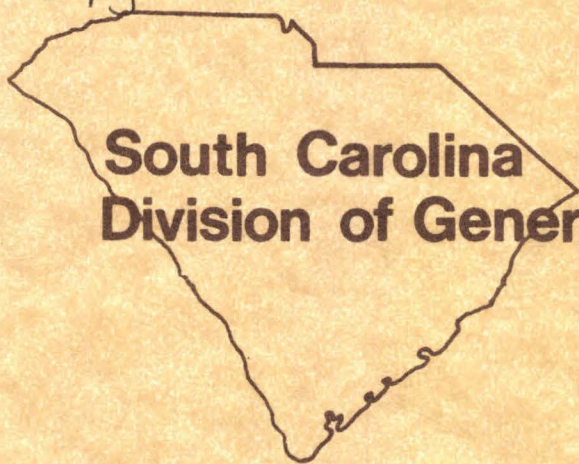


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**South Carolina  
Division of General Services**

# PROCUREMENT AUDIT AND CERTIFICATION

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SOUTH CAROLINA COORDINATING  
COUNCIL FOR ECONOMIC DEVELOPMENT

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**AGENCY**

JULY 1, 1987 - JUNE 30, 1989

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**DATE**

STATE OF SOUTH CAROLINA  
**State Budget and Control Board**  
DIVISION OF GENERAL SERVICES



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GOVERNOR

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CHAIRMAN, SENATE FINANCE COMMITTEE

ROBERT N. McLELLAN  
CHAIRMAN, WAYS AND MEANS COMMITTEE

JESSE A. COLES, JR., Ph.D.  
EXECUTIVE DIRECTOR

January 2, 1989

Mr. Richard W. Kelly  
Director  
Division of General Services  
1201 Main Street, Suite 400  
Columbia, South Carolina 29201

Dear Rick:

Attached is the final South Carolina Coordinating Council for Economic Development audit report and recommendations made by the Office of Audit and Certification. Since no certification above the \$2,500.00 limit allowed by law was requested, and no action is necessary by the Budget and Control Board, I recommend that this report be presented to them for their information.

Sincerely,

A handwritten signature in cursive script that reads "James J. Forth, Jr.".

James J. Forth, Jr.  
Assistant Division Director

/j1j

Attachment

SOUTH CAROLINA  
COORDINATING COUNCIL FOR  
ECONOMIC DEVELOPMENT  
AUDIT REPORT

JULY 1, 1987 - JUNE 30, 1989

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*State Budget and Control Board*  
DIVISION OF GENERAL SERVICES



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CHAIRMAN, WAYS AND MEANS COMMITTEE

JESSE A. COLES, JR., Ph.D.  
EXECUTIVE DIRECTOR

December 20, 1989

Mr. James J. Forth, Jr.  
Assistant Division Director  
Division of General Services  
1201 Main Street, Suite 600  
Columbia, South Carolina 29201

We have examined the procurement policies and procedures of the Coordinating Council for Economic Development for the period July 1, 1987 - June 30, 1989. As a part of our examination, we made a study and evaluation of the system of internal control over procurement transactions to the extent we considered necessary.

The purpose of such evaluation was to establish a basis for reliance upon the system of internal control to assure adherence to the Consolidated Procurement Code and State and Council procurement policy. Additionally, the evaluation was used in determining the nature, timing and extent of other auditing procedures that were necessary for developing an opinion on the adequacy, efficiency and effectiveness of the procurement system.

The administration of the Coordinating Council for Economic Development is responsible for establishing and maintaining a

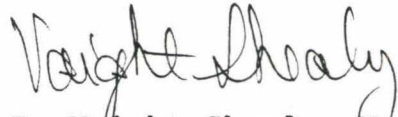
system of internal control over procurement transactions. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, 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 due professional care. They would not, however, because of the nature of audit testing, necessarily disclose all weaknesses in the system.

The examination did, however, disclose conditions enumerated in this report which we believe to be subject to correction or improvement.

Corrective action based on the recommendations described in these findings will in all material respects place the Coordinating Council for Economic Development in compliance with the South Carolina Consolidated Procurement Code and ensuing regulations.



R. Voight Shealy, Manager  
Audit and Certification

## RESULTS OF EXAMINATION

The Office of Audit and Certification performed an examination of the internal operating procedures and policies and related manual of the Coordinating Council for Economic Development for the period July 1, 1987 through June 30, 1989. Our on-site review was conducted on July 21, 1989, and was made under the authority described in Section 11-35-1230(1) of the South Carolina Consolidated Procurement Code.

The Coordinating Council for Economic Development had a limited number of procurement actions during the audit period so we tested all of them.

In the past, the Council's sole source and emergency procurements and/or trade-in sales, were included in the State Development Board's quarterly reports. However, since the Council is a separate agency, it should report these activities separately. Even if no activity occurs in the quarter, a quarterly report is required with report marked "no activity".

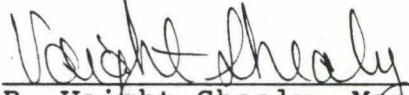
Also, the Council should have its own Minority Business Utilization Plan or an accepted "letter of intent" approved by the Office of Small and Minority Business Assistance.

Finally, the Council should either prepare their own procurement procedures manual or file with the Division of General Service's Office of Audit and Certification a letter of intent to follow the State Development Board's purchasing procedures since both agencies have the same board chairman.



Since the Council has not requested additional certification, we recommend that they be allowed to procure all goods and services, consultants, construction and information technology up to the basic level of \$2,500.00, as outlined in the Procurement Code.

  
James M. Stiles, PPB  
Audit Manager

  
R. Voight Shealy, Manager  
Audit and Certification



SOUTH CAROLINA COORDINATING COUNCIL  
FOR ECONOMIC DEVELOPMENT

Richard E. Greer  
Chairman

December 5, 1989

Mr. R. Voight Shealy  
Budget and Control Board  
Division of General Services  
1201 Main Street  
Columbia, South Carolina 29201

Dear Mr. Shealy:

I have reviewed the "Results of Examination" as prepared for the period July 1, 1987 through June 30, 1989. Your recommendations have been reviewed, and I concur with your recommendations. The Council will:

File CCED quarterly reports separately from the Development Board.

Develop its Minority Business Utilization Plan or "letter of intent."

File a letter of intent to follow the Development Board's purchasing procedures.

Sincerely,

  
Richard E. Greer

REG:sc

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JESSE A. COLES, JR., Ph.D.  
EXECUTIVE DIRECTOR

December 20, 1989

Mr. James J. Forth, Jr.  
Assistant Division Director  
Division of General Services  
1201 Main Street, Suite 600  
Columbia, South Carolina 29201

Dear Jim:

We have reviewed the response to our audit report covering the South Carolina Coordinating Council for Economic Development covering the period of July 1, 1987 - June 30, 1989. Combined with observations made during our exit conference, this review has satisfied the Office of Audit and Certification that the agency has corrected the problem areas found and that internal controls over the procurement system are adequate.

Additional certification was not requested. Therefore, we recommend that the Coordinating Council for Economic Development be allowed to continue procuring all goods and services, consulting services, construction and information technology up to the basic level as outlined in the South Carolina Consolidated Procurement Code.

Sincerely,

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

R. Voight Shealy, Manager  
Audit and Certification

/jllj

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