PROCUREMENT AUDIT AND CERTIFICATION

SOUTH CAROLINA OFFICE OF THE COMPTROLLER GENERAL

AGENCY

APRIL 1, 1995 - MARCH 31, 1998

DATE
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 Office of the Comptroller General’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 Office a three year certification as noted in the audit report.

Sincerely,

R. Voight Shealy
Materials Management Officer
SOUTH CAROLINA OFFICE OF THE COMPTROLLER GENERAL
PROCUREMENT AUDIT REPORT

APRIL 1, 1995 - MARCH 31, 1998
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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 Office of the Comptroller General for the period April 1, 1995 through March 31, 1998. 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 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 South Carolina Office of the Comptroller General 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.

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 Office of the Comptroller General 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 July 1, 1996 through February 27, 1998 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 March 31, 1998
2. Procurement transactions for the period July 1, 1996 through February 28, 1998 as follows:
   a) Eight payments each exceeding $1,500
   b) All purchase orders issued from August 1, 1997 through September 30, 1997
3. Surplus property disposition and procedures
4. Minority Business Enterprise Plans and reports for the audit period
5. Information technology plans for fiscal years 1995-98
6. Internal procurement procedures manual
RESULTS OF EXAMINATION

We conducted an examination of the internal procurement operating policies and procedures of the South Carolina Office of the Comptroller General. Our on-site review was conducted March 9 - 11, 1998, and was made under Section 11-35-1230(1) of the South Carolina Consolidated Procurement Code and Section 19-445.2020 of the accompanying regulations. The audit was performed primarily because the three year certification, as shown below, granted by the Budget and Control Board will expire on October 24, 1998.

<table>
<thead>
<tr>
<th>Category</th>
<th>Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods and Services</td>
<td>$10,000</td>
</tr>
<tr>
<td>Information Technology in accordance with the approved Information Technology Plan</td>
<td>$10,000</td>
</tr>
</tbody>
</table>

The Office did not request any increases in certification.

We noted no material exceptions.
CERTIFICATION RECOMMENDATIONS

Under the authority described in Section 11-35-1210 of the Consolidated Procurement Code we recommend the South Carolina Office of the Comptroller General 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>
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<tbody>
<tr>
<td>Goods and Services</td>
<td>*$10,000 per commitment</td>
</tr>
<tr>
<td>Information Technology</td>
<td>*$10,000 per commitment</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