

**MIDLANDS TECHNICAL COLLEGE**  
**ENTERPRISE CAMPUS AUTHORITY**  
**PROCUREMENT AUDIT REPORT**  
**JANUARY 1, 2013 – MARCH 31, 2016**

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STATE TREASURER

RICHARD ECKSTROM, CPA  
COMPTROLLER GENERAL



THE DIVISION OF PROCUREMENT SERVICES  
DELBERT H. SINGLETON, JR.  
DIVISION DIRECTOR  
(803) 734-8018

JOHN ST. C. WHITE  
MATERIALS MANAGEMENT OFFICE  
(803) 737-0600  
FAX: (803) 737-0639

HUGH K. LEATHERMAN, SR.  
CHAIRMAN, SENATE FINANCE COMMITTEE

W. BRIAN WHITE  
CHAIRMAN, HOUSE WAYS AND MEANS

GRANT GILLESPIE  
EXECUTIVE DIRECTOR

August 24, 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 Midlands Technical College Enterprise Campus Authority for the period January 1, 2013 through March 31, 2016. 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 Midlands 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 Midlands 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 those transactions are executed in accordance with management's authorization and recorded properly.

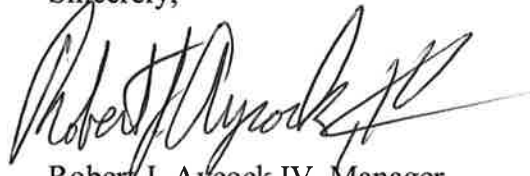
Because of inherent limitations in any system of internal controls, errors or irregularities may occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree 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 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 Midlands Technical College Enterprise Campus Authority in compliance with its Procurement Policy.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert J. Aycock IV". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Robert J. Aycock IV, Manager  
Audit and Certification

## INTRODUCTION

We conducted an examination of the internal procurement operating policies and procedures of the Midlands Technical College Enterprise Campus Authority (MTCECA). The audit was conducted under authority of Section 1230 of the Midlands Technical College Enterprise Campus Authority Procurement Policy, which states in part, “The Materials Management Office in consultation with MTCECA 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 MTCECA internal controls in order to ensure compliance with the requirement of this Procurement Policy.”

The MTCECA Procurement Policy is authorized by Section 59-53-1784(B) of the South Carolina Code of Laws and applies to all procurements of supplies, services, or construction by MTCECA for matters associated with the Enterprise Campus as that term is defined in Section 59-53-1781.

The MTCECA Procurement Policy was originally approved by the State Budget and Control Board<sup>1</sup> on January 25, 2005. MTCECA had its Procurement Policy last reauthorized in September 2013. Section 841 of the MTCECA Procurement Policy requires that the Policy shall be resubmitted to the State Fiscal Accountability Authority for re-approval after five years. The MTCECA Procurement Policy expires at the end of the second quarter of the fifth calendar year following approval unless re-approved by the State Fiscal Accountability Authority.

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

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<sup>1</sup> The South Carolina Restructuring Act 121 of 2014 abolished the Budget and Control Board as of June 30, 2015 and created the State Fiscal Accountability Authority effective July 1, 2015.

## 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 MTCECA, 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 tested procurement transactions for the period January 1, 2013 through March 31, 2016 for compliance 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) Sole source and emergency procurements for the period January 1, 2013 through March 31, 2016, for which there were none
- (2) Procurement transactions for the period January 1, 2013 through March 31, 2016 as follows:
  - a) All Payments exceeding \$10,000 with one exception
  - b) A block sample of twenty-six purchase orders reviewed against the use of order splitting and favored vendors with no exceptions
  - c) The Procurement Card program including a review of three randomly selected monthly statements (October 2015 through December 2015) for compliance with the State procurement card policy and MTCECA internal procurement card policy, with one exception
- (3) Minority Business Enterprise (MBE) annual plans and reports for January 1, 2013 through March 31, 2016 with no exceptions
- (4) Ratification of unauthorized procurements for which there were none
- (5) Review of Architect and Engineer procurements for which there were none
- (6) Review of all Blanket Purchase Orders with no exceptions
- (7) Other tests performed as deemed necessary with no exceptions

## RESULTS OF EXAMINATION

The MTCECA made a procurement for \$10,500 without competition for an Industrial Site Certification. Reference purchase order P0029002 dated August 27, 2014. Section 1550(c) of the Procurement Policy requires for purchases from ten thousand one cent to one hundred thousand dollars that written solicitation of written quotes from a minimum of three qualified sources of supply must be made and documentation of the quotes attached to the purchase requisition. The award must be made to the lowest responsive and responsible source.

We recommend the MTCECA comply with the competitive requirements of the Procurement Policy.

We reviewed procurement card activity for September, October, and November, 2015. MTCECA has one individual with a procurement card. We noted that procurement card statements were not being signed by the cardholder or supervisor. Section III of the State Purchasing Card Policy Manual requires the cardholder to sign the cardholder activity statements as confirmation of purchases. Additionally, the supervisor should sign the cardholder activity statements signifying review and approval for payment.

We recommend that MTCECA comply with the State Purchasing Card Policy and Procedures Manual regarding review and approval of procurement card statements.


**RECOMMENDATIONS**

Section 1230 of the Midlands Technical College Enterprise Campus Authority Procurement Policy requires the auditors from the Materials Management Office to review the adequacy of the Midlands Technical College Enterprise Campus Authority internal controls to ensure compliance with the requirement of this Procurement Policy. Any noncompliance discovered through audit must be transmitted in management letters to the Midlands Technical College Enterprise Campus Authority and the State Fiscal Accountability Authority. The auditors shall provide in writing proposed corrective action to Midlands Technical College Enterprise Campus Authority. This report accomplishes that requirement.

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 Midlands Technical College Enterprise Campus Authority in compliance with the Midlands Technical College Enterprise Campus Authority Procurement Policy.

Under the authority described in Section 841 of the Midlands Technical College Enterprise Campus Authority Procurement Policy, we recommend reauthorization of Midlands Technical College Enterprise Campus Authority Procurement Policy for another period of up to five years.

  
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Mary Jefferson  
Senior Auditor

  
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Robert J. Aycock IV, Manager  
Audit and Certification





August 25, 2016

Mr. John St. C. White, Materials Management Officer  
State Fiscal Accountability Authority  
Division of Procurement Services  
1201 Main Street, Suite 600  
Columbia, South Carolina 29201

Re: Response to Procurement Audit Findings and Request for Recertification of the current MTCECA's Procurement Authorization – SC General Assembly Act 200 of 2004, Section 59-53-1784(B)

Dear Mr. White,

First, we have reviewed the draft procurement audit report issued on August 24, 2016 for the audit period January 1, 2013 – March 31, 2016 and we are in concurrence with the audit findings. As a result, we are in the process of revising our current policies and procedures to assistance in developing tools and ongoing training to prevent future findings.

Secondly, MTCECA's procurement policy reflects a policy that is very similar to the methodologies and procedures contained in the State Procurement Code. Therefore, as this Authority remains committed to maintaining professional, efficient procurement systems, we are requesting recertification of our current certification authority for Midlands Technical College Enterprise Campus Authority.

In closing, let us thank you and your staff both for the professional manner in which you conducted this audit as well as for all the assistance you continually provide MTCECA.

Sincerely,

A handwritten signature in black ink that reads 'Debbie M. Walker'.

Ms. Debbie M. Walker  
Vice President for Business Affairs

DMW/lt

C: Ms. Latitia Trezevant, MTC Procurement Director  
Mr. Robert J. Aycock, Manager - SFAA Audit and Certification

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CHAIRMAN, HOUSE WAYS AND MEANS

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EXECUTIVE DIRECTOR

August 30, 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 reviewed the response from the Midlands Technical College Enterprise Campus Authority to our audit report for the period of January 1, 2013 through March 31, 2016. In our opinion, the Authority complies with its procurement policy in all material respects and the internal procurement operating procedures are adequate to properly handle procurement transactions. Therefore, we recommend the State Fiscal Accountability Authority re-authorize the Midlands Technical College Enterprise Campus Authority's procurement policy for five years.

Sincerely,

Robert J. Aycock, IV, Manager  
Audit and Certification

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