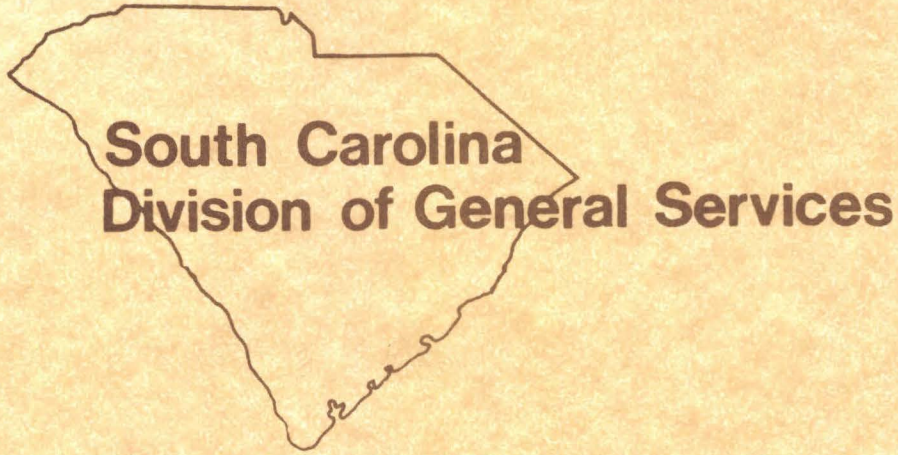


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PROCUREMENT AUDIT AND CERTIFICATION

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COMPTROLLER GENERAL'S OFFICE
AGENCY

JULY 1, 1986 - MARCH 15, 1988
DATE

STATE OF SOUTH CAROLINA
BUDGET AND CONTROL BOARD
DIVISION OF GENERAL SERVICES
1201 MAIN STREET, SUITE 420
COLUMBIA, SOUTH CAROLINA 29201
(803) 737-3880

CARROLL A. CAMPBELL, JR.
GOVERNOR

GRADY L. PATTERSON, JR.
STATE TREASURER

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL



RICHARD W. KELLY
DIVISION DIRECTOR

JAMES M. WADDELL, JR.
CHAIRMAN,
SENATE FINANCE COMMITTEE

ROBERT N. McLELLAN
CHAIRMAN,
HOUSE WAYS AND MEANS COMMITTEE

JESSE A. COLES, JR., Ph.D.
EXECUTIVE DIRECTOR

March 25, 1988

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

Dear Rick:

Attached is the final Comptroller General's Office audit report and recommendations made by the Office of Audit and Certification. I concur and recommend the Budget and Control Board grant the Comptroller General two (2) years certification as outlined in the audit report.

Sincerely,

A handwritten signature in cursive script that reads "D.L. McMillin".

D.L. McMillin, CPPO
Acting Materials Management Officer

Attachment

SOUTH CAROLINA OFFICE OF THE COMPTROLLER GENERAL

AUDIT REPORT

JULY 1, 1986 - MARCH 15, 1988

STATE OF SOUTH CAROLINA
BUDGET AND CONTROL BOARD
DIVISION OF GENERAL SERVICES
1201 MAIN STREET, SUITE 420
COLUMBIA, SOUTH CAROLINA 29201
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CHAIRMAN,
HOUSE WAYS AND MEANS COMMITTEE

JESSE A. COLES, JR., Ph.D.
EXECUTIVE DIRECTOR

March 25, 1988

Mr. D.L. McMillin, CPPO
Acting Materials Management Officer
Division of General Services
1201 Main Street, Suite 600
Columbia, South Carolina 29201

We have examined the procurement policies and procedures of the Comptroller General's Office for the period July 1, 1986 - March 15, 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 internal 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 Comptroller General's Office 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 Comptroller General's Office 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 procurement operating procedures and policies and related manual of the Comptroller General's Office for the period July 1, 1986 through March 15, 1988.

Our on-site review was conducted March 17 through March 23, 1988, and was made under the authority as described in Section 11-35-1230(1) of the South Carolina Consolidated Procurement Code.

The scope of our audit included, but was not limited to review of the following:

- (1) All purchase orders for fiscal years 1986/87 and 1987/88.
 - (a) Fifty-seven selected procurement transactions, each exceeding \$500.00;
 - (b) A block sample review of five hundred sixty-four purchase orders in numerical sequence;
- (2) All sole source procurements;
- (3) All emergency procurements;
- (4) All internal procurement procedures.

The Comptroller General's Office requested certification limits as follows:

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

We noted no exceptions and found the Comptroller General to be in compliance with the Consolidated Procurement Code and ensuing regulations.

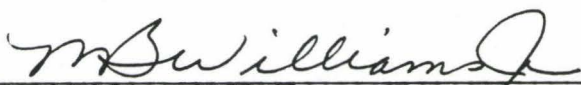
CERTIFICATION RECOMMENDATIONS

The Comptroller General's Office had a limited number of procurement actions during the audit period but they were handled in a professional manner. We noted no exceptions and found the Office to be in compliance with the Consolidated Procurement Code and ensuing regulations.


Under the authority described in Section 11-35-1210 of the Procurement Code, we recommend the Comptroller General's Office be certified to make direct agency procurements for two years up to the limits as follows:

<u>PROCUREMENT AREAS</u>	<u>RECOMMENDED CERTIFICATION LIMITS</u>
I. Goods and Services	\$ 10,000 *per purchase commitment
II. Information Technology in accordance with the approved Information Technology Plan	10,000 *per purchase commitment

*The total potential commitment whether single year or multi-term contracts are used.



Marshall B. Williams, Jr. Supervisor
Audit and Certification



R. Voight Shealy, Manager
Audit and Certification



State of South Carolina

Office of Comptroller General

Wade Hampton Office Building
Post Office Box 11228
Columbia, South Carolina 29211

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL

GERALD W. BURNETT
DEPUTY COMPTROLLER

April 20, 1988

Mr. R. Voight Shealy
Manager
Audit and Certification
Budget and Control Board
Division of General Services
1201 Main Street, Suite 420
Columbia, south Carolina 29201

Dear Mr. Shealy:

I appreciate the conscientious efforts of your staff in reviewing our procurement activity from July 1, 1986 - March 15, 1988, and am pleased that this audit found that my office is in full compliance with the South Carolina Consolidated Procurement Code and ensuing regulations.

I look forward to my office being able to make direct procurements for up to \$10,000 in the areas of Information Technology and Goods and Services. This increase in certification should help us in the future.

Thank you for your time and effort in assisting us in this matter.

Sincerely,

EARLE E. MORRIS, JR.

EEMJR:mah

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