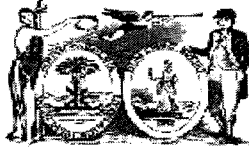


STATE OF SOUTH CAROLINA
State Budget and Control Board
PROCUREMENT SERVICES DIVISION

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DELBERT H. SINGLETON, JR.
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MATERIALS MANAGEMENT OFFICE
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COLUMBIA, SOUTH CAROLINA 29201
(803) 737-0600
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R. VOIGHT SHEALY
MATERIALS MANAGEMENT OFFICER

February 24, 2006

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

Dear Delbert:

I have attached Trident Technical College's audit report and recommendations made by the Office of Audit and Certification. I concur and recommend the Budget and Control Board grant the College a three-year certification as noted in the audit report.

Sincerely,

A handwritten signature in black ink that reads "Voight Shealy".

R. Voight Shealy
Materials Management Officer

/gs

TRIDENT TECHNICAL COLLEGE
PROCUREMENT AUDIT REPORT
JANUARY 1, 2003 – JUNE 30, 2005

TABLE OF CONTENTS

	<u>PAGE</u>
Transmittal Letter.....	1
Introduction.....	3
Scope.....	4
Summary of Audit Findings.....	5
Results of Examination.....	6
Certification Recommendations.....	8
College Response.....	9
Follow-up Letter.	11

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R. VOIGHT SHEALY
MATERIALS MANAGEMENT OFFICER

December 19, 2005

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 Trident Technical College for the period January 1, 2003 through June 30, 2005. 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, assurances 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 that we believe need correction or improvement by Trident Technical College. 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 September 20, 2005 through October 6, 2005 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.

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 March 3, 2005, the Budget and Control Board granted Trident Technical College the following procurement certifications:

<u>PROCUREMENT AREAS</u>	<u>CERTIFICATION LIMITS</u>
Goods and Services	\$ 200,000 per commitment
Consultant Services	\$ 200,000 per commitment
Information Technology	\$ 200,000 per commitment
Construction Contract Award	\$ 50,000 per commitment
Construction Contract Change Order	\$ 50,000 per change order
Architect/Engineer Contract Amendment	\$ 10,000 per change order

Our audit was performed primarily to determine if recertification is warranted. The College requested to remain at the current certifications levels.

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 a judgmental sample for the period January 1, 2003 through June 30, 2005 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, 2003 through June 30, 2005
- (2) Procurement transactions for the period January 1, 2003 through June 30, 2005 as follows:
 - a) One hundred payments each exceeding \$1,500
 - b) A block sample of three-hundred ninety five sequential purchase orders
 - c) Procurement card transactions for the months of April, May and June of 2005
- (3) Nine construction contracts and four related professional service 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) Approval of most recent Information Technology Plans
- (6) Internal procurement procedures manual
- (7) Surplus property disposition
- (8) File documentation and evidence of competition
- (9) Blanket purchase agreements

SUMMARY OF AUDIT FINDINGS

Our audit of the procurement system of the Trident Technical College, hereinafter referred to as the College, produced the following findings and recommendations.

	<u>PAGE</u>
I. <u>Procurement Without Competition</u>	6
One contract lacked evidence of competition.	
II. <u>Blanket Purchase Agreements</u>	6
The College exceeded the limit of \$1,500 in three instances.	
III. <u>Multi-Term Determinations</u>	6
Two multi year contracts were not supported by written multi-term determinations.	
IV. <u>Modification to Solicitation Package</u>	7
The College failed to provide a place to make claim for the South Carolina and United States preferences on three solicitations.	
V. <u>Indefinite Delivery Contracts (IDCs) for Construction</u>	7
The College failed to comply with reporting procedures for IDCs.	

RESULTS OF EXAMINATION

I. Procurement Without Competition

The College contracted with a consultant to develop a lab evaluation plan that included the assembly of equipment, reviewing existing equipment and determining the necessary additional equipment. The contract period was from November 14, 2003 through March 31, 2004 with a potential value of \$18,000. The College considered it to be exempt from the Code as an article for commercial resale through the Continuing Education Department.

We recommend the College solicit competition in accordance with the Code for items that are not exempt.

II. Blanket Purchase Agreements

The internal control limits established by the College for blanket purchase agreements include a maximum limit of \$1,500 per transaction. We noted the following transactions that exceeded the \$1,500 limit.

<u>PO</u>	<u>Check</u>	<u>Amount</u>
B7600039	219344	\$1,502
B7600039	219344	1,666
B7600034	220088	1,651

The transactions were for exempt items and did not require competition. Since each transaction exceeded the \$1,500 limit, the transactions were unauthorized as defined in Regulation 19-445.2015.

We recommend the College comply with its policy for blanket purchase agreements. A ratification request must be submitted to the President or her designee for the unauthorized transactions in accordance with Regulation 19-445.2015.

III. Multi-Term Determinations

The written determinations to justify the following two multi-term contracts were not prepared.

<u>Solicitation</u>	<u>Date</u>	<u>Description</u>
IFB 051204-267JO-915-5/31/04	05/31/04	Audiotape and videotapes
IFB 040105-206KS-968-1/21/04	01/25/04	Street sweeping service

Section 11-35-2030 requires a written determination be prepared for any contract that exceeds one year.

We recommend the College comply with the Code for multi-term solicitations.

IV. Modification to Solicitation Package

The following solicitations did not include a place to claim the South Carolina end product and United States end product preferences as defined in Section 11-35-1524.

<u>Solicitation</u>	<u>Date</u>	<u>Description</u>
RFQ 031118-246JO-966-12/03/03	11/18/03	Printing
IFB 051204-267JO-915-5/31/04	05/31/04	Audiotape and videotapes
RFQ 042905-325JO-206-05/10/05	04/29/05	Refurbished computers

We recommend the requirements found in Section 11-35-1524 be included in the applicable solicitations.

V. Indefinite Delivery Contracts (IDCs) for Construction

Indefinite delivery contracts (IDCs) were awarded for construction and architectural services on an as-needed basis. Section 6.25D of the Manual for Planning and Execution of State Permanent Improvements issued by the Office of the State Engineer requires that agencies submit quarterly reports of IDC activity to the Office of State Engineer. The College has not submitted quarterly reports.

We recommend the College comply with Section 6.25D of the manual.

CERTIFICATION RECOMMENDATIONS

As enumerated in our transmittal letter, corrective action based on the recommendations described in this report, we believe, 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	*\$ 200,000 per commitment
Consultant Services	*\$ 200,000 per commitment
Information Technology	*\$ 200,000 per commitment
Construction Contract Award	\$ 50,000 per commitment
Construction Contract Change Order	\$ 50,000 per change order
Architect/Engineer Contract Amendment	\$ 10,000 per change order

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



David E. Rawl, CPPB
Audit Manager



Larry G. Sorrell, Manager
Audit and Certification



TRIDENT TECHNICAL COLLEGE

February 24, 2006

Mr. Larry G. Sorrell, Manager
Audit & Certification
Procurement Services Division
1201 Main Street, Ste 600
Columbia, SC 29201

Dear Larry:

Re: Audit Draft : 01/01/03 – 06/30/05

We have reviewed your audit draft dated December 19, 2005 for the period January 1, 2003 through June 30, 2005. We concur with the audit findings and the recommendations.

I. Procurement Without Competition: We will review this issue with the Vice President for Continuing Education and Economic Development, who was hired after the contract noted in the audit report was in place.

II. Blanket Purchase Agreements: Attached is a copy of the ratification signed by our President for the unauthorized procurements. In the future we will comply with the code and the regulations when setting up blanket orders.

III. Multi-Term Determination: In the future we will comply with the code and regulations as they apply to multi-term determinations.

IV: Modification to Solicitation Package: Our solicitation packages generally include the South Carolina Product and United States preferences as they apply. These instances were an oversight by one buyer. We will assure that all procurement officers understand this requirement in order to comply on future solicitations.

V. Indefinite Delivery Contracts (IDC's) For Construction: The Procurement Office will work closely with the Facilities Management department to comply with Section 6.25D of the manual.

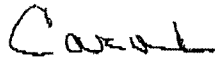
Berkeley Campus | Main Campus | Palmer Campus

Page 2

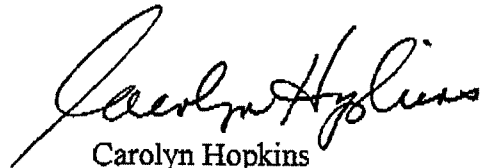
It's always a pleasure to work with you and your staff. It was very nice working with David again. We appreciate his willingness to consider our input and, as well as to answer our questions and offer suggestions.

We appreciate your recommendation to recertify at our current limits.

Sincerely,



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



Carolyn Hopkins
VP for Finance and
Administration

Cc: David E. Rawl, CPPB, Senior Auditor

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R. VOIGHT SHEALY
MATERIALS MANAGEMENT OFFICER

February 24, 2006

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 January 1, 2003 to June 30, 2005. 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 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/gs

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