

TRIDENT TECHNICAL COLLEGE
ENTERPRISE CAMPUS AUTHORITY
PROCUREMENT AUDIT REPORT
OCTOBER 1, 2006 – SEPTEMBER 30, 2010

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NOTE: The College's responses to issues noted in the report have been inserted immediately following the items they refer to.

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December 7, 2010

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 the Trident Technical College Enterprise Campus Authority for the period October 1, 2006 through September 30, 2010. 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 used to establish a basis for reliance upon the system of internal controls to assure adherence to the Trident Technical College Enterprise Campus Authority 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 the Trident Technical College Enterprise Campus Authority 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

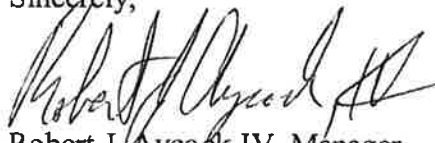
related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance of the integrity of the procurement process, that affected assets are safeguarded against loss from unauthorized use or disposition, and transactions are executed in accordance with management's authorization and 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 that 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.

The examination did, however, disclose conditions identified 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 Enterprise Campus Authority in compliance with its Procurement Policy.

Sincerely,



Robert J. Aycock IV, Manager
Audit and Certification

INTRODUCTION

In Act 368 of 2006, the General Assembly created the Trident Technical College Enterprise Campus Authority (TTCECA), whose purpose is to enhance economic development related to the film industry as well other high-technology industries. We conducted an examination of the internal procurement operating policies and procedures of the TTCECA. The audit was conducted under authority of Section 1230 of the TTCECA Procurement Policy, which states in part, "The Materials Management Office in consultation with TTCECA shall develop written plans for the auditing of procurements conducted pursuant to this Procurement Policy. Auditors from the Materials Management Office shall review the adequacy of the TTCECA internal controls in order to ensure compliance with the requirement of this Procurement Policy."

The TTCECA Procurement Policy was approved by the State Budget and Control Board on September 19, 2006. Section 841 of the TTCECA Procurement Policy requires that the Policy shall be resubmitted to the State Budget and Control Board for re-approval during the first quarter of the fifth calendar year following initial approval. The TTCECA Procurement Policy expires at the end of the second quarter of the fifth calendar year following initial approval unless re-approved by the State Budget and Control Board.

Our audit was performed primarily to determine if re-approval of the MTCECA Procurement Policy is warranted.

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 Enterprise Campus Authority and its Procurement Policy to the extent we deemed necessary to formulate an opinion on the adequacy of the system to properly handle procurement transactions.

We requested procurement transactions for the period October 1, 2006 through September 30, 2010 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 four (4) payment vouchers and their associated purchase order files for the period October 1, 2006 through September 30, 2010 with exceptions noted for three transactions

- (2) Minority Business Enterprise (MBE) annual plans and quarterly progress reports for the period October 1, 2006 through September 30, 2010 with exceptions noted

RESULTS OF EXAMINATION

Procurements

Three procurement transactions (V0216540, V0219630, and V0223195) were for legal services. None of the three was supported by approval of the Attorney General's Office. Section 710 of the TTCECA Procurement Policy states in part "*Any exemption granted by the Budget and Control Board pursuant to Section 11-35-710 of the South Carolina Code of Laws shall have the same effect on procurements conducted under this Procurement Policy...*" The Procurement Code exemption for attorney services provides that legal services must be approved by the Attorney General's Office.

We recommend the TTCECA comply with the exemption for legal services.

TTCECA RESPONSE

At the time that the procurements were made we considered them in compliance with the TTCECA enabling legislation as well as TTCECA procurement policy. However, after discussion with you and Allen Townsend we understand your position and concur with your recommendation. We will secure approval from the Attorney General's Office prior to making future procurements for legal services.

Minority Business Enterprise Utilization Plan Submission

The TTCECA failed to submit Minority Business Enterprise (MBE) Utilization Plans to the Governor's Office of Small and Minority Business Assistance. Further, the TTCECA failed to submit quarterly progress reports of its minority business activity. Section 5240, of the TTCECA Procurement Policy states,

- (1) In order to emphasize the use of minority small businesses, the TTCECA must develop a Minority Business Enterprise (MBE) Utilization Plan. The MBE Utilization Plan must include, but not be limited to:
 - (b) A policy statement expressing a commitment by the TTCECA to use MBE's in all aspects of procurement;

(2) MBE utilization plans must be submitted to the Governor's Office of Small and Minority Business Assistance ("OSMBA") for approval not later than July thirtieth, annually. Progress reports shall be submitted to the OSMBA not later than ten days after the end of each fiscal quarter and must include the:

- (a) Number of minority firms solicited;
- (b) Number of minority bids received; and
- (c) Dollar amount of minority bids awarded.

We recommend that the TTCECA submit its annual utilization plans and quarterly progress reports to the Governor's Office in compliance with Section 5240 of its Procurement Policy.

TTCECA RESPONSE

We will submit annual utilization plans and quarterly progress reports to the Governor's Office in compliance with Section 5240 of the Procurement Policy.

RECOMMENDATION

Section 1230 of the TTCECA Procurement Policy requires the auditors from the Materials Management Office to review the adequacy of the TTCECA internal controls to ensure compliance with the requirements of this Procurement Policy. Any noncompliance discovered through audit must be transmitted in management letters to the TTCECA and the State Budget and Control Board. The auditors shall provide in writing proposed corrective action to TTCECA. This report accomplishes those requirements.

As stated in our transmittal letter, corrective action based on the recommendations described in this report, we believe, will in all material respects place the Trident Technical College Enterprise Campus Authority in compliance with the TTCECA Procurement Policy.

Under the authority described in Section 841 of the TTCECA Procurement Policy, we recommend the Trident Technical College Enterprise Campus Authority Procurement Policy be re-authorized for another period of five years until the end of the second quarter of the fifth calendar year following approval by the State Budget and Control Board.



Allen R. Townsend, CBM
Audit Manager



Robert J. Aycock, IV, Manager
Audit and Certification

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EXECUTIVE DIRECTOR

April 15, 2011

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 Enterprise Campus Authority to our audit report for the period of October 1, 2006 to September 30, 2010. Also we have followed the Authority's corrective action during and subsequent to our fieldwork. We are satisfied that Trident Technical College Enterprise Campus Authority has corrected the problem areas and the internal controls over the procurement system are adequate.

Therefore, we recommend the Budget and Control Board re-authorize Trident Technical College Enterprise Campus Authority's procurement policy for five years.

Sincerely,

Robert J. Aycock, IV, Manager
Audit and Certification

RJA/gs

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