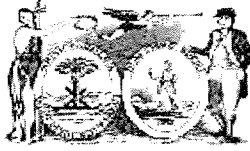


STATE OF SOUTH CAROLINA
State Budget and Control Board
PROCUREMENT SERVICES DIVISION

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R. VOIGHT SHEALY
MATERIALS MANAGEMENT OFFICER

January 9, 2004

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

Dear Delbert:

I have attached the South Carolina Election Commission's procurement audit report and recommendations made by the Office of Audit and Certification. I concur and recommend the report be submitted as information to the Budget and Control Board.

Sincerely,

A handwritten signature in cursive script that reads "Voight Shealy".

R. Voight Shealy
Materials Management Officer

/jl

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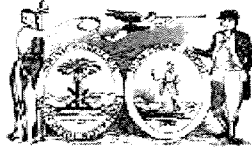
SOUTH CAROLINA ELECTION COMMISSION
PROCUREMENT AUDIT REPORT
JULY 1, 2002 – SEPTEMBER 30, 2003

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

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R. VOIGHT SHEALY
MATERIALS MANAGEMENT OFFICER

January 8, 2004

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 South Carolina Election Commission for the period July 1, 2002 through September 30, 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 procurement policy of the Commission. 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 South Carolina Election Commission 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 two 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 the South Carolina Election Commission in compliance with the South Carolina 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 South Carolina Election Commission. Our on-site review was conducted October 2 through 7, 2003 and was made under the Section 11-35-1230(1) of the South Carolina Consolidated Procurement Code and Section 19-445.2020 of the accompanying regulations.

During the audit of the Commission, the State Budget and Control granted the South Carolina Election Commission the following procurement certifications effective November 12, 2003.

<u>PROCUREMENT AREAS</u>	<u>CERTIFICATION LIMITS</u>
Goods and Services	\$25,000
Consultant Services	\$25,000
Information Technology	\$25,000

Our audit was performed primarily to determine if certification 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 the Commission and its related policies 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, 2002 through September 30, 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 July 1, 2002 to September 30, 2003
- (2) Procurement transactions from the period July 1, 2002 through September 30, 2003 as follows:
 - a) Fifteen payments each exceeding \$1,500
 - b) A block sample of one hundred forty three purchase orders reviewed for order splitting and favored vendors
- (3) Minority Business Enterprise Plans and reports
- (4) Information technology plans for the audit period
- (5) Internal operating procurement procedures manual
- (6) Surplus property disposal procedures
- (7) File documentation and evidence of competition

RESULTS OF EXAMINATION

Artificially Divided Procurements

Two procurements should have been combined and competition solicited based on the total value.

<u>Requisition</u>	<u>Date</u>	<u>Description</u>	<u>Amount</u>
570	4/7/03	Printing	\$1,420
565	4/7/03	Printing	<u>1,500</u>
		Total	<u>\$2,920</u>

Section 11-35-1550 of the Code states, in part, "procurement requirements shall not be artificially divided by governmental bodies."

We recommend the Commission combine orders of like items and solicit competition based on the total value.

Procurement Without Competition

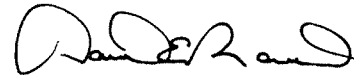
The Commission procured computer maintenance for \$3,426. The payment for this service was made on voucher DV13 dated 7/3/03. The procurement was not supported by evidence of competition, sole source or emergency determination, or exempt.

We recommend the Commission comply with the competitive requirements of the Code for this type of service.

CERTIFICATION RECOMMENDATION

As enumerated in our transmittal letter, corrective action based on the recommendations described in this report, we believe, will in all material respects place the South Carolina Election Commission in compliance with the South Carolina Consolidated Procurement Code and ensuing regulations.

As noted in the Introduction Section of this report, the Office of Audit and Certification was in the process of auditing the Commission on November 12, 2003 when the Budget and Control Board granted certification to fifty-eight agencies, including the Commission. No further certification is recommended at this time. The report is submitted as information only.



David E. Rawl, CPPB
Senior Auditor



Larry G. Sorrell, Manager
Audit and Certification

State of South Carolina



Election Commission

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Public Information Officer

January 8, 2004

Larry Sorrell, Manager
Audit and Certification
State Budget and Control Board
Procurement Services Division
1201 Main Street, Suite 600
Columbia, SC 29201

Dear Mr. Sorrell:

This is in response to the procurement audit report for the State Election Commission for the period of July 1, 2002 – September 30, 2003.

Results of examination found that two procurements should have been combined and competition solicited based on the total value. Corrective action by the State Election Commission will be taken to combine orders of like items and solicit competition based on the total value as prescribed in Section 11-35-1550 in compliance with the South Carolina Consolidated Procurement Code and ensuing regulations.

Results of examination also found procured computer maintenance was not supported by evidence of competition, sole source or emergency determination, or exempt. Corrective action by the State Election Commission will be taken to comply with the competitive requirements of the South Carolina Consolidated Procurement Code and ensuing regulations.

Sincerely,

A handwritten signature in cursive script that reads "Cindy B. Peel".

Cindy B. Peel
Procurement Officer

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

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R. VOIGHT SHEALY
MATERIALS MANAGEMENT OFFICER

January 9, 2004

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 the South Carolina Election Commission to our audit report for the period of July 1, 2002 – September 30, 2003. Also we have followed the Commission's corrective action during and subsequent to our fieldwork. We are satisfied that South Carolina Election Commission has corrected the problem areas and the internal controls over the procurement system are adequate.

Therefore, we recommend the report be submitted as information to the Budget and Control Board.

Sincerely,

Handwritten signature of Larry G. Sorrell in cursive.

Larry G. Sorrell, Manager
Audit and Certification

LGS/jl

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