

SOUTH CAROLINA DEPARTMENT OF PUBLIC SAFETY

PROCUREMENT AUDIT REPORT

APRIL 1, 2012 – SEPTEMBER 31, 2015

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March 3, 2017

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

Dear John:

We have examined the procurement policies and procedures of the South Carolina Department of Public Safety for the period April 1, 2012 through September 31, 2015. 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 South Carolina Consolidated Procurement Code, State regulations and the procurement policy of the South Carolina Department of Public Safety. 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 at the South Carolina Department of Public Safety 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 those transactions are executed in accordance with management's authorization and are 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 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.

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 of the South Carolina Department of Public Safety, hereinafter referred to as DPS. We conducted our audit under authority granted in Section 11-35-1230(1) of the South Carolina 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 South Carolina Consolidated Procurement Code and its ensuing regulations.

On October 30, 2012, the State Budget and Control Board granted DPS the following procurement certifications:

<u>PROCUREMENT AREAS</u>	<u>CERTIFICATION LIMITS</u>
Supplies and Services	*\$ 300,000 per commitment
Information Technology	*\$ 100,000 per commitment
Consultant Services	*\$ 100,000 per commitment
Construction Contract Change Order	\$ 25,000 per change order
Architect/Engineer Contract Amendment	\$ 5,000 per amendment

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

DPS requested the following certifications. We performed our audit to determine if the certifications were warranted.

<u>PROCUREMENT AREAS</u>	<u>REQUESTED CERTIFICATION LIMITS</u>
Supplies and Services	*\$ 500,000 per commitment
Information Technology	*\$ 100,000 per commitment
Consultant Services	*\$ 100,000 per commitment
Construction Contract Change Order	\$ 25,000 per change order
Architect/Engineer Contract Amendment	\$ 5,000 per amendment

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

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 DPS 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 samples for the period April 1, 2012 through September 30, 2015 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) Procurement transactions for the period July 1, 2012 through September 30, 2015 as follows:
 - a) Ninety-six payments each exceeding \$2,500, with no exceptions
 - b) A purchase order block sample review for the period August 8, 2014 through September 30, 2015 to check against the use of order splitting and favored vendors, with no exceptions
 - c) Procurement card transactions for January, February, and March 2015, with no exceptions
- (2) All sole source, emergency, and trade-in sale procurements for the period April 1, 2012 through September 30, 2015, with no exceptions
- (3) Minority Business Enterprise Plans and reports with the following activity 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>
FY 12-13	\$507,039	\$425,704
FY13-14	\$299,715	\$363,785
FY14-15	\$241,575	\$114,693
FY15-16	\$ 88,668	\$ 6,905

FY 2015-2016 only captures information for the first quarter.

- (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.

CERTIFICATION RECOMMENDATIONS

Based on the testing performed, our examination did not reveal any material findings. In our opinion, the South Carolina Department of Public Safety complies with the South Carolina Consolidated Procurement Code, State regulations and South Carolina Department of Public Safety’s procurement policies and procedures in all material respects and the internal procurement operating procedures are adequate to properly handle procurement transactions.

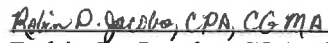
Under the authority described in Section 11-35-1210 of the South Carolina Consolidated Procurement Code, we recommend the South Carolina Department of Public Safety be recertified to make direct agency procurements for three years up to the following levels:

PROCUREMENT AREAS


CERTIFICATION LIMITS

Supplies and Services	*\$ 500,000 per commitment
Information Technology	*\$ 100,000 per commitment
Consultant Services	*\$ 100,000 per commitment
Construction Contract Change Order	\$ 25,000 per change order
Architect/Engineer Contract Amendment	\$ 5,000 per amendment

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



Robin D. Jacobs, CPA, CGMA
Audit Manager



Robert J. Aycock, IV, Manager
Audit and Certification



**S. C. DEPARTMENT
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PROCUREMENT OFFICE**

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March 9, 2017

Mr. Robert J. Aycock, IV
Manager, Audit & Certification
State Fiscal Accountability Authority
Audit & Certification
1201 Main Street, Suite 600
Columbia, SC 29201

RE: SCDPS PROCUREMENT AUDIT 04/01/2012 – 09/30/2015

Dear Mr. Aycock:

The SC Department of Public Safety has reviewed the findings of the Procurement Audit Report for the period April 1, 2012 through September 30, 2015. We are extremely pleased you found no material findings.

We value your examination of our agency's procurement policies, procedures, and system of internal controls over procurement transactions. The increased certification request will further ensure agency goods and services are obtained in a timely manner.

Thank you for the degree of professionalism with which you and your staff have shown during this audit.

Sincerely,

Paul V. Lewis, CPA
Chief Financial Officer

Cathy Sprowls, CPPB
Director of Procurement Services

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CURTIS M. LOFTIS, JR.
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April 4, 2017

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

Dear John:

We have reviewed the response from the South Carolina Department of Public Safety to our audit report for the period of April 1, 2012 through September 30, 2015. In our opinion, the Department complies with the South Carolina Consolidated Procurement Code, State regulations, and the Department'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 the State Fiscal Accountability Authority grant the South Carolina Department of Public Safety the certification limits noted in our report for a period of three years.

Sincerely,

Robert J. Aycock, IV, Manager
Audit and Certification

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