35-70 of the Consolidated Procurement Code. Since no action is required by the Budget and Control Board, I recommend the report be presented as information.

Sincerely,

R. Voight Shealy  
Materials Management Officer
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Beaufort County Board of Education
Beaufort County School District
Beaufort, South Carolina

We have applied certain agreed upon procedures, as discussed below, to the accounting records of Beaufort County School District (the "District"), for the year ended June 30, 1999 solely to assist you in connection with ensuring the District’s compliance with its procurement policies. This report is intended for the information of the Board of Education, the administration of the District and the South Carolina Budget and Control Board - Office of General Services, and is not to be used for any other purpose.

We performed the steps as indicated in the work program provided to us by the South Carolina Budget and Control Board - Office of General Services, where applicable to the District’s procurement policy. The audit program has been edited, where applicable, in accordance with the District’s procurement policy code. A copy is attached as Exhibit 1. Our findings are as follows:

CODE COMPLIANCE - GENERAL

Through inquiry of District personnel, and observation of contracts between the District and certain minority businesses, we determined that the District uses minority businesses. However, we noted that no Minority Business Utilization Plan exists. The district uses criteria such as price, quality and past experiences to determine if the bid is accepted.

GOODS AND SERVICES PROCUREMENTS

We selected 40 transactions from the District’s computerized records of purchases for the year ended June 30, 1999. Our selections were made using every ninth item of a custom computer report listing all paid invoices greater than $2,500 for the year. We examined these transactions for compliance with the District’s general procurement policies using the procedures provided in Section A of the audit program provided to us by the South Carolina Budget and Control Board - Office of General Services. Two exceptions were noted. For one exception, no purchase order was completed. The second exception was due to lack of evidence of proper bid procedures.

SOLE SOURCE, EMERGENCY AND TRADE-IN PROCUREMENTS

We examined documentation for all sole source and emergency purchases for the year ended June 30, 1999 and examined those transactions for compliance with the District’s procurement policies related to sole source, emergency and trade-in procurements where applicable. There were no trade-in procurements noted for this fiscal year. No exceptions were noted.
CONSULTING SERVICES PROCUREMENTS
We judgmentally selected two procurements of professional and consulting services for the year ended June 30, 1999 since none were noted in our sample selection and examined these transactions for compliance with the District's procurement policies related to professional services using the procedures provided in Section E of the audit program provided to us by the South Carolina Budget and Control Board - Office of General Services. No exceptions were noted.

CONSTRUCTION AND RELATED SERVICES PROCUREMENTS
We selected all major construction and related services procurements identified in the sample selected for goods and services above for the year ended June 30, 1999 and examined these transactions for compliance with the District's procurement policies related to major construction using the procedures provided in Section F of the audit program provided to us by the South Carolina Budget and Control Board - Office of General Services. Two transactions were selected from the year ended June 30, 1999. No exceptions were noted.

INFORMATION TECHNOLOGY PROCUREMENTS
We selected four information technology procurements identified in the sample selected for goods and services above for the year ended June 30, 1999. These transactions were examined for compliance with the District's procurement policies related to information technology using the procedures provided in Section G of the audit program provided to us by the South Carolina Budget and Control Board - Office of General Services. No exceptions were noted.

SURPLUS PROPERTY
For the year ended June 30, 1999, there was an auction of School District property for which proceeds of $2,210 were received. We examined documentation of the auction noting proper procedures were followed.

Because the above procedures do not constitute an audit conducted in accordance with generally accepted auditing standards, we do not express an opinion on any of the accounts or items referred to above.

Had we performed additional procedures, matters might have come to our attention that would have been reported to you. This report relates only to the items specified above and does not extend to any financial statements of Beaufort County School District taken as a whole.

September 24, 1999

Elliott, Davis & Company, LLP
EXHIBIT I

THE SCHOOL DISTRICT OF BEAUFORT COUNTY
GUIDELINES FOR PROCUREMENT AUDIT

AUDIT PROGRAM

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AUDIT PROGRAM

A. GENERAL CONTROL PROGRAM

STEP #

1. Arrange for entry conference with district officials to discuss timing of the audit, procurement areas to be reviewed, certification limits requested, space requirements, etc. Prepare a memo.

2. Review correspondence, ratification and protest files to date since the last engagement and prior period reports, questionnaire on internal control audit programs (including auditor’s suggestions for changes), and other working papers.

3. Obtain answers to questionnaire on internal controls. Once the audit is completed, review the questionnaire and reevaluate internal controls. Prepare a memo evaluating internal controls stating conclusions on their effectiveness.

4. Review all audit reports from external audit organizations since the previous engagements, i.e., State Auditors, Federal Auditors. Prepare a memo.

5. Obtain a recent District annual report.

6. Ensure that all permanent file sections are prepared/updated.

7. Have District prepare and sign standard representation letter.

8. Prepare memo for next audit, listing such things as pending matters, suggested changes in audit procedures or other items which will be of help in preparing the next audit. N/A if not necessary.

9. Update organization charts showing the Purchasing Office’s location in the District’s overall structure and the internal organization of the Purchasing Office itself.

10. Obtain or document information on office location and addresses.

11. Complete working paper index. Ascertain that all working papers are properly headed, initialed, and dated and that they accurately support the conclusions reached. Review all workpapers of audit team members.

12. Prepare, in good form, draft report (management letter) pointing out weaknesses noted during the audit in the District’s procurement system, recommendations for improvement in the system, and any recommended certification limits or changes in limits.

13. Arrange and conduct an informal exit conference to advise district officials of probable audit exceptions.

14. Arrange and conduct a formal exit conference to go over the results of the audit with district personnel. Document changes to the draft report.
AUDIT PROGRAM

B. CODE COMPLIANCE - GENERAL

STEP #

1. Obtain a copy of the District's Procurement Code and Procurement Regulations.

2. Review copy of the District's Minority Business Enterprise (MBE) Utilization Plan and determine that quarterly reports and annual reports were filed timely.

3. Examine charges to rental expenditure accounts and credits to rental and other income accounts to determine that all or an appropriate number of real property rentals have been properly approved by the Board of Trustees.

4. Review blanket purchase agreement (BPA) files or lists. Test BPA procedures and a sample of released files.

5. Review a block sample from the numerical purchase order file. Check for:
   a. Splitting of orders
   b. Favored vendors
   c. Any questionable procurements that the auditor fees should be pursued

6. If necessary, combine memos from all areas to identify common compliance problems.

7. If bid files are not adequately tested in D, E, F, & G, on a judgmental basis, review a sample of sealed bid files, etc. for completeness.

8. Select a sample of procurements less than $2,500.00 each for years one and two. Test for prices being fair and reasonable.

9. Determine that purchases were handled properly and ratified at the appropriate level.

10. Determine that procurements of revenue generating management contracts, if any, were done in accordance with the Code.

11. Determine how the bid list is established, and how vendors are added and deleted. Prepare a memo.
AUDIT PROGRAM

C. SOLE SOURCE, EMERGENCY AND TRADE-IN PROCEDURES

STEP #

1. Obtain copies of all related purchase orders or vouchers for the period being reviewed.

2. Obtain documents stating who is authorized to sign sole source and emergency procurements for the District.

3. Review each of the sole source and emergency determinations and findings. Determine that each procurement is:
   a. Justified
   b. Property approved
   c. Accurately reported to the Board of Trustees

4. Review file of trade-ins for:
   a. Board of Trustee approval if the trade-in is greater than $25,000.00. Director of Finance approval if less than $25,000.00.
   b. Accurate reporting.
   c. In compliance reviews of disbursement samples, trace any trade-in noted to quarterly report and, if applicable, to the approved determination file.
AUDIT PROGRAM

D. COMPLIANCE - GOODS AND SERVICES

STEP #

1. Establish that procurement authority and responsibility is vested in the Purchasing Department or, if not, it is clearly defined and logically delegated.

2. Prepare and/or update procedural write-ups and flow charts for this procurement area if internal procurement procedures do not adequately cover them.

3. Using the standard sampling plan, select a sample of transactions and test them using the standard matrix. (Exhibit A).

4. Prepare memo of findings.
AUDIT PROGRAM

E. COMPLIANCE - CONSULTING SERVICES

STEP #

1. Establish that procurement authority and responsibility is vested in the Purchasing Department or, if not, it is clearly defined and logically delegated.

2. Prepare and/or update procedural write-ups and flow charts for this procurement area if the internal procurement procedures manual does not adequately cover them.

3. Using the standard sampling plan, select a sample of transactions, and test them using the standard matrix. (Exhibit A).
   a. Determine that sampled attorney services were approved by the Board of Trustees.
   b. Determine that sampled accounting and auditing services were approved by the Board of Trustees.
   c. Determine that payments to individuals were properly classified as contractual services or employee services.

4. Prepare memo of findings.
AUDIT PROGRAM

F. COMPLIANCE - CONSTRUCTION AND RELATED SERVICES

STEP #

1. Establish that procurement authority and responsibility is vested in the Purchasing Department or, if not, it is clearly defined and logically delegated.

2. Prepare and/or update procedural write-up and flow charts for this procurement area if the internal procurement procedures manual does not adequately cover them.

3. Using the standard sampling plan, select a sample of transactions and test them using the standard matrix. (Exhibit A).

4. Assure that sample items for construction or architect services are in compliance with State Department of Education School Planning and Construction Guidelines (Green Book) Beaufort County School District Procurement Code. Prepare a schedule using the Major Construction Matrix (Exhibit B) and A&E and Related Professional Services Matrix (Exhibit C). If project began before this audit period and contract has been tested previously, test change orders that occurred during the audit period.

5. Expand sample as necessary to assure adequate coverage.

6. Prepare a memo of steps performed and findings.
AUDIT PROGRAM

G. COMPLIANCE - INFORMATION TECHNOLOGY

STEP #

1. Establish that procurement authority and responsibility is vested in the Purchasing Department or, if not, is clearly defined and logically delegated.

2. Prepare and/or update procedural write-ups and flow charts for this procurement area if the internal procurement manual does not adequately cover them.

3. Using the standard sampling plan, select a sample of transactions and test them using the standard matrix. (Exhibit A).

4. Determine that the District has an approved Information Technology Plan. If possible, determine that these procurements were approved as part of the District's plan or by specific approvals.

5. Prepare a memo of findings.
STEP #

1. Determine if the District has conducted sales of surplus property, scrap, or junk during the audit period. Check for proper approvals and compliance with the BCSD Procurement Code. Since the District has conducted their own sales, document their sales procedures and test for internal controls.

2. Prepare a memo covering the work performed and findings.
AUDIT PROGRAM

I. SAMPLE SELECTION

STEP #

1. Through discussions with the appropriate personnel, develop a working knowledge of the District’s accounting system. You should have a good understanding of it before proceeding.

2. The disbursement information for the District is best obtained through an accounts payable check distribution file. Other accounting information needs can be obtained from the District’s accounting and data processing personnel.

3. Obtain the following information:
   a. chart of accounts
   b. file data set name (DSN)
   c. record layouts
   d. record length and blocking factor
   e. system documentation including transaction codes and explanations
   f. appropriate tape/disk volume serial numbers (Vol. Ser’s)

4. Discuss with the District’s analyst/programmer the use of transaction codes, etc. Determine the funds to be excluded.

5. Using the District’s chart of accounts, separate their object codes, account classes, etc. into four procurement areas. Eliminate the unnecessary codes.

6. Flow chart or explain the job stream to be followed and prepare the specification sheets based on the job stream.

7. Once the job is successfully completed, the printout should be reviewed carefully for apparent success. Items to spot check are:
   a. general appearance
   b. transaction dates
   c. object codes/account classes
   d. vendor names in logical areas

8. Select judgmental samples for the four procurement areas for test at D-1, E-1, F-1, G-1.
AUDIT PROGRAM

EXHIBIT A

STANDARD MATRIX
To Be Used at D-1, E-1, F-1, G-1

1. The properly approved requisition agrees with the purchase order and the vendor invoice for items procured and amount. Invoice and purchase order amounts agree. The voucher is supported by the proper receiving reports which are signed and dated by receiving personnel. Dates of documents indicated that the procurement was properly authorized.

2. Discounts were taken and payment was made in a timely manner. Only S.C. sales taxes were paid.

3. All changes to purchase orders (i.e., price or quantity changes) were properly documented and approved.

4. If used, Materials Management Office term contracts were properly utilized.

5. Procurements were handled in accordance with Beaufort County School District Procurement Code and Procurement Regulations.
   - Small purchases (less than $25,000)
   - Less than $2,500 - price was fair and reasonable
   - $2,500.01 to $4,999.99 - phone quotes requested and documented
   - $5,000 to $9,999.99 - three written quotes requested and documented.
   - $10,000 to $24,999.99 - written request for questions documented. Written responses documented. Newspaper and/or SCBO advertisement documented. Competitive bids 3 sources
   - Competitive Sealed Bids more than $25,000
     - Written invitations for bids documented with bidders list
     - Written responses documented and tabulated
     - Newspaper and/or SCBO advertisement documented
     - 5 bidders
   - Competitive Sealed Proposals more than $25,000
     - Same as competitive sealed bids above
     - Determination to do RFP’s and award FRP’s prepared
     - 10 bidders
   - Sole Source
     - Written determination prepared in advance and approved by authorized official
     - Single source was appropriate
     - Transaction reported to Board of Trustees
   - Emergency Procurements
     - Written determination and approved by authorized official
     - Emergency was justified
     - Competition, as practicable, was sought
     - Transaction reported to Board of Trustees
   - Procurements more than $50,000
     - Notice of Intent to award mailed to all respondents

6. All other aspects of the procurement appear to be proper.
I AUDIT PROGRAM

EXHIBIT B

MAJOR CONSTRUCTION

1. Construction Contracts
   A Advertisement in accordance with the requirements of the Beaufort County School District Procurement Policy.
   B Bid form of low bidder.
   C Bid tabulation.
   D Bid bond, as required.
   E Verify executed construction contract, SDGC 005 or 005A.
   F Performance and materials payment bond with appropriate Power of Attorney, as required.
   G Contractor’s Certificate of Insurance.
   H Sixteen (16) day notice of intent to award sent to all bidders, as required, or notice to proceed.

2. Change Orders
   A Documented in writing and approved as required by Beaufort County School District’s Procurement Code.
   B Compare applications for payment dates with change order approval dates.

3. Payment of Contractor
   A Retainage, as required, by Beaufort County School District.
   B Verify payments equal contract value plus approved change orders.

4. Project Close-Out
   A Final Application for Payment
   B Contractor’s Affidavit of Payment of Debts and Claims
   C Contractor’s and Sub-Contractors Release of Liens
   D Contractor’s Surety’s Approval of Release of Retainage

5. Sole Source Procurements

6. Emergency Procurements
AUDIT PROGRAM

EXHIBIT C

PROFESSIONAL SERVICES

1. Advertisement

Advertisement and vendor response per Beaufort County School District’s Procurement Code.

2. Interview and Selection

A Board of Trustees Selection Committee short lists a minimum of five (5) firms for interview.

B Selection Committee uses criteria based on Procurement Code for ranking interviewed firms 1 through 5.

C Board of Trustees approves ranking and negotiated contract parameters per Procurement Code.

3. Change Orders

Verify changes to professional service contracts are documented and approved per Beaufort County School District’s Procurement Code.
We have applied certain agreed upon procedures, as discussed below, to the accounting records of Beaufort County School District (the "District"), for the year ended June 30, 2000 solely to assist you in connection with ensuring the District's compliance with its procurement policies. This report is intended for the information of the Board of Education, the administration of the District and the South Carolina Budget and Control Board - Office of General Services, and is not to be used for any other purpose.

We performed the steps as indicated in the work program provided to us by the South Carolina Budget and Control Board - Office of General Services, where applicable to the District's procurement policy. The audit program has been edited, where applicable, in accordance with the District's procurement policy code. A copy is attached as Exhibit 1. Our findings are as follows:

**CODE COMPLIANCE - GENERAL**

Through inquiry of District personnel, and observation of contracts between the District and certain minority businesses, we determined that the District uses minority businesses. However, we noted that no Minority Business Utilization Plan exists. The district uses criteria such as price, quality and past experiences to determine if the bid is accepted.

**GOODS AND SERVICES PROCUREMENTS**

We selected 40 transactions from the District's computerized records of purchases for the year ended June 30, 2000. Our selections were made from a custom computer report using a random sampling method for all paid invoices greater than $1,500 for the year. We examined these transactions for compliance with the District's general procurement policies using the procedures provided in Section B of the audit program provided to us by the South Carolina Budget and Control Board - Office of General Services. One exception was noted. The exception was due to lack of evidence of proper bid procedures.

**SOLE SOURCE, EMERGENCY AND TRADE-IN PROCUREMENTS**

We examined documentation for all sole source and emergency purchases for the year ended June 30, 2000 and examined those transactions for compliance with the District's procurement policies related to sole source, emergency and trade-in procurements where applicable, using the procedures provided in Section C of the audit program provided to us by the South Carolina Budget and Control Board - Office of General Services. There were no trade-in procurements noted for this fiscal year. No exceptions were noted.
CONSULTING SERVICES PROCUREMENTS

We selected all professional and consulting services procurements identified in the sample selected for goods and services above for the year ended June 30, 2000. These transactions were examined for compliance with the District’s procurement policies related to professional services using the procedures provided in Section E of the audit program provided to us by the South Carolina Budget and Control Board - Office of General Services. Two exceptions were noted. In both instances, the proper bid process was not followed.

CONSTRUCTION AND RELATED SERVICES PROCUREMENTS

We selected all major construction and related services procurements identified in the sample selected for goods and services above for the year ended June 30, 2000 and examined these transactions for compliance with the District’s procurement policies related to major construction using the procedures provided in Section F of the audit program provided to us by the South Carolina Budget and Control Board - Office of General Services. Eight transactions were selected from the year ended June 30, 2000. No exceptions were noted.

INFORMATION TECHNOLOGY PROCUREMENTS

We selected all information technology procurements identified in the sample selected for goods and services above for the year ended June 30, 2000. These transactions were examined for compliance with the District’s procurement policies related to information technology using the procedures provided in Section G of the audit program provided to us by the South Carolina Budget and Control Board - Office of General Services. Thirteen transactions were selected from the year ended June 30, 2000. No exceptions were noted.

SURPLUS PROPERTY

For the year ended June 30, 2000, there was a public sale of School District property for which proceeds of $2,669 were received. We examined documentation of the public sale noting proper procedures were followed.

Because the above procedures do not constitute an audit conducted in accordance with generally accepted auditing standards, we do not express an opinion on any of the accounts or items referred to above.

Had we performed additional procedures, matters might have come to our attention that would have been reported to you. This report relates only to the items specified above and does not extend to any financial statements of Beaufort County School District taken as a whole.

September 22, 2000
# THE SCHOOL DISTRICT OF BEAUFORT COUNTY GUIDELINES FOR PROCUREMENT AUDIT

## AUDIT PROGRAM

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AUDIT PROGRAM

A. GENERAL CONTROL PROGRAM

STEP #

1. Arrange for entry conference with district officials to discuss timing of the audit, procurement areas to be reviewed, certification limits requested, space requirements, etc. Prepare a memo.

2. Review correspondence, ratification and protest files to date since the last engagement and prior period reports, questionnaire on internal control audit programs (including auditor's suggestions for changes), and other working papers.

3. Obtain answers to questionnaire on internal controls. Once the audit is completed, review the questionnaire and reevaluate internal controls. Prepare a memo evaluating internal controls stating conclusions on their effectiveness.

4. Review all audit reports from external audit organizations since the previous engagements, i.e., State Auditors, Federal Auditors. Prepare a memo.

5. Obtain a recent District annual report.

6. Ensure that all permanent file sections are prepared/updated.

7. Have District prepare and sign standard representation letter.

8. Prepare memo for next audit, listing such things as pending matters, suggested changes in audit procedures or other items which will be of help in preparing the next audit. N/A if not necessary.

9. Update organization charts showing the Purchasing Office's location in the District's overall structure and the internal organization of the Purchasing Office itself.

10. Obtain or document information on office location and addresses.

11. Complete working paper index. Ascertain that all working papers are properly headed, initialed, and dated and that they accurately support the conclusions reached. Review all workpapers of audit team members.

12. Prepare, in good form, draft report (management letter) pointing out weaknesses noted during the audit in the District's procurement system, recommendations for improvement in the system, and any recommended certification limits or changes in limits.

13. Arrange and conduct an informal exit conference to advise district officials of probable audit exceptions.

14. Arrange and conduct a formal exit conference to go over the results of the audit with district personnel. Document changes to the draft report.
AUDIT PROGRAM

B. CODE COMPLIANCE - GENERAL

STEP #

1. Obtain a copy of the District’s Procurement Code and Procurement Regulations.

2. Review copy of the District’s Minority Business Enterprise (MBE) Utilization Plan and determine that quarterly reports and annual reports were filed timely.

3. Examine charges to rental expenditure accounts and credits to rental and other income accounts to determine that all or an appropriate number of real property rentals have been properly approved by the Board of Trustees.

4. Review blanket purchase agreement (BPA) files or lists. Test BPA procedures and a sample of released files.

5. Review a block sample from the numerical purchase order file. Check for:
   a. Splitting of orders
   b. Favored vendors
   c. Any questionable procurements that the auditor fees should be pursued

6. If necessary, combine memos from all areas to identify common compliance problems.

7. If bid files are not adequately tested in D, E, F, & G, on a judgmental basis, review a sample of sealed bid files, etc. for completeness.

8. Select a sample of procurements less than $1,500.00 each for years one and two. Test for prices being fair and reasonable.

9. Determine that purchases were handled properly and ratified at the appropriate level.

10. Determine that procurements of revenue generating management contracts, if any, were done in accordance with the Code.

11. Determine how the bid list is established, and how vendors are added and deleted. Prepare a memo.
AUDIT PROGRAM

C. SOLE SOURCE, EMERGENCY AND TRADE-IN PROCEDURES

STEP #

1. Obtain copies of all related purchase orders or vouchers for the period being reviewed.

2. Obtain documents stating who is authorized to sign sole source and emergency procurements for the District.

3. Review each of the sole source and emergency determinations and findings. Determine that each procurement is:
   a. Justified
   b. Property approved
   c. Accurately reported to the Board of Trustees

4. Review file of trade-ins for:
   a. Board of Trustee approval if the trade-in is greater than $100,000.00. Director of Finance approval if less than $100,000.00 but more than $5,000.00.
   b. Accurate reporting.
   c. In compliance reviews of disbursement samples, trace any trade-in noted to quarterly report and, if applicable, to the approved determination file.
AUDIT PROGRAM

D. COMPLIANCE - GOODS AND SERVICES

STEP #

1. Establish that procurement authority and responsibility is vested in the Purchasing Department or, if not, it is clearly defined and logically delegated.

2. Prepare and/or update procedural write-ups and flow charts for this procurement area if internal procurement procedures do not adequately cover them.

3. Using the standard sampling plan, select a sample of transactions and test them using the standard matrix. (Exhibit A).

4. Prepare memo of findings.
AUDIT PROGRAM

E. COMPLIANCE - CONSULTING SERVICES

STEP #

1. Establish that procurement authority and responsibility is vested in the Purchasing Department or, if not, it is clearly defined and logically delegated.

2. Prepare and/or update procedural write-ups and flow charts for this procurement area if the internal procurement procedures manual does not adequately cover them.

3. Using the standard sampling plan, select a sample of transactions, and test them using the standard matrix. (Exhibit A).
   a. Determine that sampled attorney services were approved by the Board of Trustees.
   b. Determine that sampled accounting and auditing services were approved by the Board of Trustees.
   c. Determine that payments to individuals were properly classified as contractual services or employee services.

4. Prepare memo of findings.
AUDIT PROGRAM

F. COMPLIANCE - CONSTRUCTION AND RELATED SERVICES

STEP #

1. Establish that procurement authority and responsibility is vested in the Purchasing Department or, if not, it is clearly defined and logically delegated.

2. Prepare and/or update procedural write-up and flow charts for this procurement area if the internal procurement procedures manual does not adequately cover them.

3. Using the standard sampling plan, select a sample of transactions and test them using the standard matrix. (Exhibit A).

4. Assure that sample items for construction or architect services are in compliance with State Department of Education School Planning and Construction Guidelines (Green Book) Beaufort County School District Procurement Code. Prepare a schedule using the Major Construction Matrix (Exhibit B) and A&E and Related Professional Services Matrix (Exhibit C). If project began before this audit period and contract has been tested previously, test change orders that occurred during the audit period.

5. Expand sample as necessary to assure adequate coverage.

6. Prepare a memo of steps performed and findings.
G. COMPLIANCE - INFORMATION TECHNOLOGY

STEP #

1. Establish that procurement authority and responsibility is vested in the Purchasing Department or, if not, is clearly defined and logically delegated.

2. Prepare and/or update procedural write-ups and flow charts for this procurement area if the internal procurement manual does not adequately cover them.

3. Using the standard sampling plan, select a sample of transactions and test them using the standard matrix. (Exhibit A).

4. Determine that the District has an approved Information Technology Plan. If possible, determine that these procurements were approved as part of the District’s plan or by specific approvals.

5. Prepare a memo of findings.
AUDIT PROGRAM

H. SURPLUS PROPERTY

STEP #

1. Determine if the District has conducted sales of surplus property, scrap, or junk during the audit period. Check for proper approvals and compliance with the BCSD Procurement Code. Since the District has conducted their own sales, document their sales procedures and test for internal controls.

2. Prepare a memo covering the work performed and findings.
AUDIT PROGRAM

I. SAMPLE SELECTION

STEP #

1. Through discussions with the appropriate personnel, develop a working knowledge of the District’s accounting system. You should have a good understanding of it before proceeding.

2. The disbursement information for the District is best obtained through an accounts payable check distribution file. Other accounting information needs can be obtained from the District’s accounting and data processing personnel.

3. Obtain the following information:
   a. chart of accounts
   b. file data set name (DSN)
   c. record layouts
   d. record length and blocking factor
   e. system documentation including transaction codes and explanations
   f. appropriate tape/disk volume serial numbers (Vol. Ser’s)

4. Discuss with the District’s analyst/programmer the use of transaction codes, etc. Determine the funds to be excluded.

5. Using the District’s chart of accounts, separate their object codes, account classes, etc. into four procurement areas. Eliminate the unnecessary codes.

6. Flow chart or explain the job stream to be followed and prepare the specification sheets based on the job stream.

7. Once the job is successfully completed, the printout should be reviewed carefully for apparent success. Items to spot check are:
   a. general appearance
   b. transaction dates
   c. object codes/account classes
   d. vendor names in logical areas

8. Select judgmental samples for the four procurement areas for test at D-1, E-1, F-1, G-1.
AUDIT PROGRAM

EXHIBIT A

STANDARD MATRIX
To Be Used at D-1, E-1, F-1, G-1

1. The properly approved requisition agrees with the purchase order and the vendor invoice for items procured and amount. Invoice and purchase order amounts agree. The voucher is supported by the proper receiving reports which are signed and dated by receiving personnel. Dates of documents indicated that the procurement was properly authorized.

2. Discounts were taken and payment was made in a timely manner. Only S.C. sales taxes were paid.

3. All changes to purchase orders (i.e., price or quantity changes) were properly documented and approved.

4. If used, Materials Management Office term contracts were properly utilized.

5. Procurements were handled in accordance with Beaufort County School District Procurement Code and Procurement Regulations.
   - Small purchases (less than $25,000)
     - Less than $1,500 - price was fair and reasonable
     - $1,500.01 to $4,999.99 - phone quotes requested and documented
     - $5,000 to $9,999.99 - three written quotes requested and documented.
     - $10,000 to $24,999.99 - written request for questions documented. Written responses documented. Newspaper and/or SCBO advertisement documented. Competitive bids 3 sources
   - Competitive Sealed Bids more than $25,000
     - Written invitations for bids documented with bidders list
     - Written responses documented and tabulated
     - Newspaper and/or SCBO advertisement documented
     - 5 bidders
   - Competitive Sealed Proposals more than $25,000
     - Same as competitive sealed bids above
     - Determination to do RFP’s and award FRP’s prepared
     - 10 bidders
   - Sole Source
     - Written determination prepared in advance and approved by authorized official
     - Single source was appropriate
     - Transaction reported to Board of Trustees
   - Emergency Procurements
     - Written determination and approved by authorized official
     - Emergency was justified
     - Competition, as practicable, was sought
     - Transaction reported to Board of Trustees
   - Procurements more than $50,000
     - Notice of Intent to award mailed to all respondents

6. All other aspects of the procurement appear to be proper.
AUDIT PROGRAM

EXHIBIT B

MAJOR CONSTRUCTION

1. Construction Contracts
   A Advertisement in accordance with the requirements of the Beaufort County School District Procurement Policy.
   B Bid form of low bidder.
   C Bid tabulation.
   D Bid bond, as required.
   E Verify executed construction contract, SDGC 005 or 005A.
   F Performance and materials payment bond with appropriate Power of Attorney, as required.
   G Contractor’s Certificate of Insurance.
   H ; Sixteen (16) day notice of intent to award sent to all bidders, as required, or notice to proceed.

2. Change Orders
   A Documented in writing and approved as required by Beaufort County School District’s Procurement Code.
   B Compare applications for payment dates with change order approval dates.

3. Payment of Contractor
   A Retainage, as required, by Beaufort County School District.
   B Verify payments equal contract value plus approved change orders.

4. Project Close-Out
   A Final Application for Payment
   B Contractor’s Affidavit of Payment of Debts and Claims
   C Contractor’s and Sub-Contractors Release of Liens
   D Contractor’s Surety’s Approval of Release of Retainage

5. Sole Source Procurements

6. Emergency Procurements
AUDIT PROGRAM

EXHIBIT C

PROFESSIONAL SERVICES

1. Advertisement

   Advertisement and vendor response per Beaufort County School District's Procurement Code.

2. Interview and Selection

   A Board of Trustees Selection Committee short lists a minimum of five (5) firms for interview.

   B Selection Committee uses criteria based on Procurement Code for ranking interviewed firms through 5.

   C Board of Trustees approves ranking and negotiated contract parameters per Procurement Code.

3. Change Orders

   Verify changes to professional service contracts are documented and approved per Beaufort County School District's Procurement Code.
Mr. R. Voight Shealy
Materials Management Officer
Materials Management Office
1201 Main Street, Suite 600
Columbia, South Carolina 29201

Dear Voight:

Section 11-35-70 of the South Carolina Consolidated Procurement Code requires a procurement audit to be performed every three years of school districts with a budget in excess of $75,000,000. The cost associated with an audit is the responsibility of the school district. Any firm performing the audit requires the approval of the Office of General Services.

The Beaufort County School District awarded a contract to Elliott, Davis, and Company, LLP, Certified Public Accountants, to conduct annual audits for the procurement activity for the period July 1, 1998 to June 30, 1999 and July 1, 1999 to June 30, 2000. Our office approved the contract.

I have attached the audit reports for the periods July 1, 1998 to June 30, 1999 and July 1, 1999 to June 30, 2000 that were prepared by Elliott, Davis, and Company, LLP.

I recommend the district be allowed to continue operating under its own procurement code as authorized in Section 11-35-70 of the South Carolina Consolidated procurement Code.

Sincerely,

Larry G. Sorrell, Manager
Audit and Certification

LGS/jl

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