South Carolina Division of General Services

PROCUREMENT AUDIT AND CERTIFICATION

S.C. DEPARTMENT OF WILDLIFE AND MARINE RESOURCES

AGENCY

FEBRUARY 8, 1985

DATE
Mr. Tony Ellis  
Division Director  
Division of General Services  
300 Gervais Street  
Columbia, South Carolina  29201

Dear Tony:

Attached is the final Wildlife and Marine Resources Department audit report and recommendations made by the Audit and Certification Office. I concur and recommend the Budget and Control Board grant Wildlife two years certification as outlined in the audit report.

Sincerely,

Richard W. Kelly  
Director of Agency Services

Attachment
SOUTH CAROLINA WILDLIFE AND MARINE RESOURCES DEPARTMENT

Audit Report

October 19, 1984
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<th>Section</th>
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</tr>
</tbody>
</table>
Mr. Richard W. Kelly  
Director of Agency Services  
Division of General Services  
Columbia, South Carolina 29210

We have examined the procurement policies and procedures of the S. C. Wildlife and Marine Resources Department (SCW&MRD) for the period July 31, 1981 - June 30, 1984. 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 department 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 S. C. Wildlife and Marine Resources Department 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 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 S. C. Wildlife and Marine Resources Department in compliance with the South Carolina Consolidated Procurement Code and ensuing regulations.

R. Voight Shealy
Director of Audit and Certification
INTRODUCTION

The Audit and Certification Section conducted an examination of the internal procurement operating procedures and policies and related manual of S. C. Wildlife and Marine Resources Department.

Our on-site review was conducted August 20, 1984 through September 21, 1984, and was made under the authority as described in Section 11-35-1230(1) of the South Carolina Consolidated Procurement Code and Regulation 19-445.2020.

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.
SCOPE

Our examination encompassed a detailed analysis of the internal procurement operating procedures of S. C. Wildlife and Marine Resources Department (SCW&MRD) 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.

The Audit and Certification team statistically selected random samples for the period July 1, 1982 - June 30, 1984, of procurement transactions for compliance testing and performed other auditing procedures that we considered necessary in the circumstances to formulate this opinion. As specified in the Consolidated Procurement Code and related regulations, our review of the system included, but was not limited to, the following areas:

(1) adherence to provisions of the South Carolina Consolidated Procurement Code and regulations;
(2) procurement staff and training;
(3) adequate audit trails and purchase order registers;
(4) evidences of competition;
(5) small purchase provisions and purchase order confirmations;
(6) emergency and sole source procurements;
(7) source selections;
(8) file documentation of procurements;
(9) reporting of Fiscal Accountability Act;
(10) disposition of surplus property;
(11) economy and efficiency of the procurement process;
(12) approval of MBE Plan.
SUMMARY OF AUDIT FINDINGS

Our audit of the procurement system of S. C. Wildlife and Marine Resources Department (SCW&MRD) produced findings and recommendations in the following areas:

I. Compliance - Goods and Services

Our examination of transactions in the area of goods and services determined that some procurements were not made in compliance with the Consolidated Procurement Code and regulations.

II. Compliance - Information Technology

A. Procurement Made Without Competition

One purchase was made from another state agency without obtaining competition.

B. Information Technology Plan

The information technology plan has not been submitted to the Department of Information Resources Management for approval.
III. Compliance - Sole Source & Emergency Procurements

The Charleston office has not submitted the quarterly reports to the Division of General Services.

IV. Internal Audit

We found that there has been insufficient involvement in review and audit of the procurement process by the departments' Internal Auditor.

V. Review of the Procurement Procedures Manual

Our review of the current manual indicated several areas that needed to be added, changed or expanded.
RESULTS OF EXAMINATION

I. Compliance - Goods and Services

Our examination in the goods and services area consisted of a randomly selected statistical sample of sixty transactions from the period July 1, 1982 - June 30, 1984. Of these procurements, the following two were not made in compliance with the Code.

Voucher number 13254 in the amount of $614 for a maintenance contract was not competed nor justified with a sole source determination. Regulation 19-445.2100, Subsection B, Item 2, requires solicitation of verbal or written quotes from two qualified sources of supply for this service. If no other vendor could satisfactorily perform this maintenance then a sole source determination would be in order.

Voucher number 5511 totaling $1,920 was for a payment against a contract for dragline work. This contract was renegotiated in July 1982. The new contract was negotiated based on an hourly rate. The total dollar amount for the life of the contract exceeded $2,500.

Regulation 19-445.1900, Subsection C, states that a governmental body may make direct procurements above $2,500 if certified to do so. S. C. Wildlife & Marine Resources Department does not have such certification and therefore is not in compliance with the regulations.

It should be noted that the subsequent years contract for this service was handled through State Procurement.
Based on the sampling parameters used, we can project statistically with 90% confidence that at least 1% and possibly up to 12% of all procurements over $500 in the goods and services area for the audit period may be out of compliance with the Code.

Further, judgmental testing at the Charleston office revealed a number of procurement problems. The following transactions had no documented competition, sole source of emergency determinations as required by the Code.

<table>
<thead>
<tr>
<th>Type Goods or Service</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mechanical services to diesel engine</td>
<td>$1,490</td>
</tr>
<tr>
<td>Body repairs to vehicle</td>
<td>1,851</td>
</tr>
<tr>
<td>Short block engine</td>
<td>1,403</td>
</tr>
<tr>
<td>Diesel cylinder head</td>
<td>530</td>
</tr>
<tr>
<td>Repairs to boat slip</td>
<td>1,200</td>
</tr>
<tr>
<td>Freezer repairs</td>
<td>766</td>
</tr>
<tr>
<td>Freezer repairs</td>
<td>866</td>
</tr>
<tr>
<td>Slag</td>
<td>1,236</td>
</tr>
<tr>
<td>Slag</td>
<td>1,030</td>
</tr>
<tr>
<td>Walkway canopy</td>
<td>525</td>
</tr>
<tr>
<td>Marine supplies</td>
<td>559</td>
</tr>
<tr>
<td>Repair to water line</td>
<td>1,152</td>
</tr>
<tr>
<td>Nitex mesh</td>
<td>1,436</td>
</tr>
<tr>
<td>Tools and hardware</td>
<td>538</td>
</tr>
<tr>
<td>Janitorial supplies</td>
<td>543</td>
</tr>
<tr>
<td>Janitorial supplies</td>
<td>630</td>
</tr>
<tr>
<td>Janitorial supplies</td>
<td>669</td>
</tr>
<tr>
<td>Installation of dock handrail</td>
<td>710</td>
</tr>
</tbody>
</table>

Regarding the above repair transactions, where an emergency is not applicable, we understand that an estimate can run over $500. However, an hourly rate and parts discount schedule should have been obtained from two or more vendors prior to contracting for the service. Further, some of the above services appear to be good candidates for state contracts thus relieving the requirement for repeated solicitation.

Prior to July, 1984 the Charleston office was handling their own procurements without a purchasing officer. These exceptions
occurred prior to that date. We feel the action taken by S. C. Wildlife and Marine Resources Department was appropriate and should eliminate this problem.

Finally, we reviewed the transactions for the procurement of water treatment chemicals which totaled $24,976 for fiscal year 1983/84. These were supported by an emergency determination dated September, 1982. The justification stated "until such time as the appropriate bid specifications can be developed ... we be permitted to maintain equipment using (vendor) chemicals to prevent serious deterioration of systems." A memo indicating an effort to work with the College of Charleston on specifications was on file. However, this work has not gone forward since September, 1982.

An emergency condition is defined in the Procurement Code regulations, Section 19-445.2110, Subsection R, as follows:

An emergency condition is a situation which creates a threat to public health, welfare, or safety such as may arise by reason of floods, epidemics, riots, equipment failures, fire loss, or such other reason as may be proclaimed by either the Chief Procurement Officer or the head of a governmental body or a designee of either office. The existence of such conditions must create an immediate and serious need for supplies, services, or con-
struction that cannot be met through normal procurement methods and the lack of which would seriously threaten:

(1) the functioning of State government;
(2) the preservation or protection of property; or
(3) the health or safety of any person.

Further, Subsection C of this same section states that, "Emergency procurement shall be limited to those supplies, services, or construction items necessary to meet the emergency."

In our opinion, these purchases do not meet the criteria of emergency procurements, as defined in Subsection B above. Further, since these procurements have continued since September, 1982, Subsection C above, has not been complied with either.

We recommend that S. C. Wildlife and Marine Resources Department contact other State agencies who have established like contracts, either on their own or through State Procurement, for guidance in securing a chemical contract for the water treatment systems.

Until a contract is established, we insist that the department procure water treatment chemicals in accordance with the Procurement Code.

II. Compliance Information Technology

A. Procurement Made Without Competition

Our examination of nine transactions in the area of Information Technology revealed one procurement for services
which had been made without evidence of competition, or documented as a sole source or emergency purchase.

Purchase Order 59603 for $3,180.70 was issued to The Citadel for printing services.

This procurement exceeded the agency certification limit of $2,500, and did not qualify under any exemptions allowed by the Budget and Control Board.

Apparently the department was not aware of the amendments to the Consolidated Procurement Code under Article 19, Intergovernmental Relations, which mean that procurements between public procurement units must be handled in accordance with Article 5 of the Code which requires competition.

In the future, these services must be procured competitively. Further, since the procurement exceeded the department's purchasing authority it must be ratified by the Materials Management Officer. A request for ratification should be submitted to him.

B. Information Technology Plan

Development of a statewide plan for information technology, as required in the Code in Section 11-35-1580(1)(g), by the Information Technology Management Office has resulted in a request of all State agencies to develop a detailed information technology plan for fiscal years 1984/85 and 1985/86. This two year information technology plan was to be presented to the Division of Information Resources Management, Information Technology Planning Office by August 15, 1984.
The detailed two year plan had not been presented to or approved by the Information Technology Planning Office at the completion of the audit.

We recommend that S. C. Wildlife and Marine Resources submit to the Information Technology Planning Office a two year plan for their consideration and approval.

III. Compliance - Sole Source and Emergency Procurements

During a special review we examined the sole source and emergency procurements for the Columbia office for the period July 31, 1981 - June 30, 1983. The results can be found in Appendix A.

Since this was accomplished previously, during this audit we examined the quarterly reports of sole source and emergency procurements and all available supporting documents for the period July 1, 1983 - June 30, 1984, for the purpose of determining the appropriateness of the procurement actions taken and the accuracy of the reports submitted to the Division of General Services, as required by Section 11-35-2440 of the Consolidated Procurement Code.

The department has two procurement offices, one in Columbia and the other in Charleston, which prepare and submit these reports independently.

We found the Columbia office had properly justified the procurements and accurately submitted the required reports to the
Division of General Services. However, the Charleston office did not submit the required reports for the following quarters:

<table>
<thead>
<tr>
<th>Time Period</th>
<th>Emergency</th>
<th>Sole Source</th>
<th>Trade-In Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>04/01/83 - 06/30/83</td>
<td>*</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td>10/01/83 - 12/31/83</td>
<td>*</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td>01/01/84 - 03/31/84</td>
<td>*</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td>04/01/84 - 06/30/84</td>
<td>*</td>
<td>*</td>
<td>*</td>
</tr>
</tbody>
</table>

* = Reports not submitted to Materials Management Office

As referenced above, Section 11-35-2440 of the Procurement Code states, "Any governmental body ... shall submit quarterly a record listing all contracts made under Section 11-35-1560 (Sole Source Procurements) or Section 11-35-1570 (Emergency Procurements) to the Chief Procurement Officers. "Further, Section 11-35-3830 of the Code states," Governmental bodies shall submit quarterly to the Materials Management Officer a record listing all trade-in sales..."

These unreported quarters have resulted in an understatement of sole source and emergency purchases to the General Assembly.

The reports should be prepared for the quarters referenced above and submitted to the Division of General Services as amendments. In the future, we recommend the reports for the Charleston office be sent to Columbia and combined into a single report before they are submitted to the Division of General Services.
IV. Internal Audit

We found that there has been insufficient involvement in review and audit of the procurement process by the department's Internal Auditor.

A complete internal audit program includes a periodic review of the system of requisitioning, placing of purchase orders, receiving, etc. to determine that procurement procedures are sound and are being adhered to by user departments. As a State agency the program must also include a review of the procurement process for compliance with the Consolidated Procurement Code and regulations, as well as other applicable laws and regulations.

Historically, due to time limitations, internal auditors have been forced to concentrate their efforts in the financial area, which precluded compliance and operational programs.

This leaves a gap in the administrative control over the procurement function because this area goes without review except by external audit organizations. Although these are effective, they cannot provide the type of on-going control necessary in an area where such large sums of money are expended.

The Institute of Internal Auditors' publication entitled Standards for the Professional Practice of Internal Auditing states, "The scope of Internal Audit should encompass the examination and evaluation of the adequacy and effectiveness of the organization's system of internal control and the quality of performance in carrying out assigned responsibilities." We feel this expands the role of internal auditors into the areas of
compliance, management and operational reviews of all areas and functions of an organization.

The Internal Auditor stated that he was not familiar with the Procurement Code. We recommend he become knowledgeable in this area of State law. Once this is accomplished, internal audit programs should be developed to test the procurement process for adequacy of internal control, compliance with the Consolidated Procurement Code, adherence to the department's procedures and the programs overall effectiveness. This program should include but not be limited to periodic review of procurements at all dollar levels, including field purchase requisitions.

V. Review of the Procurement Procedures Manual

As part of our audit of S. C. Wildlife and Marine Resources Department, we reviewed their policy and procedures manual to determine if their written procedures were consistent with the Consolidated Procurement Code and its regulations.

Our review revealed that the following areas need to be added, changed or expanded.

1. **Procurement Authority:** This paragraph does not specifically define the location and vesting of procurement authority i.e., purchasing agent.

2. An organizational chart of the procurement function needs to be included in the manual or the appendix section.
3. A reference or list of ethical standards to be adhered to by procurement personnel should be incorporated into the manual.

4. (E.2) **Specifications:** A statement should be made regarding the policy of the agency to use non-restrictive specifications in its solicitations.

5. (L.1d) Written quotations are required above $1,500. Dollar limit guidelines should be defined for telephone and/or written quotations.

6. (L.36) **Sole Source:** Include a procedure for sole source and include a copy of the justification form, state the approval authority.

7. (M.2.e.7.) Delete as not applicable.

8. (W.2c.) The Information Technology Management Office will make all procurements for the agency exceeding $2,500.

9. The following policies need to be addressed in the procedures manual with a brief statement.

   A. Retention of records
   B. Expenditure of funds
   C. Vendor grievances
   D. Vendor complaints
   E. Professional development
   F. Funds availability
   G. Location of official determination files

10. The following procurement procedures need to be addressed in the manual.
A. Accounting services
B. Auditing services
C. Legal services
D. Consultant services
E. Trade-in sales
F. Confirmation purchases
G. Inventory - Pre-stocking supply warehouse

11. The following items should be included in the appendix section.

A. Copy of change order document

B. Flowcharts of all four procurement areas; goods and services, construction, information technology, consultants

C. List of supply points i.e., Charleston, Conway

D. General Services reporting documents.
CONCLUSION

As enumerated in our transmittal letter corrective action based on the recommendations described in the findings contained in the body of this report, we believe, will in all material respects place the Wildlife and Marine Resources Department in compliance with the South Carolina 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 recommend the Wildlife Department be certified to make direct agency procurements up to the limits as follows:

<table>
<thead>
<tr>
<th>PROCUREMENT AREAS</th>
<th>RECOMMENDED CERTIFICATION LIMITS</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. Goods and Services exclusive of printing equipment which must be approved by the Materials Management Office.</td>
<td>$5,000 per purchase commitment</td>
</tr>
<tr>
<td>II. Other Procurement Areas</td>
<td>$2,500 per purchase commitment</td>
</tr>
</tbody>
</table>

Marshall R. Williams, Jr.
Audit Manager

R. Voight Shealy
Director, Audit and Certification
December 10, 1984

Mr. Richard W. Kelly
Director of Agency Services
Budget and Control Board
Columbia, South Carolina 29201

Dear Mr. Kelly:

I have reviewed the revised audit report prepared by your staff and find your recommendations do indeed have merit.

As mentioned to you and your staff by Dr. Timmerman, the majority of the recommendations were in effect at the time of the December 3, 1984 exit conference with two remaining recommendations—approval of the Procurement Procedures Manual and the submission of the Information Technology Plan—to be available within the next thirty days. It is my understanding that your staff has agreed to review our draft Procurement Procedures Manual and to make constructive suggestions as to how to improve same. Also, continuing efforts will be made in Columbia and Charleston purchasing offices to insure future compliance with the S.C. Consolidated Procurement Code.

This being the Department's first procurement audit, the procurement staff found the audit process most informative and an educational process in itself from which a lot was learned. The staff looks forward to the review by your office to insure that all recommendations have been addressed and proper action is now being taken.

I hope that the assistance and directive you and your audit staff have given to our procurement personnel will continue as it has in the past and if I can offer any assistance, please do not hesitate to contact me.

Sincerely,

William M. Webster, III
Chairman
November 4, 1983

Mr. John B. Reeves
Director, Administrative Services
S.C. Department of Wildlife and Marine Resources
Rembert C. Dennis Building
Post Office Box 167
Columbia, South Carolina 29201

SUBJECT: Review of Sole Source and Emergency Procurement Justifications and Trade-in Sales Reports

Dear Mr. Reeves:

On September 14, 1983, we examined your agency's quarterly reports of sole source and emergency procurements and trade-in sales and all available supporting documents for the period July 30, 1981 - June 30, 1983. This review was conducted for the purpose of determining the appropriateness of the procurement actions taken and the accuracy of the reports submitted to the Division of General Services in accordance with Section 11-35-2440 of the Consolidated Procurement Code. We found the majority of these transactions to be proper and accurately reported, but we did encounter the following problems:

SOLE SOURCE PROCUREMENTS

<table>
<thead>
<tr>
<th>P.O.#</th>
<th>AMOUNT</th>
<th>EXCEPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>44914</td>
<td>$3,625.00</td>
<td>The justifications for these sole source procurements were signed (approved) by the purchasing officer, who does not have that authority under the Code. This problem has been corrected now as the Director of Administrative Services authorizes all sole source procurements.</td>
</tr>
<tr>
<td>44556</td>
<td>1,440.00</td>
<td></td>
</tr>
<tr>
<td>44737</td>
<td>4,158.00</td>
<td></td>
</tr>
</tbody>
</table>
Mr. John B. Reeves  
November 4, 1983  
Page 2

<table>
<thead>
<tr>
<th>Code</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>45860</td>
<td>1,367.40</td>
</tr>
<tr>
<td>47184</td>
<td>10,896.00</td>
</tr>
</tbody>
</table>

These procurements for copyrighted books and publications are exempted from the Code by Section 11-35-710 and should not be reported as sole source procurements.

<table>
<thead>
<tr>
<th>Code</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>44362</td>
<td>683.40</td>
</tr>
<tr>
<td>44536</td>
<td>578.40</td>
</tr>
<tr>
<td>44835</td>
<td>6,450.00</td>
</tr>
<tr>
<td>44854</td>
<td>57.94</td>
</tr>
<tr>
<td>45032</td>
<td>1,750.00</td>
</tr>
<tr>
<td>45383</td>
<td>4,970.00</td>
</tr>
<tr>
<td>45488</td>
<td>580.00</td>
</tr>
<tr>
<td>46151</td>
<td>627.54</td>
</tr>
<tr>
<td>45899</td>
<td>664.78</td>
</tr>
<tr>
<td>45801</td>
<td>580.65</td>
</tr>
<tr>
<td>47311</td>
<td>565.50</td>
</tr>
</tbody>
</table>

These procurements for pre-recorded educational 16mm films are also exempted items and should not be reported.

<table>
<thead>
<tr>
<th>Code</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>45712</td>
<td>254.21</td>
</tr>
<tr>
<td>45711</td>
<td>273.86</td>
</tr>
<tr>
<td>45341</td>
<td>261.25</td>
</tr>
<tr>
<td>45701</td>
<td>231.25</td>
</tr>
<tr>
<td>45760</td>
<td>454.14</td>
</tr>
</tbody>
</table>

These procurements were for what the Code designates as "small purchases". These should not have been reported as sole source as only one fair and reasonable price is required for the procurement.

<table>
<thead>
<tr>
<th>Code</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>47868</td>
<td>4,110.00</td>
</tr>
</tbody>
</table>

This procurement to "sand blast and paint a 2-section barge" was supported by a weak justification stating "Due to location and home port of barges and tug, and traveling distance to nearest possible vendor on the waterway". This procurement should have been sent out through State Procurements on a competitive sealed bid or proposal.

<table>
<thead>
<tr>
<th>Code</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>47943</td>
<td>1,602.00</td>
</tr>
</tbody>
</table>

This procurement for Digital flowmeters was not justified as a sole source but only as brand being a preferred brand.

<table>
<thead>
<tr>
<th>Code</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>48098</td>
<td>3,332.00</td>
</tr>
</tbody>
</table>

This procurement for the services of a 90 foot "cherry picker" was approved as a sole source after-the-fact as shown by the following dates: purchase order 6/14/83, justification, 6/16/83. In addition, the agency's justification was non-convincing stating "Most cherry pickers (bucket platforms) reach no more than 60 feet." However, there are some that do and competition should have been sought for this procurement through State Procurements.
We request that your procurement section review these exceptions and make a more concerted effort to test the market when there is any question concerning the availability of competition. If none can be found, then the sole source justification should clearly state the circumstances.

Further, the purchasing staff should become familiar with the exemptions granted in the Code and those granted by the Budget and Control Board in the last 18 months. Due to reporting small purchases and exempted items, the sole source quarterly reports have been overstated by at least $31,243.32.

The Audit and Certification staff is available at your convenience to discuss the above matters or any other procurement related topic if there are any questions.

Sincerely,

[Signature]

Robert W. Wilkes, Jr., CPA
Director, Audit and Certification

RWWJr:rns

CC: William T. Pace, Jr.
    Tony R. Ellis
    Richard J. Campbell
February 8, 1985

Mr. Richard W. Kelly
Director of Agency Services
Columbia, South Carolina 29201

Dear Rick:

We have returned to the South Carolina Wildlife and Marine Resources Department to determine the progress made toward implementing the recommendations in our audit report covering the period of July 31, 1981 - June 30, 1984. During this visit, we followed up on each recommendation made in the audit report through inquiry, observation and limited testing.

The Audit and Certification Section observed that the Wildlife Department has corrected the problem areas found in the audit thus strengthening the internal controls over the procurement system. We feel that the system's internal controls are adequate to ensure that procurements are handled in compliance with the Consolidated Procurement Code and ensuing regulations.

We, therefore, recommend that the certification limits for the Wildlife Department, as outlined in the audit report, be granted for a period of two (2) years.

Sincerely,

R. Voight Shealy
Director of Audit and Certification

RVS:kl