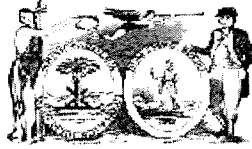


STATE OF SOUTH CAROLINA
State Budget and Control Board
PROCUREMENT SERVICES DIVISION

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DIVISION DIRECTOR
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MATERIALS MANAGEMENT OFFICE
1201 MAIN STREET, SUITE 600
COLUMBIA, SOUTH CAROLINA 29201
(803) 737-0600
Fax (803) 737-0639

R. VOIGHT SHEALY
MATERIALS MANAGEMENT OFFICER

January 7, 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 Orangeburg-Calhoun Technical College'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

ORANGEBURG-CALHOUN TECHNICAL COLLEGE
PROCUREMENT AUDIT REPORT
JULY 1, 2002 - SEPTEMBER 30, 2003

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R. VOIGHT SHEALY
MATERIALS MANAGEMENT OFFICER

January 6, 2004

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

Dear Voight:

We have examined the procurement policies and procedures of Orangeburg-Calhoun Technical College 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 College. 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 Orangeburg-Calhoun 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, 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 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 Orangeburg-Calhoun 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 Orangeburg-Calhoun Technical College. Our on-site review was conducted September 18, 2003 through October 1, 2003 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.

During the audit of the College, the State Budget and Control Board granted the College 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 Orangeburg-Calhoun 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 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 through September 30, 2003
- (2) Procurement transactions for the period July 1, 2002 through September 30, 2003 as follows:
 - a) Thirty-five payments exceeding \$1,500 each
 - b) A block sample of one hundred sixty-one purchase orders reviewed for order splitting and favored vendors
- (3) Two construction contracts and one professional service contract for compliance with the Manual for Planning and Execution of State Permanent Improvements
- (4) Minority Business Enterprise reports for the audit period
- (5) Information technology plans for the audit period
- (6) Internal procurement procedures manual
- (7) Surplus property disposal procedures
- (8) File documentation and evidence of competition

RESULTS OF EXAMINATION

Unauthorized Procurements

Two procurements were made by persons who did not have procurement authority causing each to be unauthorized.

<u>PO</u>	<u>Amount</u>	<u>Description</u>
P0004243	\$10,259	Training and manuals
P0004459	1,585	Modular furniture modification

On P0004243, the items were procured prior to obtaining approval from the Procurement Office. The modular furniture modification on P0004459 was on a contract issued by the Materials Management Office (MMO). The College did not have the authority to modify the MMO contract. Since the persons obligating the funds did not have the authority to do so, the procurements were unauthorized as defined in Regulation 19-445.2015.

We recommend the College implement adequate internal controls to eliminate unauthorized procurements. The College must request ratification for each unauthorized procurement from the Materials Management Officer in accordance with Regulation 19-445.2015.

Procurements Without Competition

Four procurements were not supported by evidence of competition, sole source or emergency determinations, or exempt.

<u>PO</u>	<u>Amount</u>	<u>Description</u>
B0000921	\$2,056	Electrical supplies
P0004657	2,250	Consultant
P0004844	1,622	Refrigerators
P0005288	1,895	Water removal

We recommend the College comply with the competitive requirements of the Code for these types of items.

Blanket Purchase Agreements

The College establishes blanket agreements for miscellaneous supplies for the Facilities Department monthly. The purchase orders do not include the description of agreement, extent of

obligation, notice of authorized individuals, delivery tickets, and invoicing method that are required per Regulation 19-445.2100.

We recommend the College comply with the requirements of the Regulations on blanket purchase agreements.

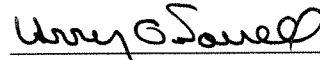
CERTIFICATION RECOMMENDATION

As enumerated in our transmittal letter, corrective action based on the recommendations described in this report, we believe, will in all material respects place Orangeburg-Calhoun Technical College 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 College on November 12, 2003 when the Budget and Control Board granted certification to fifty-eight agencies, including the College. No further certification is recommended at this time. The report is submitted as information only.



Melissa Rae Thurstin
Senior Auditor



Larry G. Sorrell, Manager
Audit and Certification



Orangeburg-Calhoun
Technical College

December 15, 2003

Mr. Larry G. Sorrell
Manager, Audit and Certification
Materials Management Office
1201 Main Street, Suite 600
Columbia, South Carolina 29201

Dear Mr. Sorrell:

I have reviewed the draft procurement audit report for Orangeburg Calhoun Technical College for the period of July 1, 2002 – September 30, 2003. I agree with the content of the report and the recommendations. During our “exit meeting” with Melissa Thurstin we discussed the evaluation and have since taken action to implement all of the recommendations indicated in the report.

I appreciate your office’s prompt handling of my request for an audit. The audit was conducted in a professional manner. Melissa Thurstin was a pleasure to work with and was extremely helpful to me in my capacity as a new procurement officer.

Sincerely,

A handwritten signature in cursive script that reads "Cheryl D. Patrick".

Cheryl D. Patrick
Procurement Director

Cc: Dr. Anne Crook, President
Retta Guthrie, VP for Business Affairs

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R. VOIGHT SHEALY
MATERIALS MANAGEMENT OFFICER

January 7, 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 Orangeburg-Calhoun Technical College to our audit report for the period of July 1, 2002 – September 30, 2003. Also we have followed the College's corrective action during and subsequent to our fieldwork. We are satisfied that Orangeburg-Calhoun Technical College 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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