

SOUTH CAROLINA STATE MUSEUM

PROCUREMENT AUDIT REPORT

JULY 1, 2010 – MARCH 31, 2014

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Mr. John St. C. White
Interim Materials Management Officer
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1201 Main Street, Suite 600
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Dear John:

We have examined the procurement policies and procedures at the South Carolina State Museum for the period July 1, 2010 through March 31, 2014. As part of our examination, we studied and evaluated the system of internal controls over procurement transactions to the extent we considered necessary.

The evaluation established a basis for reliance upon the system of internal controls to assure adherence to the Consolidated Procurement Code, State regulations and the procurement policies at the South Carolina State Museum. Additionally, the evaluation determined 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 South Carolina State Museum is responsible for establishing and maintaining a system of internal controls 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 of internal controls 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 those transactions are executed in accordance with management's authorization and recorded properly.

Because of inherent limitations in any system of internal controls, 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 controls 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.

Based on the testing performed as outlined in the Scope section of this report, our examination did not reveal any material findings.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert J. Aycock, IV". The signature is fluid and cursive, with a large initial "R" and "A".

Robert J. Aycock, IV, Manager
Audit and Certification

INTRODUCTION

We conducted an examination of the internal procurement operating policies and procedures at the South Carolina State Museum. We conducted our on-site review on June 18 and 19, 2014. Our review was made under Section 11-35-1230(1) of the Consolidated Procurement Code and Section 19-445.2020 of the accompanying regulations.

The examination was directed principally to determine whether, in all material respects, the procurement system's internal controls were adequate and the procurement procedures, as outlined in the Internal Procurement Operating Procedures Manual, were in compliance with the Consolidated Procurement Code and its ensuing regulations.

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 at the South Carolina State Museum 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 judgmental samples for the period July 1, 2010 through March 31, 2014 of procurement transactions for compliance testing and performed other audit procedures that we considered necessary to formulate our 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 sale procurements for the period July 1, 2010 through March 31, 2014 with no exceptions
- (2) Procurement transactions for the period July 1, 2010 through March 31, 2014 as follows:
 - a) Twenty payments each exceeding \$2,500 with no exceptions
 - b) One hundred and thirty-eight sequentially filed purchase orders reviewed against the use of order splitting and favored vendors with no exceptions
 - c) Thirteen procurement card transactions during January, February and March, 2014 with no exceptions
- (3) Minority Business Enterprise Plans and reports, with the following activity reported to The Governor's Office of Small and Minority Business Assistance:

<u>Fiscal Year</u>	<u>Goal</u>	<u>Actual</u>
2011 – 2012	\$1,940	\$579
2012 – 2013	\$1,820	\$ 0
2013 – 2014	\$1,820	\$ 0

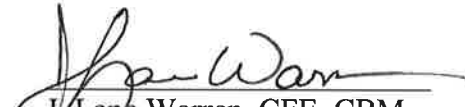
- (4) Approval of the most recent Information Technology Plan with no exceptions
- (5) Internal procurement procedures manual with no exceptions
- (6) Surplus property disposition procedures with no exceptions
- (7) Ratification of Unauthorized Procurements with no exceptions
- (8) File documentation and evidence of competition with no exceptions
- (9) Other tests performed as deemed necessary with no exceptions

RESULTS OF EXAMINATION


Our examination revealed no material findings.

CONCLUSION

Based on the testing performed, our examination did not reveal any material findings. In our opinion, the South Carolina State Museum complies with the South Carolina Consolidated Procurement Code, State regulations, and the Museum's procurement policies and procedures in all material respects and the internal procurement operating procedures are adequate to properly handle procurement transactions. Therefore, we recommend that the South Carolina State Museum be allowed to continue to procure all supplies and services, consultant services, information technology, and construction up to the basic level of \$50,000 as outlined in the South Carolina Consolidated Procurement Code.



J. Lane Warren, CFE, CBM
Audits Manager



Robert J. Aycock IV, Manager
Audit and Certification