



**SPARTANBURG COMMUNITY COLLEGE (SCC)
INDEPENDENT PROCUREMENT AUDIT REPORT
JANUARY 1, 2015 to DECEMBER 31, 2017**

**Division of Procurement Services
Office of Audit & Certification
March 30, 2018**

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INTRODUCTION

We conducted an audit of SCC's internal procurement operating policies and procedures, as outlined in their Internal Procurement Operating Procedures Manual, under §11-35-1230(1) of the South Carolina Consolidated Procurement Code (Code) and Reg. 19-445.2020 of the accompanying regulations.

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

The management of SCC is responsible for the college's compliance with the 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.

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

INTRODUCTION

On June 22, 2016 the State Fiscal Accountability Authority granted SCC the following procurement certifications:

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

During the audit SCC requested the following increases in its certification limits.

| <u>PROCUREMENT AREAS</u> | <u>CERTIFICATION LIMITS</u> |
|---------------------------------------|-----------------------------|
| Supplies and Services | *\$ 225,000 per commitment |
| Information Technology | *\$ 225,000 per commitment |
| Consultant Services | *\$ 225,000 per commitment |
| Construction Contract Award | \$ 250,000 per commitment |
| Construction Contract Change Order | \$ 50,000 per change order |
| Architect/Engineer Contract Amendment | \$ 10,000 per amendment |

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

SCOPE

We conducted our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our objectives. Our audit included testing, on a sample basis, evidence supporting SCC's compliance with the Code for the period January 1, 2015 through December 31, 2017, 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.

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

- (1) Internal procurement and purchasing card (P-Card) procedure manuals
- (2) All sole source and emergency procurement justifications for the audit period. SCC reported the following sole source procurement activity to the Division of Procurement Services:

| <u>Fiscal Year</u> | <u>Count</u> | <u>\$ Amount</u> |
|--------------------|--------------|------------------|
| Q 3, 4-2015 | 12 | 425,613 |
| 2016 | 21 | 880,998 |
| 2017 | 49 | 2,840,794 |
| Q 1, 2-2018 | 12 | 407,083 |

- (3) Procurement transactions for the period January 1, 2015 through December 31, 2017 as follows:
 - a) Seventy-one payments each exceeding \$2,500
 - b) Three hundred and nineteen purchase orders reviewed against the use of order splitting or favored vendors
 - c) Thirty-six P-Card transactions for the period January 1, 2015 through December 31, 2017
- (4) Four construction contracts and ten A-E contracts for compliance with the Manual for Planning and Execution of State Permanent Improvements, Part II
- (5) Small and Minority Business utilization plans and reports. SCC reported the following activity to the Division of Small and Minority Business Contracting and Certification:

| <u>Fiscal Year</u> | <u>\$ Goal</u> | <u>\$ Actual</u> |
|--------------------|----------------|------------------|
| Q 3, 4-2015 | 332,903 | 27,825 |
| 2016 | 760,652 | 600 |
| 2017 | 646,555 | 94 |
| Q 1, 2-2018 | 282,961 | 53 |

- (6) Information Technology acquisitions under IT Plans
- (7) Surplus property dispositions, and approval of trade-ins exceeding \$5,000

SCOPE

(8) Disposition of Unauthorized Procurements. SCC reported the following unauthorized procurement activity to the Division of Procurement Services:

| <u>Fiscal Year</u> | <u>Count</u> | <u>\$ Amount</u> |
|--------------------|--------------|------------------|
| Q 3, 4-2015 | 3 | 581 |
| 2016 | 9 | 4,820 |
| 2017 | 5 | 10,585 |
| Q 1, 2-2018 | 6 | 5,710 |

CONCLUSION

Based on the procedures performed, our audit did not find any conditions that we believe SCC needs to address. In our opinion, SCC's internal controls are adequate to ensure SCC's compliance with the SC Consolidated Procurement Code.

CERTIFICATION RECOMMENDATION

In our opinion, Spartanburg Community College’s internal controls are adequate to ensure compliance with the South Carolina Consolidated Procurement Code.

Under the authority described in §11-35-1210 of the South Carolina Consolidated Procurement Code, we recommend Spartanburg Community College’s procurement certification be increased to allow direct agency procurements for three years up to the following limits:

| <u>PROCUREMENT AREAS</u> | <u>RECOMENDED CERTIFICATION LIMITS</u> |
|---------------------------------------|--|
| Supplies and Services ¹ | *\$ 225,000 per commitment |
| Information Technology ² | *\$ 225,000 per commitment |
| Construction Contract Award | *\$ 250,000 per commitment |
| Construction Contract Change Order | \$ 50,000 per change order |
| Architect/Engineer Contract Amendment | \$ 10,000 per amendment |

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



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¹ Supplies and Services includes non-IT consulting services

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