



COLLEGE OF CHARLESTON

INDEPENDENT PROCUREMENT AUDIT REPORT

JANUARY 1, 2018 – DECEMBER 31, 2018

Division of Procurement Services
Office of Audit & Certification
March 8, 2019

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April 4, 2019

Mr. John St. C. White
Materials Management Officer
Division of Procurement Services
1201 Main Street, Suite 600
Columbia, South Carolina 29201

Re: College of Charleston (CoC)
Procurement Audit
Transmittal Letter

John:

We have audited the internal procurement operating policies and procedures of CoC for the period January 1, 2018 through December 31, 2018 to determine whether, in all material respects, the internal controls of the College's procurement system were adequate to ensure compliance with the South Carolina Consolidated Procurement Code and ensuing regulations.

The audit did not disclose any conditions that we believe need correction or improvement at this time. In our opinion, CoC was in compliance with the South Carolina Consolidated Procurement Code and ensuing regulations in all material respects.

Sincerely,

D. Crawford Milling, CPA, CGMA
Director of Audit & Certification

INTRODUCTION

We conducted an audit of the internal procurement operating policies and procedures of the College of Charleston, as outlined in the College's Internal Procurement Operating Procedures Manual, under §11-35-1230(1) of the South Carolina Consolidated Procurement Code and Reg. 19-445.2020. Our on-site procedures were conducted from February 19 through March 8, 2019.

Because of significant findings noted in our previous audit of CoC for the period October 1, 2010 through June 30, 2015, MMO recommended a reduction in the College's certification limits. The Authority approved this reduction in its December 12, 2017 meeting. At that time, CoC requested, and we committed to the Authority, that we would perform a follow-up procurement audit at the end of 2018. This audit specifically addressed, but was not limited to, those findings and recommendations made in the previous Audit Report to ensure corrective actions had been taken to address the referenced audit recommendations.

The primary objective of our audit was to determine whether, in all material respects, the internal controls of the College's procurement system were adequate to ensure compliance with the South Carolina Consolidated Procurement Code and ensuing regulations.

The management of CoC is responsible for the college's compliance with the South Carolina Consolidated Procurement Code. Those responsibilities include the following:

- Identifying the College's procurement activities and understanding and complying with the Code
- Establishing and maintaining effective controls over procurement activities that provide reasonable assurance that the College administers its procurement programs in compliance with the Code
- Evaluating and monitoring the College's compliance with the SC Consolidated Procurement Code
- Taking corrective action when instances of noncompliance are identified, including corrective action on audit 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 that the degree of compliance with the procedures may deteriorate.

INTRODUCTION

Our review and evaluation of the system of internal control over procurement transactions, as well as our overall audit 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.

Our examination was also performed to determine if recertification under §11-35-1210 is warranted.

On December 12, 2017 the State Fiscal Accountability Authority granted College of Charleston the following procurement certifications:

<u>PROCUREMENT AREAS</u>	<u>CERTIFICATION LIMITS</u>
Supplies and Services	*\$ 250,000 per commitment
Consulting Services	*\$ 250,000 per commitment
Printing Services	*\$ 250,000 per commitment
Information Technology	*\$ 100,000 per commitment
Construction Contract Award	\$ 50,000 per commitment
Construction Contract Change Order	\$ 50,000 per change order
Architect/Engineer Contract Amendment	\$ 15,000 per amendment

During the examination CoC requested the following increases in its certification limits.

<u>PROCUREMENT AREAS</u>	<u>REQUESTED CERTIFICATION LIMITS</u>
Supplies and Services	*\$ 500,000 per commitment
Information Technology	*\$ 200,000 per commitment
Construction Contract Award	\$ 100,000 per commitment
Construction Contract Change Order	\$ 100,000 per change order
Architect/Engineer Contract Amendment	\$ 15,000 per amendment

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

SCOPE

We conducted our examination to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. Our examination included testing, on a sample basis, evidence about CoC's compliance with the South Carolina Consolidated Procurement Code for the period January 1, 2018 through December 31, 2018, the audit period, and performing other procedures that we considered necessary in the circumstances. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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

- (1) All sole source, emergency and trade-in sale procurements for the audit period with no exceptions
- (2) Procurement transactions for the period January 1, 2018 through December 31, 2018 as follows:
 - a) Sixty payments each exceeding \$10,000 with no exceptions
 - b) Three hundred purchase orders reviewed for the use of splitting orders and favored vendors with no exceptions
 - c) We sampled forty-five procurement card purchases for September, October and November 2018 with no exceptions
- (3) Six construction contracts and six A&E contracts for compliance with the Manual for Planning and Execution of State Permanent Improvements, Part II with no exceptions
- (4) Minority Business Enterprise Plans and reports with no exceptions. The following activity was reported to the Governor's Office Division of Small and Minority Business Contracting and Certification:

<u>Fiscal Year</u>	<u>Goal</u>	<u>Actual</u>
2017-2018	\$ 84,908	\$ 21,694*
2018-2019	\$ 80,749	\$ 7,429**

*3rd and 4th Quarters only
**1st and 2nd Quarters only

- (5) The most recent Information Technology Plan with no exceptions
- (6) Internal procurement procedures manual with no exceptions
- (7) Surplus property disposition procedures with no exceptions
- (8) Disposition of unauthorized procurements with no exceptions

CONCLUSION

Based on the procedures performed, our examination did not identify any conditions that we believe need to be addressed in this report. In our opinion, the internal controls of College of Charleston's procurement system are adequate to ensure compliance with the South Carolina Consolidated Procurement Code and ensuing regulations, in all material respects.

We are recommending that the College's procurement authority be restored to the limits that were in place prior to the reductions recommended based on the results of our last audit and approved by the Authority on December 12, 2017.

CERTIFICATION RECOMMENDATIONS

Based on the procedures performed, our audit did not identify any conditions that we believe need to be addressed in this report. In our opinion, the internal controls of College of Charleston's procurement system are adequate to ensure compliance with the South Carolina Consolidated Procurement Code and ensuing regulations in all material respects.

Under the authority granted in SC Code Ann. §11-35-1210, we recommend the College of Charleston procurement authority be restored for three years in accordance with the South Carolina Consolidated Procurement Code to the following amounts:

<u>PROCUREMENT AREAS</u>	<u>RECOMMENDED CERTIFICATION LIMITS</u>
Supplies and Services ¹	*\$ 500,000 per commitment
Information Technology ²	*\$ 200,000 per commitment
Construction Contract Award	\$ 100,000 per commitment
Construction Contract Change Order	\$ 100,000 per change order
Architect/Engineer Contract Amendment	\$ 15,000 per amendment

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



D. Crawford Milling, CPA, CGMA
Director of Audit & Certification

¹ Supplies and Services includes non-IT consulting services

² Information Technology includes consulting services for any aspect of information technology, systems and networks