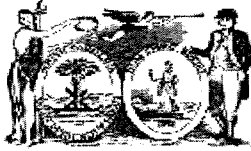


STATE OF SOUTH CAROLINA
State Budget and Control Board
PROCUREMENT SERVICES DIVISION

MARK SANFORD, CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.
STATE TREASURER

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FRANK W. FUSCO
EXECUTIVE DIRECTOR

DELBERT H. SINGLETON, JR.
DIVISION DIRECTOR
(803) 734-2320

MATERIALS MANAGEMENT OFFICE
1201 MAIN STREET, SUITE 600
COLUMBIA, SOUTH CAROLINA 29201
(803) 737-0600
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R. VOIGHT SHEALY
MATERIALS MANAGEMENT OFFICER

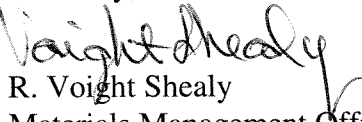
May 21, 2003

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

Dear Delbert:

I have attached the Trident 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 Trident Technical College a three-year certification as noted in the audit report.

Sincerely,


R. Voight Shealy
Materials Management Officer

/jl

TABLE OF CONTENTS

| | <u>PAGE</u> |
|------------------------------------|-------------|
| Transmittal Letter..... | 1 |
| Introduction..... | 3 |
| Scope..... | 4 |
| Results of Examination..... | 5 |
| Certification Recommendations..... | 6 |
| College Response..... | 7 |
| Follow-up Letter..... | 8 |

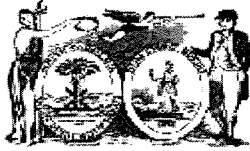
**TRIDENT TECHNICAL COLLEGE
PROCUREMENT AUDIT REPORT
JANUARY 1, 2000 - DECEMBER 31, 2002**

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

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R. VOIGHT SHEALY
MATERIALS MANAGEMENT OFFICER

April 7, 2003

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

Dear Voight:

We have examined the procurement policies and procedures of Trident Technical College for the period January 1, 2000 through December 31, 2002. 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 Trident 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 conditions enumerated in this report which we believe need correction or improvement.

Corrective action based on the recommendations described in these findings will in all material respects place Trident 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 Trident Technical College. Our on-site review was conducted February 27, 2003 through March 5, 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 June 21, 2000 the Budget and Control Board granted the Trident 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) | \$ 100,000 per commitment |
| Information Technology (Local Funds Only) | \$ 100,000 per commitment |
| Consultant Services (Local Funds Only) | \$ 75,000 per commitment |
| Construction Contract Award (Local Funds Only) | \$ 25,000 per commitment |
| Construction Contract Change Order (Local Funds Only) | \$ 25,000 per change order |
| Architect/Engineer Contract Amendment (Local Funds Only) | \$ 5,000 per amendment |

Our audit was performed primarily to determine if recertification is warranted. Additionally the College requested the following increases in certification.

| <u>PROCUREMENT AREAS</u> | <u>CERTIFICATION LIMITS</u> |
|--|-----------------------------|
| Goods and Services (Local Funds Only) | \$ 100,000 per commitment |
| Information Technology (Local Funds Only) | \$ 100,000 per commitment |
| Consultant Services (Local Funds Only) | \$ 100,000 per commitment |
| Construction Contract Award (Local Funds Only) | \$ 50,000 per commitment |
| Construction Contract Change Order (Local Funds Only) | \$ 50,000 per change order |
| Architect/Engineer Contract Amendment (Local Funds Only) | \$ 10,000 per amendment |

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 Trident 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 September 30, 2002 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 September 30, 2002
- (2) Procurement transactions for the period July 1, 2000 through September 30, 2002 as follows:
 - a) Ninety-three payments exceeding \$1,500 each
 - b) A block sample of 500 sequential purchase orders reviewed for order splitting and favored vendors
- (3) Four construction contracts and four professional services 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) Procurement file documentation and evidence of competition
- (8) Surplus property procedures

RESULTS OF EXAMINATION

Inappropriate Sole Source

On purchase order PO21602, the College used the sole source procurement method to procure a consultant to review the College's operations in the amount of \$37,500. While the consultant may have been the best source, we do not believe the services rendered were unique or only available from a single source. Therefore, competition should have been solicited.

We recommend the College solicited competition for this service.

Poor Planning Results in Emergency Procurement

The College had a contract for video and audio tape duplication services that expired in November of 1999. The Procurement Office advised the end user that the contract had expired and any new orders would have to be individually competed until a new contract was in place. The end user submitted a requisition on April 17, 2000 for video and audio tape duplication services with a required delivery date of May 5, 2000. An emergency procurement on purchase order PO21881 in the amount of \$15,688 resulted. Due to poor planning, the end user did not allow sufficient time to procure the services under normal procurement methods.

We recommend better planning to allow for competitive procurements to be made through normal procurement procedures.

Misapplied Exemption

The College procured advertising space on a sign at a spectator sport on purchase order B0013096 in the amount of \$2,000. The College referenced the exemption granted by the State Budget and Control on April 22, 1986 for advertising. The exemption applies to advertisements in professional journals or publications and advertising time or space in newspapers, radio or television. The exemption is specific and does not include advertising on a sign.

We recommend the College procure advertising on signs in accordance with the competition requirements of the Code.

CERTIFICATION RECOMMENDATIONS

As enumerated in our transmittal letter, corrective action based on the recommendations described in this report will in all material respects place Trident Technical College in compliance with the 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 Trident Technical College be recertified to make direct agency procurements for three years up to the limits as follows:

| <u>PROCUREMENT AREAS</u> | <u>RECOMMENDED CERTIFICATION LIMITS</u> |
|---|---|
| Goods and Services (Local Funds Only) | *\$ 100,000 per commitment |
| Information Technology (Local Funds Only) | *\$ 100,000 per commitment |
| Consultant Services (Local Funds Only) | *\$ 100,000 per commitment |
| Construction Services (Local Funds Only) | \$ 50,000 per commitment |
| Construction Contract Change Order (Local Funds Only) | \$ 50,000 per change order |
| Architect/Engineering Contract Amendment (Local Funds Only) | \$ 10,000 per amendment |

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


Robert J. Aycock, IV
Audit Manager


Larry G. Sorrell, Manager
Audit and Certification



May 13, 2003

Mr. Larry G. Sorrell, Manager
Audit and Certification
Materials Management Office
1201 Main Street, Ste 600
Columbia, SC 29201

Dear Larry:

We have reviewed your audit draft dated May 1, 2003, for the period January 1, 2000 through December 31, 2002. We concur with the audit findings and the recommendations.

As always, it is a pleasure to work with you and your staff. We were happy to have Jimmy with us. He listens carefully, thoughtfully considers our input, and is always willing to answer questions and provide suggestions.

We appreciate your recommendation for the higher certification limits. They will help us to more efficiently serve our users.

Sincerely,

Carol A. Belcher, C.P.M.
Director of Procurement
& Risk Management

Mike Gross
VP for Finance and
Administration

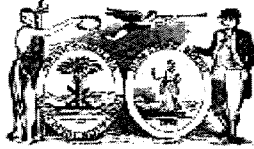
c: Robert J. Aycock, IV, Audit Manager

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R. VOIGHT SHEALY
MATERIALS MANAGEMENT OFFICER

May 21, 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 Trident Technical College to our audit report for the period of January 1, 2000 – December 31, 2002. Also we have followed the College's corrective action during and subsequent to our fieldwork. We are satisfied that Trident 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 Trident Technical College the certification limits noted in our report for a period of three years.

Sincerely,

Handwritten signature of Larry G. Sorrell in cursive.

Larry G. Sorrell, Manager
Audit and Certification

LGS/jl

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|----------------------|--------|
| Total Copies Printed | 14 |
| Unit Cost | .18 |
| Total Cost | \$2.52 |