

STATE OF SOUTH CAROLINA
State Budget and Control Board
PROCUREMENT SERVICES DIVISION

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R. VOIGHT SHEALY
MATERIALS MANAGEMENT OFFICER


June 2, 2003

Mr. Delbert H. Singleton Jr.
Director
Procurement Services Division
6th Floor-Wade Hampton Building
Columbia, South Carolina 29201

Dear Delbert:

I have attached the Piedmont Technical College's procurement audit report and recommendations made by the Office of Audit and Certification. I concur and recommend the Budget and Control Board grant the Piedmont Technical College a three-year certification as noted in the audit report.

Sincerely,


R. Voight Shealy
Materials Management Officer

/jl

PIEDMONT TECHNICAL COLLEGE

PROCUREMENT AUDIT REPORT

JANUARY 1, 2000 - MARCH 31, 2003

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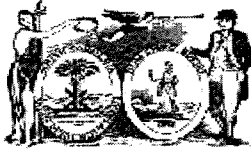
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R. VOIGHT SHEALY
MATERIALS MANAGEMENT OFFICER

May 28, 2003

Mr. R. Voight Shealy
Materials Management Officer
Office of Procurement Services
1201 Main Street, Suite 600
Columbia, South Carolina 29201

Dear Voight:

We have examined the procurement policies and procedures of Piedmont Technical College for the period January 1, 2000 through March 31, 2003. As part of our examination, we studied and evaluated the system of internal control over procurement transactions to the extent we considered necessary.

The evaluation was to establish a basis for reliance upon the system of internal control to assure adherence to the Consolidated Procurement Code, State regulations and the College's procurement policy. Additionally, the evaluation was used in determining 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 Piedmont Technical College is responsible for establishing and maintaining a system of internal control 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 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 professional care. However, because of the nature of audit testing, they would not necessarily disclose all weaknesses in the system.

The examination did, however, disclose a condition enumerated in this report which we believe need correction or improvement.

Corrective action based on the recommendation described in these finding will in all material respects place Piedmont Technical College in compliance with the Consolidated Procurement Code and ensuing regulations.

Sincerely,



Larry G. Sorrell, Manager
Audit and Certification

INTRODUCTION

We conducted an examination of the internal procurement operating policies and procedures of the Piedmont Technical College. Our on-site review was conducted March 25, 2003 through April 9, 2003 and was made under Section 11-35-1230(1) of the South Carolina Consolidated Procurement Code and Section 19-445.2020 of the accompanying regulations.

On August 10, 2000, the State Budget and Control Board granted Piedmont Technical College, hereinafter referred to as the College, the following procurement certifications.

<u>PROCUREMENT AREAS</u>	<u>CERTIFICATION LIMITS</u>
Goods and Services (Local funds only)	\$25,000 per commitment
Consultant Services (Local funds only)	\$25,000 per commitment
Information Technology (Local funds only)	\$25,000 per commitment

Our audit was performed primarily to determine if re-certification is warranted. The College requested to be re-certified at the current above limits.

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 of Piedmont Technical College 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, 2000 through March 31, 2003 of procurement transactions for compliance testing and performed other audit procedures that we considered necessary to formulate this 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 January 1, 2000 through March 31, 2003
- (2) Procurement transactions for the period July 1, 2001 through March 31, 2003 as follows:
 - a) Eighty payments each exceeding \$1,500
 - b) Block sample of 300 purchase orders reviewed for order splitting and favored vendors
- (3) Seven construction contracts and five professional service contracts for compliance with the Manual for Planning and Execution of State Permanent Improvements
- (4) Minority Business Enterprise Plans and reports for the audit period
- (5) Information technology plans for the audit period
- (6) Internal procurement procedures manual review
- (7) File documentation and evidence of competition
- (8) Surplus property disposal procedures

RESULTS OF EXAMINATION

Freight Overpayment

We noted the overpayment of freight charges on two procurements.

<u>PO</u>	<u>Date</u>	<u>Solicitation Number</u>	<u>Freight Paid</u>
26751	09/19/02	2259-1626-52	\$199.95
27060	01/08/03	03-S5622-A9204	155.45

In these instances the vendors quoted FOB destination which should have included all freight charges with the price.

We recommend the College not pay additional freight charges unless it is authorized on the

CERTIFICATION RECOMMENDATIONS

As enumerated in our transmittal letter, corrective action based on the recommendation described in this report, will in all material respects place the Piedmont Technical College in compliance with the South Carolina Consolidated Procurement Code and ensuing Regulations.

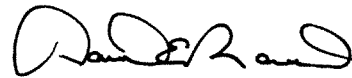
Under the authority described in Section 11-35-1210 of the Procurement Code, subject to this corrective action, we will recommend the Piedmont Technical College be re-certified to make direct agency procurements for three years up to the limits as follows:

PROCUREMENT AREAS

RECOMMENDED CERTIFICATION LIMITS

Goods and Services (Local funds only)	*\$25,000 per commitment
Consultant Services (Local funds only)	*\$25,000 per commitment
Information Technology (Local funds only)	*\$25,000 per commitment

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



David E Rawl, CPPB
Auditor



Larry G. Sorrell, Manager
Audit and Certification

May 29, 2003

Mr. Larry Sorrell
Manager, Audit and Certification
State Budget and Control Board
Division of General Services
1201 Main Street, Suite 600
Columbia, S.C. 29201

Dear Larry,

This letter is in response to the findings of the procurement audit conducted by David Rawl, consisting of the procurement files from January 1, 2000 to March 31, 2003 for Piedmont Technical College. We have carefully reviewed the findings and concur with the results. The following will address the areas of concern discovered in the audit process:

1. Freight Overpayment

We have reviewed the findings of the freight overpayments on purchase orders # P026751 and #P027060 totaling \$355.40. To ensure that this does not happen in the future, the Procurement Office will add a text line to the purchase order indicating to the Accounts Payable Office that no freight should be charged by the vendor. Any charges from a vendor not found on a quote or confirming order will be reviewed by the Procurement Officer to ensure the accuracy of payment.

We appreciate your recommendation that we retain our certification for \$25,000 in the areas of Goods and Services, Consultants and Information Technology. We will continue to strive to remain in complete compliance with the SC Consolidated Procurement Code and Regulations. We are grateful for the advice and the suggestions that have been offered by your dedicated staff. We look forward to a continued progressive relationship with your office.

Sincerely,



Teresa E. Smith, PhD
Vice President for Administrative Affairs

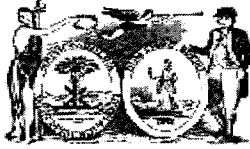
cc: Lisa T. Simpson, CPPB, Procurement Officer
Dale Wilson, Director of Physical Plant
David Rawl, CPPB, Senior Auditor

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R. VOIGHT SHEALY
MATERIALS MANAGEMENT OFFICER

June 2, 2003

Mr. R. Voight Shealy
Materials Management Officer
Materials Management Office
1201 Main Street, Suite 600
Columbia, South Carolina 29201

Dear Voight:

We have reviewed the response from Piedmont Technical College to our audit report for the period of January 1, 2000 – March 31, 2003. Also we have followed the College's corrective action during and subsequent to our fieldwork. We are satisfied that Piedmont Technical College has corrected the problem areas and the internal controls over the procurement system are adequate.

Therefore, we recommend the Budget and Control Board grant Piedmont Technical College the certification limits noted in our report for a period of three years.

Sincerely,

A handwritten signature in cursive script, appearing to read "Larry G. Sorrell".

Larry G. Sorrell, Manager
Audit and Certification

LGS/jl

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