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EXECUTIVE DIRECTOR**

February 14, 2012

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

Ref: Third 90-day Follow-Up Audit of John de la Howe School

Dear Voight:

At its February 8, 2011 meeting, the Budget and Control Board removed all procurement authority of John de la Howe School and directed the Division of Procurement Services to oversee all its procurement activity. The Board directed further that we conduct a review of the School's procurement practices in ninety days and report back to the Board the results of the review. On May 12th, the audit staff performed the ninety day review notifying the Board at its June 14, 2011 meeting that the School had not complied with the Board's directive. Mr. Thomas Mayer, the School's Superintendent, asked that we request from the Board a continuance of the Board's directive for another ninety day period as he worked to solve the School's problems by acclimating new staff, training existing staff and evaluating progress. Because the School had not complied with the Board's directive, the Board instructed the following:

Directed that the following actions be taken concerning the John de la Howe School, as recommended by the Division of Procurement Services:

- (a) The Board continue suspension of the John de la Howe School's procurement authority until the Board approves that it be restored;
- (b) The Division complete an audit of the paperwork from order point to payment for the procurements that are missing supporting documentation or that have not been approved by the Division as directed by the Board in the February 8, 2011, meeting;
- (c) The Division continue to review and approve all purchases for the school using the SCEIS system;
- (d) The Division review and approve all invoices for the School prior to payment using the SCEIS system (this will prevent the School from directly paying for goods and services that should be acquired using the purchase order system);

- (e) The Division conduct another complete audit in 90 days and, thereafter, report the results at the next scheduled Board meeting; and
- (f) The Division conduct customized procurement training for the School's financial and procurement staff;


On November 3, 2011, upon completion of our second ninety day review, the Division reported no audit exceptions to the Board. The Board directed the Division to perform a third follow-up review of 100% of the School's procurements in ninety days.

On February 9, 2012, the Division completed its third ninety day review of the School's procurements. There are no audit findings to report.

Since the original action taken by the Board on February 8, 2011, the Division has reviewed and approved 455 procurements totaling \$600,381.90 as well as 63 direct expenditure vouchers totaling \$120,736.35. All procurements and payments since June 14, 2011 have complied with the Board's directive.

In our opinion, the School is on track for improvement and has complied with the Board's directive. We therefore recommend the Board remove the School's suspension of procurement authority and allow the School to conduct its own procurements up to the \$50,000 basic limits allowed by law and approve its own invoices for payment. We will conduct a follow up review in ninety days to ensure the School's compliance with the Code.

Sincerely,



Robert J. Aycock, IV
Manager, Audit and Certification

cc: Mr. Thomas W. Mayer, Superintendent
Mr. Thomas W Ritter, Jr. – Director of Finance and Business Operations
Ms. Brigitte Poore – Procurement Specialist
Mr. Delbert H. Singleton, Jr., Division Director
Mr. Mac Stiles, Senior Auditor