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South Carolina  
Division of General Services

# PROCUREMENT AUDIT AND CERTIFICATION

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OFFICE OF THE COMPTROLLER GENERAL

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AGENCY

JULY 1, 1992 - MARCH 31, 1995

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DATE

STATE OF SOUTH CAROLINA  
*State Budget and Control Board*  
OFFICE OF GENERAL SERVICES



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RAYMOND L. GRANT  
ASSISTANT DIRECTOR

October 9, 1995

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

Dear Helen:

I have attached the 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,

A handwritten signature in cursive script that reads "Raymond L. Grant".

Ray L. Grant  
Materials Management Officer

**OFFICE OF THE COMPTROLLER GENERAL**

**PROCUREMENT AUDIT REPORT**

**JULY 1, 1992 - MARCH 31, 1995**

## TABLE OF CONTENTS

	PAGE
Transmittal Letter.....	1
Scope.....	3
Results of Examination.....	4
Certification Recommendation .....	5

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RAYMOND L. GRANT  
ASSISTANT DIRECTOR

October 4, 1995

Mr. Ray L. Grant  
Materials Management Officer  
Office of General Services  
1201 Main Street, Suite 600  
Columbia, South Carolina 29201

Dear Ray:

We have examined the procurement policies and procedures of the Office of the Comptroller General for the period July 1, 1992 through March 31, 1995. 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 general 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 Agency 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, assurances 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 not disclose any material compliance exceptions to the Consolidated Procurement Code, regulations, procurement policies, and procedures at the Office of the Comptroller General.

  
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 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 a judgmental sample for the period July 1, 1992 through March 31, 1995 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 sales procurements for the period July 1, 1992 through March 31, 1995
- (2) Procurement transactions for the period July 1, 1992 to March 31, 1995 as follows:
  - a) Forty-six judgmental selected procurement transactions
  - b) All sealed bids
  - c) A block sample of two hundred numerical purchase orders from the audit period, reviewed for order splitting and favored vendors
- (3) Surplus property disposition procedures
- (4) Minority Business Enterprise Plan and reports for the audit period
- (5) Information Technology Plans and approvals for fiscal years 92/93, 93/94 and 94/95
- (6) Internal procurement procedures manual review
- (7) File documentation and evidence of competition

## RESULTS OF EXAMINATION

The Office of Audit and Certification performed an examination of the internal procurement operating policies and procedures and related manual of the Office of the Comptroller General for the period July 1, 1992 through March 31, 1995.

Our on-site review was conducted May 15, 1995 through May 26, 1995, and was made under the authority as described in Section 11-35-1230(1) of the South Carolina Consolidated Procurement Code. The audit was performed primarily because the three year certification granted the Agency by the Budget and Control Board is to expire January 12, 1996. Additionally, the Agency requested certification limits to remain as follows:

Goods and Services	\$10,000
Information Technology	\$10,000

We noted no material exceptions.

## CERTIFICATION RECOMMENDATIONS

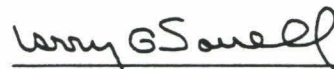
Under the authority described in section 11-35-1210 of the Procurement Code, we recommend recertification for three years at the levels below.

<u>PROCUREMENT AREA</u>	<u>RECOMMENDED CERTIFICATION LEVELS</u>
Goods and Services	\$10,000*
Information Technology	\$10,000*

\* Total potential purchase commitment whether single year or multi-term contracts are used.



David Rawl  
Procurement Analyst



Larry G. Sorrell, Manager  
Audit and Certification

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