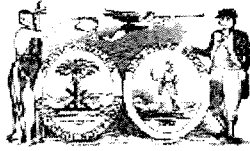


STATE OF SOUTH CAROLINA
State Budget and Control Board
PROCUREMENT SERVICES DIVISION

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R. VOIGHT SHEALY
MATERIALS MANAGEMENT OFFICER

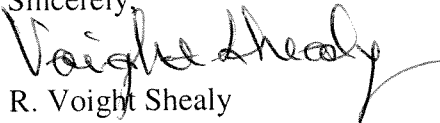
January 7, 2004

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

Dear Delbert:

I have attached the Procurement Review Panel 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,


R. Voight Shealy
Materials Management Officer

/jl

SOUTH CAROLINA PROCUREMENT REVIEW PANEL
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
Office of Procurement Services
1201 Main Street, Suite 600
Columbia, South Carolina 29201

Dear Voight:

We have examined the procurement policies and procedures of the South Carolina Procurement Review Panel 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 Panel. 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 South Carolina Procurement Review Panel 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.

Sincerely,



Larry G. Sorrell, Manager
Audit and Certification

INTRODUCTION

We conducted an examination of the internal procurement operating policies and procedures of the South Carolina Procurement Review Panel. Our on-site review was conducted on October 30, 2003 and was made under the 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 Panel, the State Budget and Control Board granted the Panel 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 the Panel and its related policies to the extent we deemed necessary to formulate an opinion on the adequacy of the system to properly handle procurement transactions.

We reviewed procurement transactions for the period July 1, 2002 through September 30, 2003 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 to September 30, 2003
- (2) Each voucher from the period July 1, 2002 through September 30, 2003
- (3) Minority Business Enterprise Plans and reports
- (4) Information technology plans for the audit period
- (5) Internal operating procurement procedures manual
- (6) Surplus property disposal procedures
- (7) File documentation and evidence of competition

RESULTS OF EXAMINATION

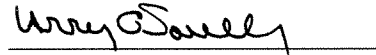
The Panel had a limited number of procurement transactions. Our examination of these indicated each was handled properly. No exceptions noted.

CERTIFICATION RECOMMENDATION

As noted in the Introduction Section of this report, the Office of Audit and Certification was in the process of auditing the Panel on November 12, 2003 when the Budget and Control Board granted certification to fifty-eight agencies, including the Panel. No further certification is recommended at this time. The report is submitted as information only.



David E. Rawl, CPPB
Senior Auditor



Larry G. Sorrell, Manager
Audit and Certification

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