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

Dear Helen:

I have attached the South Carolina Law Enforcement Division’s procurement audit report and recommendations made by the Office of Audit and Certification. I concur and recommend the Budget and Control Board grant the Division a three year certification as noted in the audit report.

Sincerely,

R. Voight Shealy
Materials Management Officer

June 6, 1997
SOUTH CAROLINA LAW ENFORCEMENT DIVISION
PROCUREMENT AUDIT REPORT

APRIL 1, 1995 - DECEMBER 31, 1996
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STATE OF SOUTH CAROLINA

State Budget and Control Board

OFFICE OF GENERAL SERVICES

DAVID M. BEASLEY, CHAIRMAN
GOVERNOR
RICHARD A. ECKSTROM
STATE TREASURER
EARLE E. MORRIS, JR.
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CHAIRMAN, WAYS AND MEANS COMMITTEE
LUTHER F. CARTER
EXECUTIVE DIRECTOR

Helen T. Zeigler
DIRECTOR

May 9, 1997

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

Dear Voight:

We have examined the procurement policies and procedures of the South Carolina Law Enforcement Division for the period April 1, 1995 through December 31, 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 administration of the South Carolina Law Enforcement Division 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 which we believe need correction or improvement.

Corrective action based on the recommendations described in these findings will in all material respects place the South Carolina Law Enforcement Division in compliance with the South Carolina Consolidated Procurement Code and ensuing regulations.

Sincerely,

Larry G. Sorrell, Manager
Audit and Certification
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 the South Carolina Law Enforcement Division and its 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.

We selected judgmental samples for the period April 1, 1995 through December 31, 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, emergency and trade-in sale procurements for the period April 1, 1995 through December 31, 1996

2. Procurement transactions for the period April 1, 1995 through December 31, 1996 as follows:
   a) Sixty payments, each exceeding $1,500
   b) A block sample of approximately four hundred sequential purchase orders

3. Minority Business Enterprise Plans and reports for the audit period

4. Information technology plans for fiscal years 1996 and 1997

5. Internal procurement procedures manual

6. Surplus property procedures

In addition to the work listed above, we performed an interim review of the Division. The results of this review are at Attachment 1.
RESULTS OF EXAMINATION

The Office of Audit and Certification conducted an examination of the internal procurement operating policies and procedures of the South Carolina Law Enforcement Division. Our on-site review was conducted February 18 - 27, 1997, 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.

On August 24, 1994, the Budget and Control Board granted the South Carolina Law Enforcement Division, hereinafter referred to as the Division, the following procurement certifications:

<table>
<thead>
<tr>
<th>Procurement Area</th>
<th>Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods and Services</td>
<td>$25,000 per commitment</td>
</tr>
<tr>
<td>Information Technology in accordance with the approved Information Technology Plan</td>
<td>$25,000 per commitment</td>
</tr>
<tr>
<td>Consultants Services</td>
<td>$25,000 per commitment</td>
</tr>
</tbody>
</table>

Our audit was performed primarily to determine if recertification is warranted. While the Division has maintained a professional and efficient procurement system since our last audit, we did note the following items that should be addressed by management.

Sole Source Procurements

The Department made ten sole source procurements for the laboratory prior to obtaining the authorizations.

<table>
<thead>
<tr>
<th>Item</th>
<th>PO</th>
<th>Order Date</th>
<th>Sole Source Date</th>
<th>Amount</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>970593</td>
<td>08/15/96</td>
<td>08/28/96</td>
<td>$2,060</td>
<td>Lab supplies</td>
</tr>
<tr>
<td>2</td>
<td>970800</td>
<td>08/29/96</td>
<td>09/09/96</td>
<td>2,871</td>
<td>Software</td>
</tr>
<tr>
<td>3</td>
<td>970994</td>
<td>09/23/96</td>
<td>09/26/96</td>
<td>24,202</td>
<td>Blood chemical screens</td>
</tr>
<tr>
<td>4</td>
<td>971035</td>
<td>09/24/96</td>
<td>10/03/96</td>
<td>1,837</td>
<td>STR typing kits</td>
</tr>
<tr>
<td>5</td>
<td>971456</td>
<td>11/18/96</td>
<td>11/25/96</td>
<td>5,236</td>
<td>Lab proficiencies</td>
</tr>
<tr>
<td>Item</td>
<td>PO</td>
<td>Order Date</td>
<td>Sole Source Date</td>
<td>Amount</td>
<td>Description</td>
</tr>
<tr>
<td>------</td>
<td>--------</td>
<td>------------</td>
<td>------------------</td>
<td>--------</td>
<td>----------------------------------</td>
</tr>
<tr>
<td>6</td>
<td>971494</td>
<td>11/20/96</td>
<td>11/26/96</td>
<td>$3,118</td>
<td>Robot extraction columns</td>
</tr>
<tr>
<td>7</td>
<td>971752</td>
<td>12/19/96</td>
<td>01/02/97</td>
<td>2,488</td>
<td>Mass detector</td>
</tr>
<tr>
<td>8</td>
<td>970211</td>
<td>07/09/96</td>
<td>07/31/96</td>
<td>29,063</td>
<td>Service contract</td>
</tr>
<tr>
<td>9</td>
<td>970787</td>
<td>07/01/96</td>
<td>09/17/96</td>
<td>180,000</td>
<td>Fingerprint identification system</td>
</tr>
<tr>
<td>10</td>
<td>970941</td>
<td>09/12/96</td>
<td>09/24/96</td>
<td>96,757</td>
<td>Scanner</td>
</tr>
</tbody>
</table>

The Chief has sole source authority. For each sole source listed above, he was not available to sign the sole source determination, as required per Section 11-35-1560 of the Code and Regulation 19-445.2105, prior to the procurement action. Without the prior authorization each procurement is unauthorized as defined in Regulation 19-445.2015. The ratification requirements for unauthorized procurements are noted in Regulation 19-445.2015. The Chief has ratification authority for items 1 to 7 as each is within the Division’s certification of $25,000. A ratification request for items 8 to 10 must be submitted to the Office of General Services pursuant to Regulation 19-445.2015.

We recommend the Division obtain the authorization for each sole source procurement prior to ordering. The Division should consider delegating sole source authority for occasions when the Chief is not available.

**Real Property Leases**

The following five real property leases were not reported to the Real Property Management Office of the Office of General Services.

<table>
<thead>
<tr>
<th>PO</th>
<th>Annual Amount</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>960220</td>
<td>$3,600</td>
<td>Radio tower space</td>
</tr>
<tr>
<td>960223</td>
<td>5,100</td>
<td>Radio tower space</td>
</tr>
<tr>
<td>970011</td>
<td>9,913</td>
<td>Office space</td>
</tr>
<tr>
<td>970012</td>
<td>9,600</td>
<td>Office space</td>
</tr>
<tr>
<td>PO</td>
<td>Annual Amount</td>
<td>Description</td>
</tr>
<tr>
<td>-------</td>
<td>---------------</td>
<td>----------------------</td>
</tr>
<tr>
<td>970355</td>
<td>$2,800</td>
<td>Radio tower space</td>
</tr>
</tbody>
</table>

Regulation 19-445.2120(C) states, in part, "...provided, however, that annual reports be filed with the Office of General Services, Real Property Management Section, prior to July 1 of each year. Annual reports shall contain copies of all existing leases of State-owned and non-State-owned real property." The Division has not reported the leases in accordance with this section.

We recommend the Division report all leases to the Real Property Management Section immediately and submit an annual report as required by Regulation 19-445.2120(C).
CERTIFICATION RECOMMENDATIONS

As enumerated in our transmittal letter, corrective action based on the recommendations described in this report, we believe, will in all material respects place the South Carolina Law Enforcement Division in compliance with the 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 will recommend the State Law Enforcement Division be recertified to make direct agency procurements for three 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><em>$25,000 per commitment</em></td>
</tr>
<tr>
<td>Information Technology in accordance</td>
<td><em>$25,000 per commitment</em></td>
</tr>
<tr>
<td>with the approved Information Technology Plan</td>
<td></td>
</tr>
<tr>
<td>Consultants Services</td>
<td><em>$25,000 per commitment</em></td>
</tr>
</tbody>
</table>

*This means the total potential purchase commitment to the State whether single year or multi-term contracts are used.

Melissa Rae Thurstin
Senior Auditor

Larry G. Sorrell, Manager
Audit and Certification
MAY 28, 1997

MR. LARRY G. SORRELL, MANAGER
AUDIT AND CERTIFICATION
STATE BUDGET AND CONTROL BOARD
1201 MAIN STREET, SUITE 600
COLUMBIA, SOUTH CAROLINA 29201

RE: PROCUREMENT AUDIT FINDINGS
AUDIT PERIOD-APRIL 1, 1995 THROUGH DECEMBER 31, 1996

DEAR MR. SORRELL:

PURSUANT TO THE AUDIT EXCEPTIONS NOTED IN YOUR REPORT, BE ADVISED THAT THIS AGENCY HAS TAKEN THOSE STEPS NECESSARY TO RECONCILE THOSE FINDINGS. SPECIFICALLY, YOUR RECOMMENDATIONS HAVE BEEN REVIEWED AND ADHERED TO. REFERENCE IS MADE TO THE ENCLOSED SUPPORT DOCUMENTATION.

IN CLOSING, I WOULD LIKE TO COMMEND MS. MELISSA THURSTIN IN THE MANNER IN WHICH SHE ACCOMPLISHED THIS TASK. HER INPUT PRIOR TO, DURING, AND UPON THE COMPLETION OF THIS AUDIT PROVED TO BE ADVANTAGEOUS TOWARD CONTINUED IMPROVEMENT FOR THIS AGENCY WITHIN THIS REALM OF RESPONSIBILITY.

SINCERELY,

MICHAEL S. SMITH
BUSINESS MANAGER

CC: CINDY KONDUROS, DIRECTOR OF ADMIN
Mr. R. Voight Shealy  
Materials Management Officer  
Materials Management Office  
1201 Main Street, Suite 600  
Columbia, South Carolina 29201  

Dear Voight: 

We have reviewed the response from the South Carolina Law Enforcement Division to our audit report for the period of April 1, 1995 - December 31, 1996. Also we have followed the Division’s corrective action during and subsequent to our field work. We are satisfied that the Division has corrected the problem areas and the internal controls over the procurement system are adequate. 

Therefore, we recommend the Budget and Control Board grant the South Carolina Law Enforcement Division the certification limits noted in our report for period of three years. 

Sincerely,  

Larry G. Sorrell, Manager  
Audit and Certification  

June 5, 1997  

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