PROCUREMENT AUDIT AND CERTIFICATION
October 27, 1988

Mr. Richard W. Kelly  
Division Director  
Division of General Services  
1201 Main Street, Suite 400  
Columbia, South Carolina  29201  

Dear Rick:  

Attached is final Public Service Commission audit report and recommendations made by the Office of Audit and Certification. Since no certification above the $2,500.00 allowed by law was requested, and no action is necessary by the Budget and Control Board, I recommend that this report be presented to them for their information.

Sincerely,

James J. Forth, Jr.  
Assistant Division Director

Attachment
PUBLIC SERVICE COMMISSION

AUDIT REPORT

JULY 1, 1986 - JUNE 30, 1988
September 13, 1988

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

We have examined the procurement policies and procedures of
the Public Service Commission for the period July 1, 1986 through
June 30, 1988. 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 Commission
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 the Public Service Commission 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.

We noted no exceptions and found the Public Service Commission to be in compliance with the South Carolina Consolidated Procurement Code and ensuing regulations.

R. Voight Shealy, Manager
Audit and Certification
RESULTS OF EXAMINATION

The Office of Audit and Certification performed an examination of the internal operating procedures and policies and the related manual of the Public Service Commission for the period July 1, 1986 through June 30, 1988. Our on-site review was conducted July 21 and July 22, 1988, and was made under the authority described in Section 11-35-1230(1) of the South Carolina Consolidated Procurement Code.

The examination included but was not limited to the following:

1) Sole source and emergency procurement review (4/01/85 - 6/30/88);

2) Review of property management and fixed assets;

3) All purchase orders for fiscal years 1986/87 and 1987/1988:
   (a) Forty selected procurement transactions, each exceeding $500.00;
   (b) A block sample review of three hundred four purchase orders in numerical sequence;

4) Minority Business Enterprise Plan;

5) Review of surplus property sales and trade-ins;

6) Information Technology Plan.

The Public Service Commission had a limited number of procurement actions during the audit period. All were handled in a professional manner. We noted no exceptions and found the Commission to be in compliance with the Consolidated Procurement Code.
Since the Commission has not requested additional certification, we recommend that they be allowed to procure all goods and services, consultants, construction, and information technology up to the basic level of $2,500.00, as outlined in the Procurement Code.

Marshall B. Williams, Jr., Supervisor
Office of Audit and Certification

R. Voight Shealy, Manager
Audit and Certification
RESPONSE OF THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA TO THE AUDIT REPORT OF
JULY 1, 1986 - JUNE 30, 1988

The Commission is pleased that the examination performed
by the office of Audit and Certification of the internal
operating procedures and policies and the related manual of
the Public Service Commission for the period July 1, 1986,
through June 30, 1988, produced the positive results as set
forth in the "Results of Examination." This Commission is
committed to making all procurements in compliance with the
South Carolina Procurement Code and ensuing regulations. We
have procedures in place which should ensure continued com-
pliance.

October 24, 1988
CRB