PROCUREMENT
AUDIT AND
CERTIFICATION

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SOUTH CAROLINA
CRIMINAL JUSTICE ACADEMY
AGENCY

JULY 1, 1988 - JUNE 30, 1990
DATE
October 29, 1990

Mr. Richard W. Kelly
Director
Division of General Services
1201 Main Street, Suite 420
Columbia, South Carolina 29201

Dear Rick:

I have attached the South Carolina Criminal Justice Academy procurement audit report and recommendations made by the Office of Audit and Certification. I concur and recommend the Budget and Control Board grant the Criminal Justice Academy a three (3) year certification as outlined in the audit report.

Sincerely,

James J. Forth, Jr.
Assistant Division Director

JF/JF

Attachment
SOUTH CAROLINA CRIMINAL JUSTICE ACADEMY
PROCUREMENT AUDIT REPORT

JULY 1, 1988 - JUNE 30, 1990
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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 examined the procurement policies and procedures of the South Carolina Criminal Justice Academy for the period July 1, 1988 through June 30, 1990. 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 Academy 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 Criminal Justice Academy 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. Because of the nature of audit testing however, 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 Criminal Justice Academy in compliance with the South Carolina Consolidated Procurement Code and ensuing regulations.

R. Voight Shealy, Manager
Audit and Certification
SCOPE

Our examination encompassed a detailed analysis of the internal procurement operating procedures of the Criminal Justice Academy and the 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.

Specifically, the examination included, but was not limited to, the following areas:

(1) All sole source and emergency procurements (7/1/86 - 6/30/90)
(2) Property Management and fixed assets
(3) Purchase orders for fiscal years 1988/89 and 1989/90:
   a) 78 randomly selected procurement transactions
   b) 41 randomly selected construction related transactions
   c) a block sample review of 500 purchase orders in numerical sequence
(4) Minority Business Enterprise Plan
(5) Information Technology Plan
(6) Professional development of procurement staff
RESULTS OF EXAMINATION

The Office of Audit and Certification performed an examination of the internal procurement operating procedures and policies and related manual of the South Carolina Criminal Justice Academy for the period July 1, 1988 through June 30, 1990.

Our on-site review was conducted July 11 through July 31, 1990, and was made under the authority as described in Section 11-35-1230(1) of the South Carolina Consolidated Procurement Code. The Criminal Justice Academy is currently certified in the areas of goods and services to $10,000 per contract and construction to $25,000 per contract. During the audit, the Academy requested recertification at the existing limits.

Over the audit period, the Academy has maintained what we consider to be an efficient procurement system. We did note, however, the below listed items which should be addressed by management.

I. Construction

A. Contract Awarded Without Adequate Funding

All State permanent improvement projects must be submitted to the Budget and Control Board and the Joint Bond Review Committee for approval. Through the approval process, a funding authorization is established for each project. Once the funding authorization is established, the agency may not exceed it without approval.

As contracts are awarded toward permanent improvement projects, they must be submitted to the State Engineer's Office for approval and/or for funding authorization verification.
The Academy awarded one construction contract that exceeded its funding authorization. This occurred on project number 9227 for the Range Support Building in the amount of $4,625.70.

The Academy did not report the contract to the State Engineer with a SE-515, Request Authority to Encumber PIP Funds For Minor Construction or Equipment and/or Construction Materials, or a SE-610, Certification of Availability of Funding.

We recommend that the Academy never award construction related contracts unless funds are available. An A-23, Revision of Project Budget or Project Scope, must be approved by the Budget and Control Board and the Joint Bond Review Committee before the contract may be awarded.

B. Missing Documentation For Construction

The Academy was unable to provide required documentation on one professional service contract for a permanent improvement project (PIP). It was as follows:

<table>
<thead>
<tr>
<th>Missing Documentation</th>
<th>Project Number</th>
<th>Project Description</th>
<th>Contract Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Written notification</td>
<td>9502</td>
<td>Central Energy Facility</td>
<td>$18,000.00</td>
</tr>
<tr>
<td>sent to all responding</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>vendors giving ranking</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>of top five Architect/</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Engineer firms.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

This item is required by Section 11-35-3220(6) of the Code.

We recommend this documentation be retained in the project file.
CERTIFICATION RECOMMENDATIONS

As we noted in our transmittal letter, corrective action based on the recommendations described in this report, should place the Criminal Justice Academy in compliance with the South Carolina Consolidated Procurement Code.

Subject to this corrective action, under the authority described in Section 11-35-1210 of the Procurement Code, we recommend that the Budget and Control Board recertify the Criminal Justice Academy to make direct agency procurements for three (3) years up to the limits as follows:

<table>
<thead>
<tr>
<th>PROCUREMENT AREAS</th>
<th>RECOMMENDED CERTIFICATION LIMITS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods and Services</td>
<td>*$10,000 per purchase commitment</td>
</tr>
<tr>
<td>Construction</td>
<td>*$25,000 per purchase commitment</td>
</tr>
</tbody>
</table>

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

Robert J. Aycock, IV  
Procurement Auditor

R. Vaught Shealy  
Manager  
Audit and Certification
October 18, 1990

Mr. R. Voight Shealy, Manager
Audit and Certification
Division of General Services
Materials Management Office
1201 Main Street, Suite 600
Columbia, South Carolina 29201

Dear Voight:

The South Carolina Criminal Justice Academy acknowledges receipt of the procurement audit report and notes the items listed which should be addressed by management.

Procedures have been put into place which will hopefully avoid these errors in the future.

We appreciate your recommendation for recertification at the recommended limits.

Very truly yours,

W. J. "Rick" Johnson, Jr.
Executive Director
October 26, 1990

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

Dear Jim:

Our audit results of the Criminal Justice Academy are quite good. Since we completed our field work, we have met with Academy officials to discuss the few exceptions that we noted in the report. Through this meeting and various telephone conversations, we have verified that the Academy is taking corrective action.

We recommend the Budget and Control Board grant the Academy procurement recertification for three years at the levels noted herein.

Sincerely,

R. Voight Shealy, Manager
Audit and Certification

RVS/jm