



**Florence Darlington Technical College**

**INDEPENDENT PROCUREMENT AUDIT REPORT**

**for the Audit Period:**  
**October 1, 2018 to September 30, 2021**

Office of Audit & Certification  
Division of Procurement Services  
October 10, 2022

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## ABBREVIATIONS

CPO	– Chief Procurement Officer
DFWA	– Drug Free Workplace Act
DPS	– Division of Procurement Services
PI Manual	– Manual for Planning and Execution of State Permanent Improvements
MBE	– Minority Business Enterprise
MCC	– Merchant Category Code
PCA	– Purchasing Card Administrator
P-Card	– Purchasing Card
PO	– Purchase Order
Procurement Code	– SC Consolidated Procurement Code and ensuing Regulations
RFQ	– Request for Quote
SCBO	– South Carolina Business Opportunities
SFAA	– State Fiscal Accountability Authority
SIMT	– Southeastern Institute of Manufacturing and Technology
SMBCC	– Small and Minority Business Contracting and Certification
State PO Policy	– State of South Carolina Statewide Purchase Order Policy
STL	– Single Transaction Limit
The College	– Florence Darlington Technical College

## INTRODUCTION

Per S.C. Code Ann. § 11-35-1230 and Reg. 19-445.2020, DPS audited the College's internal procurement operating policies and procedures, as outlined in their internal Procurement Operating Procedures Manual.

The primary objective of our audit was to determine whether, in all material respects, the system of internal controls over the College's procurement process were adequate to ensure compliance with the Procurement Code.

The management of the College is responsible for compliance with the Procurement Code. Those responsibilities include the following:

- Identifying the agency's procurement activities and understanding and complying with the Procurement Code
- Establishing and maintaining an effective organization structure and system of internal control over procurement activities that provide reasonable assurance that the agency administers its procurement programs in compliance with the Procurement Code
- Establishing clear lines of authority and responsibility for making and approving procurements
- Documenting the agency's procurement procedures including its system of internal controls over procurement activities in an internal procurement procedure manual
- Taking corrective action when instances of noncompliance are identified, including corrective action for the findings of this audit

Because of inherent limitations in any system of internal controls, errors or irregularities may occur and not be detected. 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 the degree of compliance with procedures may deteriorate.

Our review and evaluation of the system of internal control over procurement transactions, as well as our overall audit of procurement policies and procedures, was conducted with professional care. However, because of the nature of audit testing, they would not necessarily disclose all weaknesses in the system.

## INTRODUCTION

Our audit was also performed to determine if recertification of the College under S.C. Code Ann. § 11-35-1210 is warranted.

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On May 2, 2017, the SFAA granted the College the following procurement certifications:

<u>PROCUREMENT AREAS</u>	<u>CURRENT CERTIFICATION LIMITS</u>
Supplies and Services	*\$ 150,000 per commitment
Information Technology	*\$ 100,000 per commitment
Consultant Services	*\$ 100,000 per commitment
Construction Contract Award	\$ 100,000 per commitment
Construction Contract Change Order	\$ 25,000 per change order
Architect/Engineer Contract Amendment	\$ 5,000 per amendment

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

During the audit, the College did not request an increase in its certification limits.

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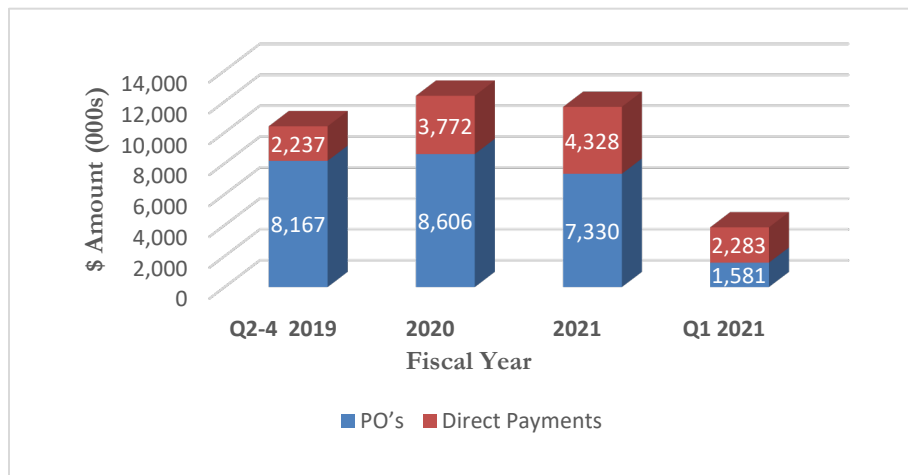
## SCOPE

We conducted our audit to obtain sufficient appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. Our audit included testing, on a sample basis, evidence about the College's compliance with the Procurement Code for the period October 1, 2018 through September 30, 2021, the audit period, and performing other procedures that we considered necessary in the circumstances. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

### Total Expenditures

During the audit period the agency made expenditures as follows:

	<b>\$ Amount (000s)</b>				<b>Total</b>
	<b>Q2-4 FY2019</b>	<b>FY2020</b>	<b>FY2021</b>	<b>Q1 FY2022</b>	
POs <sup>1</sup>	8,167	8,606	7,330	1,581	25,685
Direct Pays <sup>2</sup>	2,237	3,772	4,328	2,283	12,620
<b>Total Spend</b>	<b>10,404</b>	<b>12,378</b>	<b>11,658</b>	<b>3,864</b>	<b>38,305</b>



<sup>1</sup> **POs** represents all expenditures made with a Purchase Order. These are required for most contract purchases by the terms of the contract and is the preferred procurement instrument when a government unit orders or procures supplies or services from a vendor.

<sup>2</sup> **Direct Pays** are made without purchase order based on the State Purchase Order Policy for executive agencies and internal policies for institutions of higher learning. These may occur with purchases of supplies or services that are exempt from the Procurement Code or for such things as payment for P-Card purchases or purchases less than \$2500.

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The College submitted four annual utilization plans and four quarterly progress reports to SMBCC after established due dates.

**Note:** The agency's responses to issues raised in this report have been inserted immediately following the recommendations in the body of the report.

# RESULTS OF AUDIT

## I. Supplies and Services

We audited expenditures exceeding \$10,000 to determine compliance with the Procurement Code. Our review of supplies and services for the audit period identified the following issues:

### A. Inappropriate Use of Procurement Code Exemptions

The College inappropriately applied Procurement Code exemptions to 12 purchases.

#### Articles for Commercial Sale

The College made nine purchases without competition based on the exemption for “articles for commercial sale by all governmental bodies.” S.C. Code Ann. §11-35-710(8) Six of the nine purchases were for supplies used in services provided through the College’s SIMT. SIMT provides services, including 3D printing and advanced machining, to various clients. Two of the nine purchases were for software used by SIMT in marketing its services.

One purchase was for licenses for a Distance Learning Certified Professional Coder Class Training Package including code books. None of these purchases were acquired for commercial sale.

To qualify for the commercial sale exemption, the items must be sold unaltered, otherwise they are considered raw materials. The only raw materials exemption in the Procurement Code is for the SC Department of Corrections, Division of Prison Industries. S.C. Code Ann. § 11-35-710(2).

The purchase of educational materials, also, does not fit the definition of commercial sale. The Educational Materials Copyrighted exemption may have applied. However, the College did not consider this exemption when making the purchase and did not provide any documents to confirm the materials purchased were copyright protected.

#### Software Licenses

The College listed two purchases as exempt purchases based on the Software Licenses Exemption approved by the Budget and Control Board (Board) pursuant to S.C. Code Ann. §11-35-710A. The College did not provide evidence that the license agreement was initially acquired through a competitive bid process as required by the exemption.

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### Clinical Technologists Supervision

The College issued PO 021747 totaling \$105,118 to McLeod Regional Medical Center (Hospital) for assistance to the College in recruiting students for the Radiology School program and providing close supervision of students in the clinical setting by Registered Radiologic Technologists. In part, the PO covered salary and benefits for Radiology School instructors. The College made the purchase without competition and without complying with the Procurement Code but based on precedent. This agreement has been ongoing between a hospital and the College since 1990.

### Tuition Payments

The College issued PO 021733 for a Drone Certification Program provided to students based on the Tuition Payments exemption approved by the Board pursuant to S.C. Code Ann. §11-35-710A. This exemption applies to payments made by a governmental body to an institution of higher education not an institution of higher learning's expenditure of tuition monies.

### Advertising

The College issued PO 021290 totaling \$27,454 for the printing and mass mailing of 79,000 copies of a magazine based on the advertising exemption approved by the Board pursuant to S.C. Code Ann. §11-35-710A. This exemption does not apply to the publication and mailing of a magazine.

**Recommendation:** We recommend the College procurement personnel receive additional training regarding the proper use of the Procurement Code's exemptions. The College should report all 12 purchases to DPS as unauthorized or illegal as required by S.C Reg. 19-445.2015.

### **College Response**

The College will follow up with the SC Division of Procurement Services for training on Procurement Code Exemptions to gain knowledge on when they apply and when they do not. The College will also perform the proper competing process or sole source process, as applicable.

### B. Contract Awarded to Nonresponsive Bidder

The College issued PO 020836 totaling \$54,924 for transportation and chaperones for an Upward Bound trip to Washington. The request for quote for these services required that bid prices include all meals. The College awarded the contract to a bidder whose bid price did not include lunches. The Procurement Code required the College to

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award the contract to the lowest responsive bidder. S.C. Code Ann. §11-35-1550(2)(c). A responsive bidder is one “who has submitted a bid ... which conforms in all material aspects to the invitation for bids.” S.C. Code Ann. §11-35-1410(9) -

**Recommendation:** We recommend the College report this procurement as unauthorized or illegal as required by regulation.

### College Response

The College understands the improper request for quote award - this award was made to an unresponsive bidder. The College will review all bids to ensure all requirements are included in the awarded bidder's package.

### C. Grant Specified Exemption Procedures Not Followed

The College issued PO 021246 totaling \$40,091 for 21 laptop stations, backpacks, and warranties based on the Grant Specified Exemption approved by the Board pursuant to S.C. Code Ann. §11-35-710A. However, the College did not follow its approved Grant Specified Exemption procedures for this purchase. The College's procedures require a written determination as to why a particular specified piece of equipment or service is essential and critical to the successful completion of the grant-funded project prior to the submittal of the grant request. The College failed to prepare a written justification for the purchase.

**Recommendation:** We recommend the College follow their approved written procedures regarding grant specified exemption purchases. We further recommend the College report this purchase to DPS as unauthorized or illegal as required by S.C Reg. 2015.

### College Response

The College will provide proper justification for grant specific procurements as specified in the College's Procurement Manual.

### D. Inadequate Public Notice

The College failed to include a statement of a bidder's right to protest in a Notice of Intent to Award in violation of S.C. Code Ann. §11-35-1520(10). Additionally, the College failed to include a right to protest in the public notices of award for two emergency procurements as required by S.C. Code Ann. § 11-35-1570B.

## RESULTS OF AUDIT

**Recommendation:** We recommend that the College develop a review process to ensure notices of award and intent to award contracts comply with the Procurement Code and obtain training for procurement staff. We further recommend the College report these three purchases to DPS as unauthorized or illegal as required by S.C Reg. 19-445.2015.

### College Response

The Procurement Manager will develop a checklist to ensure notices of award and intent to award contracts comply with the Procurement Code.

#### E. Non-Compliance with DFWA

The College entered into two contracts without obtaining drug-free workplace certifications as required by S.C. Code Ann. § 44-107-30.

**Recommendation:** We recommend that the College develop procedures, including management review and approval, to ensure that awarded contracts comply with the DFWA.

### College Response

The College Procurement department is in the process of revising the Procurement Manual, which will address when the Drug Free Workplace certification is required.

#### F. Late Payments

Thirteen out of 71 procurements tested had invoices that the College did not pay within 30 workdays as required by S.C. Code Ann. § 11-35-45(B).

**Recommendation:** We recommend the College revise and implement procedures to ensure timely payment of invoices.

### College Response

In some cases, invoices are not paid on time because there is an issue with the equipment or services provided. The College will document when payments will be late due to an issue with the items or services delivered, The College will also educate faculty and staff on the importance of payments being made in a timely manner when there is not an issue.

## II. Direct Payments

#### A. Bookstore Purchases Lacked Proper Approvals

The College's procurement files did not include approvals required by the College's internal policies for ten purchases for the bookstore. The College's policies require that the Director of Business Affairs approve bookstore purchases greater than \$2,500. Four

## RESULTS OF AUDIT

of these ten purchases were for gift cards. Because of concerns with gift cards, we expanded our review to look at all gift card purchases. We found that the College made 20 gift card purchases exceeding \$2,500. The Director of Business Affairs did not approve any of these purchases.

Through 20 purchase transactions, the College acquired 14,930 gifts cards totaling approximately \$808k. The College treated these purchases as exempt from the Procurement Code because they were intended for resale in the bookstore. However, the College also gave away gift cards to students and employees. The purchase of gift cards for the purpose of giving them away is not subject to the “articles for commercial sale” exemption from the Procurement Code. Procurements that combine exempt and non-exempt items must be treated as non-exempt. Therefore, to the extent the purchase of any block of gift cards included cards given away by the College, that purchase was not exempt and should have been made following the procedures of the Procurement Code. The College’s records were not adequate for us to determine which procurements of gift cards this might be.

The College did not have a procedure to reconcile the gift card purchases and sales reports to beginning and/or ending quantities on hand. Moreover, the College did not know the number of cards it gave away to students or employees. Management could only provide the number of giveaways tied to Covid vaccine incentives during the months of October, November, and December 2021. The number of cards tied to the Covid vaccine incentive giveaways were 32 totaling \$3k. The number of winners were 18 students and 12 employees (30 total).

The Procurement Code requires the College to “maintain procurement files sufficient to satisfy the requirements of external audit.” S.C. Reg. 19-445.2005B. As discussed above, the College’s records of bookstore purchases of gift cards fail to satisfy this requirement.

Gift cards have a high level of inherent risk for fraud. The volume of purchases coupled with the lack of management oversight and card inventory management result in unacceptable fraud risk.

**Recommendation:** We recommend the College take the following steps:

1. Terminate the program.
2. Comply with the Procurement Code when combining the purchase of exempt and non-exempt items into a single acquisition.

## RESULTS OF AUDIT

3. Comply with its policies regarding bookstore purchases and ensure they have proper approvals.
4. Maintain procurement files sufficient to satisfy the requirements of external audit.
5. Arrange for an independent audit to determine whether these gift cards were properly purchased and sold.

We also referred the College's purchases of gift cards to the SC Inspector General to investigate the College's distribution of gift cards.

### College Response

The College will ensure the proper approvals are obtained in compliance with the College's Procurement Manual. An additional reconciliation has been established in the bookstore related to the resale of gift cards. This process has been implemented immediately. FDTC has also identified a daily report that provides daily sales of gift cards.

### B. The College Does Not Have a PO Policy

The College did not have a policy specifying when a purchase can be made without a PO. The risk of unauthorized procurements is increased without a policy stipulating when POs are required.

Per the State PO Policy, "A Direct Pay is a payment method only. It does not establish compliance with the SC Consolidated Procurement Code & Regulations or other State regulations." In addition, the State PO Policy states, Direct Payments "should not be used as a matter of convenience as it leads to a reduction in controls and approvals."

Having a policy in place that specifies when a PO is required reduces the risk of non-compliance with the Procurement Code and prevents bypassing the College's procurement procedures.

**Recommendation:** We further recommend the College revise its internal procedures to define when a PO is required and to provide for specific circumstances under which a PO is not required, using the State PO Policy as a guide. The College should send its revised internal procedures to DPS for approval. We further recommend that, for a period of one year, the College process exempt purchases with a PO approved by the College's Procurement Department, and that the PO specify which exemption is being applied.

### College Response

The College is in the process of revising the Procurement Manual, which will include a policy that complies with the SC Procurement Code on when Direct Payments are

## RESULTS OF AUDIT

authorized. Once the manual is revised, the College will send it to the Division of Procurement Services for approval.

### III. Sole Source and Emergency Procurements

We evaluated sole source and emergency procurements made pursuant to S.C. Code Ann. §§ 11-35-1560 and 1570 to assess the appropriateness of the procurement actions and the accuracy of the quarterly reports of these procurements required by § 11-35-2440.

#### A. Sole Source Procurements Lacked Proper Notice

The College did not advertise the intent to award one sole source contract totaling \$324,888 in SCBO for ten business days before entering into a contract as required by S.C. Code Ann. § 11-35-1560. The sole source contract was dated the same date as the SCBO advertisement.

**Recommendation:** We recommend the College develop and implement procedures, including management review and approval, to ensure that sole source procurements are properly advertised in SCBO as required. We also recommend this procurement be reported to DPS as an unauthorized or illegal procurement as required by S.C. Reg. 19-445.2015.

#### College Response

The College Procurement department is in the process of revising the Procurement Manual, which will address the sole source procurement method.

#### B. Sole Source and Emergency Procurements Reported Late

The College failed to report four sole source procurements and four emergency procurements within 30 days after the end of the quarter as required by S.C. Code Ann. §11-35-2440.

**Recommendation:** We recommend the College implement a review process that will include management oversight and approvals to ensure that written determinations are prepared and timely reported for all reportable procurements as required by the Procurement Code.

#### College Response

The College is aware of the reporting requirements and will implement procedures to ensure timely reporting.



## RESULTS OF AUDIT

### C. Inadequate Written Determinations for Emergency Procurements

The College's written determinations for ten emergency procurements were inadequate. The College declared nine of these procurements to be emergencies due to the expiration of a contract. An emergency condition is one that "may arise by reason of flood, epidemics, riots, equipment failures, fire loss, or such other reason as may be proclaimed by either the Chief Procurement Officer (CPO) or the head of a purchasing agency or a designee of either office." S.C Reg. 19-445.2110B. Relying in part on this Regulation, the S.C. Supreme Court has held that "[a]n emergency is, by its very nature, a sudden, unexpected onset of a serious condition." Sloan v. Department of Transportation, Opinion No. 26534 (2008). The expiration of a contract in accordance with its terms is not an event that is sudden and unexpected.

On July 1, 2021, the College made an emergency procurement that was a repeat of an emergency the College declared three years earlier. The College declared the initial emergency in July 2018 after a consulting engineer determined a walkway bridge was unsafe and needed to be closed. The engineer also determined that since the bridge served as a fire egress route from the second and third floors of the 5000 building, the College would need an alternate method of getting people out in a fire emergency. The College rented a scaffold stair tower as a temporary solution until the bridge was repaired. Since that time, the College has continued to rent the scaffold stair tower on an emergency basis without conducting a procurement pursuant to the Procurement Code for either the rental of a scaffold stair tower or the repair of the bridge.

Regulation 19-445.2110C limits emergency procurements "to those supplies, services, information technology, or construction items necessary to meet the emergency." Once the emergency condition is alleviated, the governmental body must comply with the Procurement Code. Having met the emergency by the emergency rental of a scaffold stair tower, the College should have conducted a procurement pursuant to the Procurement Code for a longer-term rental while it made arrangements for repair of the bridge.

**Recommendation:** We recommend the College develop and implement procedures to ensure emergency procurements are limited to circumstances that meet the definition of an emergency under Reg. 19-445.2110. We also recommend that the College develop procedures to track contract expiration dates. We further recommend that the College

## RESULTS OF AUDIT

include its procurement office in the budget and planning process so procurements requiring longer lead times can be identified and accommodated

### **College Response**

The College will provide training to employees on emergency procurements. The importance of purchasing lead times will be emphasized during the budget process.

#### **IV. Construction**

We tested construction and architectural/engineer and related professional service contracts for compliance with the Procurement Code and the Manual.

##### **Required Payment and Performance Bonds Not Obtained**

The College did not obtain payment and performance bonds from the contractors for four construction projects as required by SC Code Ann. §§11-35-3030(2)(a) and 29-6-250.

**Recommendation:** We recommend the College develop and implement procedures to comply with the Procurement Code pertaining to Construction projects and obtain training for construction personnel. Personnel responsible for procuring construction projects should also refer to the PI Manual for guidance.

### **College Response**

The College is in the process of setting up a checklist to ensure all required documents are received with construction procurement and other procurements. The College's Procurement personnel will also seek training to become more familiar with construction project procurement.

#### **V. Purchasing Cards (P-Cards)**

The College had 49 P-Cards in use during the audit period and spent \$883,406 in 3,604 transactions. Based on the volume of usage, there is increased risk that misuse or abuse of P-Cards will not be prevented or detected without adequate management oversight.

##### **Program Administration**

We reviewed the College's P-Card Policy and Procedures for compliance with the State P-Card Policy and identified areas of non-compliance.

## RESULTS OF AUDIT

### A. Agency P-Card Manual Inadequate

The College's P-Card Manual was prepared in 2012 and outdated. Part III(A)(1) of the State P-Card Manual sets forth key requirements agencies must include in their internal P-Card manuals. The College's P-Card Manual was deficient in numerous areas.

**Recommendation:** During the audit, the College presented us with a draft P-Card Manual dated March 2021, for our input. We have made comments on this draft and submitted those comments to the College. We recommend the College complete its draft P-Card Manual incorporating our comments and the key requirements outlined in the State P-Card Policy and Procedures. The College should submit its updated procedures to DPS for approval.

#### College Response

The College is revising their P-Card manual. The draft manual will be submitted to DPS for approval by January 2023. Upon approval, the College will perform training with P-Card holders and each holder will receive a copy of the manual.

### B. No Documented Liaison Reviews

The College did not assign P-Card Liaisons to review transactions for compliance with Procurement Code as required by Part III(C) of the State P-Card Policy.

**Recommendation:** We recommend the College assign Liaisons in accordance with the State P-Card Policy and update its internal P-Card Manual to include roles and responsibilities of liaisons. Accepted practice is to use a checklist to document and ensure an adequate review of each purchase.

#### College Response

The College has added roles and responsibilities of liaisons to the P-Card manual and will get the manual to DPS for approval by January 2023. Upon approval, the College will perform training and a checklist to the liaisons.

### C. Independent P-Card Audit Not Performed

The College did not perform or have performed annual independent P-Card audits as required by Part V(A) the State P-Card Policy and Section 14 of the College's Internal Policy. Management provided documentation of account reconciliations approved for payment and stated these were the periodic P-card audits. Monthly account reconciliations and statement reviews are not sufficiently independent to ensure P-Card program compliance.

## RESULTS OF AUDIT

**Recommendation:** We recommend the College comply with the State P-Card Policy and the College's internal policy regarding independent audits or reviews. We further recommend the College document the reviews by following a checklist and having the appropriate staff sign off when completed.

### College Response

The College's external auditor reviews P-Card statements during the annual audit. The College will research an additional independent review.

#### D. Bank Statements Not Appropriately Signed

In three incidences, cardholders did not date their P-Card bank statements. Additionally, in two incidences, the cardholders' managers did not date the bank statements. Without dates, we cannot determine if the cardholders and managers reviewed the statements before the deadline for payment as required by Part III(A)(5)(c) of the State P-Card Policy.

In one incidence, a cardholder did not timely date a bank statement. In one incidence, a manager did not timely date a bank statement. Without timely review, the College cannot make timely payment of its billing statement.

**Recommendation:** We recommend the College develop and implement procedures requiring timely signatures of approval on cardholder statements. We also recommend the College provide refresher training for cardholders and managers who have oversight responsibility for P-Cards.

### College Response

The College is revising their P-Card manual. The draft manual will be submitted to DPS for approval by January 2023. Upon approval, the College will perform training with P-Card holders and each holder will receive a copy of the manual.

#### Transaction Testing

We analyzed the total population of P-Card transactions for blocked MCCs, split transactions, and other unallowable purchases. Additionally, we judgmentally selected two months of P-Card transactions for testing. From the two-month period we tested a sample of 29 transactions for compliance with the Procurement Code and State P-Card Policy. Transaction testing identified areas of non-compliance, which the PCAs or supervisor/approvers did not identify during their monthly review and reconciliation of cardholder statements.

## RESULTS OF AUDIT

### A. Payments Made on Open Accounts

The College made payments on open accounts for eighteen cardholders during the audit period. Part IV(E)(12) of the State P-Card Policy prohibits payments on open accounts.

### B. Split Purchases

Five Cardholders split purchases during the audit period to avoid the \$2,500 STL set by the College. Part IV(C) of the State P-Card Policy prohibits splitting transactions to avoid the STL and further provides that doing so may result in removal of P-Card privileges.

### C. Blocked MCCs

We tested transactions in accordance with the College's list of blocked MCCs. The College made 295 purchases with blocked MCCs during the audit period. Per the College's P-Card Policy, purchases made with blocked MCCs are not allowed.

### D. Personal Purchases

There were five personal purchases made during the audit period totaling \$955.20. Four of these purchases were for the school's former President.

Part IV(E)(1) of the State P-Card Policy prohibits "personal purchases of any kind." The policy further defines personal purchases "as purchases of goods or services intended for non-work-related use or use other than official State business." The College's P-Card Manual requires the Purchasing Card Administrator to close an account if a cardholder makes an unauthorized or personal purchase.

**Recommendation:** We recommend the College retrain cardholders to comply with State P-Card and internal P-Card policies. We further recommend the College implement the use of checklists in the monthly liaison review to identify purchases which violate State and internal P-Card policies.

### **College Response**

The College is revising their P-Card manual. The draft manual will be submitted to DPS for approval by January 2023. Upon approval, the College will perform training with P-Card holders and each holder will receive a copy of the manual.

# RESULTS OF AUDIT

## VI. Unauthorized or Illegal Procurements

We tested Unauthorized or Illegal Procurements to determine compliance with the Procurement Code.

### A. Unauthorized or Illegal Sole Source Not Reported

The College did not report one unauthorized or illegal sole source procurement totaling \$315k to DPS. The College did not advertise the procurement in SCBO as required by the Procurement Code. The CPO ratified the procurement because it was above the College's certification level, but, the College failed to include the procurement in its quarterly report of unauthorized or illegal procurements as required by S.C Reg. 19-445.2015(I).

**Recommendation:** We recommend the College develop and implement procedures, including management review and approval, to ensure unauthorized or illegal procurements are reported as required.

#### College Response

The College is aware of the reporting requirements and will implement procedures to ensure timely reporting.

### B. Inadequate Written Determinations

The College's written determinations for 19 out of 24 reported unauthorized or illegal procurements did not include a description of disciplinary action against the person making the procurement as required by S.C Reg. 19-445.2015(H)(2). Seventeen of the determinations were for P-Card purchases. Per the College's P-Card Policy, the PCA must close an account if a cardholder uses the P-Card for unauthorized purposes. Two of the determinations were repeat unauthorized procurements for the same service.

**Recommendation:** We recommend the College include all required elements in their written unauthorized or illegal procurement determinations. We also recommend the College comply with its internal procedures regarding closing of P-Card accounts for improper use.

#### College Response

The College is revising their P-Card manual. The draft manual will be submitted to DPS for approval by January 2023. Upon approval, the College will perform training with P-Card holders and each holder will receive a copy of the manual.

## RESULTS OF AUDIT

### VII. MBE Reports Filed Late

The College did not provide one out of four annual utilization plans and the three provided were not submitted timely to SMBCC. The College did not provide one out of 12 quarterly progress reports to SMBCC and did not provide two others in a timely manner.

S.C. Code Ann. § 11-35-5240 (2) requires governmental bodies to submit “MBE utilization plans” to SMBCC “for approval no later than July thirtieth annually.” Governmental bodies must submit progress reports to SMBCC “no later than thirty days after the end of each fiscal quarter.”

**Recommendation:** We recommend the College develop and implement procedures, including management review, for submitting Annual Utilization Plans and Quarterly Progress reports to the SMBAO as required.

#### **College Response**

The College is aware of the reporting requirements and will implement procedures to ensure timely reporting.

## CERTIFICATION RECOMMENDATION

We found the College's system of internal controls over its procurement process was not adequate to ensure compliance with the Procurement Code as described in the audit report and made recommendations for improvement. With the implementation of the recommended corrective actions, the College's procurement process will be adequate to ensure compliance with the Procurement Code.

We recommend that by February 28, 2023 the College provide a written corrective action plan for the appropriate use of direct payments, including procedures for processing exempt purchases with a Purchase Order as recommended in the report. We further recommend that by March 31, 2023, the College provide a report to Audit and Certification describing the status of its implementation of corrective actions taken in response to this report.

As provided in S.C. Code Ann. § 11-35-1210, we recommend that the College's procurement authority to make direct agency procurements be reduced to the following limits for three years:

<u>PROCUREMENT AREAS</u>	<u>RECOMMENDED CERTIFICATION LIMITS</u>
Supplies and Services <sup>3</sup>	*\$ 50,000 per commitment
Information Technology <sup>4</sup>	*\$ 50,000 per commitment
Construction Contract Award	\$ 50,000 per commitment
Construction Contract Change Order	\$ 25,000 per change order
Architect/Engineer Contract Amendment	\$ 5,000 per amendment

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



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Audit Manager,  
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<sup>3</sup> **Supplies and Services** includes non-IT consulting services

<sup>4</sup> **Information Technology** includes consulting services for any aspect of information technology, systems and networks