

**SOUTH CAROLINA DEPARTMENT OF
PARKS, RECREATION & TOURISM**

PROCUREMENT AUDIT REPORT

JANUARY 1, 2010 – DECEMBER 31, 2014

TABLE OF CONTENTS

	<u>PAGE</u>
Transmittal Letter	1
Introduction	3
Scope	4
Results of Examination	6
Conclusion.....	7

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September 21, 2016

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 Parks, Recreation and Tourism for the period January 1, 2010 through December 31, 2014. 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 established 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 South Carolina Department of Parks, Recreation, and Tourism. 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 Parks, Recreation, and Tourism 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 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. Based on the testing performed, our examination did not reveal any material findings.

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 Parks, Recreation and Tourism, hereinafter referred to as PRT. 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 June 14, 2011, the State Budget and Control Board granted PRT the following procurement certifications:

<u>PROCUREMENT AREAS</u>	<u>CERTIFICATION LIMITS</u>
Supplies and Services	*\$ 100,000 per commitment
Construction Contract Award	\$ 100,000 per commitment
Construction Contract Change Order	\$ 100,000 per change order
Architect/Engineer Contract Amendment	\$ 15,000 per amendment

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

Our audit was performed primarily to determine if recertification was warranted. PRT requested the following increased certification levels.

<u>PROCUREMENT AREAS</u>	<u>CERTIFICATION LIMITS</u>
Supplies and Services	*\$ 250,000 per commitment
Construction Contract Award	\$ 250,000 per commitment
Construction Contract Change Order	\$ 250,000 per change order
Architect/Engineer Contract Amendment	\$ 50,000 per amendment

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 PRT 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 January 1, 2010 through December 31, 2014 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, 2011 through December 31, 2014 as follows:
 - a) One hundred six payments each exceeding \$2,500, with no exceptions
 - b) A purchase order block sample review for the period April 22, 2014 through December 12, 2014 to check against the use of order splitting and favored vendors, with no exceptions
 - c) Procurement card transactions for October, November, and December 2014, with no exceptions
- (2) All sole source, emergency, and trade-in sale procurements for the period January 1, 2010 through December 31, 2014, 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>
FY11-12	\$240,049	\$ 88,492
FY12-13	\$351,735	\$179,907
FY13-14	\$451,775	\$283,229

- (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.

CONCLUSION

Based on the testing performed, our examination did not reveal any material findings. In our opinion, the South Carolina Department of Parks, Recreation, and Tourism complies with the South Carolina Consolidated Procurement Code, State regulations and South Carolina Department of Parks, Recreation, and Tourism's procurement policies and procedures in all material respects and the internal procurement operating procedures were 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 Parks, Recreation and Tourism be recertified to make direct agency procurements for three years up to the following levels:

<u>PROCUREMENT AREAS</u>	<u>CERTIFICATION LIMITS</u>
Supplies and Services	*\$ 250,000 per commitment
Construction Contract Award	\$ 250,000 per commitment
Construction Contract Change Order	\$ 250,000 per change order
Architect/Engineer Contract Amendment	\$ 50,000 per amendment

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

Robin Devette Jacobs, CPA, CGMA

Robin D. Jacobs, CPA, CGMA
Audit Manager



Robert J. Aycock, IV, Manager
Audit and Certification