





RICHLAND ONE

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**Procurement Services
Central Services Facility**

TO: Hershula Davis, Audits Manager
Office of Auditing Services

THRU: Sherri Mathews-Hazel, CPA 
Chief Financial Officer

FROM: LaShonda Outing, CPPB 
Director, Procurement and Warehouse Services

DATE: December 6, 2022

RE: Response to Draft P-Card Audit of Richland County School District One

Scope of Review: The State of South Carolina Department of Education conducted an audit covering the period of March 28, 2022 – August 27, 2022. According to the District records for this time period, the audit consisted of 426 statements with 3,858 transactions.

The audit found some exceptions, and the District appreciates those identified opportunities to improve; however, none of the findings were significant or rose to material impact. The District strives for 100% compliance, but only a few organizations can achieve zero exceptions regarding compliance issues.

The District has controls that help establish more than reasonable assurance that risks are mitigated to an acceptable level. The District will continue to ensure those controls are in place, and the potential impact of any exception is kept to a minimum based on the rules we currently have in place.

The following is provided in Response to the Draft P-Card Audit of Richland County School District One report issued by the State of South Carolina Department of Education dated October 27, 2022:

Findings

1. **SCDE Finding 1:** Card Approvers and Liaison not reviewing P-Card Transactions for Compliance and Completeness

Richland One Response: *The District P-Card process includes checks and balances for compliance. Auditors identified "several" of the 3,858 transactions reviewed as not complying with the District's P-Card Procedures. Cardholders will be reminded of proper procedures.*

Corrective Action Planned: *Cardholders, approvers and liaisons will be reminded on all practices for compliance and completeness. A memo will be distributed District wide to all cardholders, liaisons and approvers outlining reminders on P-Card compliance and completeness.*

Implementation Date of Corrective Action: *December 16, 2022*

Person Responsible: *Director of Procurement Services*

2. **SCDE Finding 2:** Recommendations from internal Auditor Report Not implemented.

Richland One Response: *The recommendations from the Internal Auditor Report were implemented; however, the Internal P-Card procedures will be modified to reflect the current practices of the District.*

Corrective Action Planned: *The Internal P-Card procedures will be modified to reflect the current practices.*

Implementation Date of Corrective Action: *February 1, 2023*

Person Responsible: *Director of Procurement Services*

3. **SCDE Finding 3:** Use of Pcard by Someone other than the cardholder

Richland One Response: *The District P-Card process includes checks and balances for compliance. In these instances, the principal or supervisor authorized their Administrative Assistant to place orders by phone or online.*

Corrective Action Planned: *Cardholders, approvers and liaisons will be reminded on all practices for compliance and completeness. A memo will be distributed District wide to all cardholders, liaisons and approvers outlining reminders on P-Card compliance and completeness.*

Implementation Date of Corrective Action: *December 16, 2022*

Person Responsible: *Director of Procurement Services*

4. **SCDE Finding 4:** Personal purchases made with P-Card

Richland One Response: *The District P-Card process includes checks and balances for compliance. Auditors noted three (3) of the 3,858 transactions regarding the use of the P-Card for personal purchases. Items purchased on personal membership accounts were used for business purposes in the District. Currently, disciplinary procedures are in place to reprimand violators. Employees were notified that they were in non-compliance, and reimbursement was made to the District.*

Corrective Action Planned: Cardholders, approvers and liaisons will be reminded on all practices for compliance and completeness. A memo will be distributed District wide to all cardholders, liaisons and approvers outlining reminders on P-Card compliance and completeness.

Implementation Date of Corrective Action: December 16, 2022

Person Responsible: Director of Procurement Services

5. **SCDE Finding 5:** Purchases shipped to a residence

Richland One Response: The District P-Card process includes checks and balances for compliance. Auditors identified two (2) transactions of 3,858 transactions as items shipped to a personal residence.

Corrective Action Planned: Cardholders, approvers and liaisons will be reminded on all practices for compliance and completeness. A memo will be distributed District wide to all cardholders, liaisons and approvers outlining reminders on P-Card compliance and completeness.

Implementation Date of Corrective Action: December 16, 2022

Person Responsible: Director of Procurement Services

6. **SCDE Finding 6:** Purchases of equipment with a value of \$100 or more

Richland One Response: The District P-Card process includes checks and balances for compliance. The Auditors identified nine (9) instances of 3,858 transactions as equipment purchases. The two items, ratchet kits, and chair, are not equipment per the District capitalization policy.

Corrective Action Planned: Cardholders, approvers and liaisons will be reminded on all practices for compliance and completeness.

Implementation Date of Corrective Action: A memo will be distributed District wide by December 16, 2022 to all cardholders, liaisons and approvers outlining reminders on P-Card compliance and completeness. The memo shall include a reminder regarding the District's policy prohibiting the purchase of sensitive equipment over \$100.

Implementation Date of Corrective Action: December 16, 2022

Person Responsible: Director of Procurement Services

7. **SCDE Finding 7:** Excessive rate charged to the P-Card

Richland One Response:

The District P-Card process includes checks and balances for compliance. Auditors identified one (1) incident of 3,858 transactions regarding the excessive rate charged on the P-Card. The incident in question identified a reservation deemed non-refundable after a lower rate for lodging was available to secure.

Corrective Action Planned: Cardholders, approvers and liaisons will be reminded to follow the guidelines specified under the District's travel guidelines for compliance and completeness. A memo will be distributed District wide to all cardholders, liaisons and approvers outlining reminders on P-Card compliance and completeness.

Implementation Date of Corrective Action: December 16, 2022

Person Responsible: Director of Procurement Services

8. **SCDE Finding 8:** Superintendent does not have an approver for P-Card

Richland One Response: *The District P-Card process includes checks and balances for compliance.*

Corrective Action Planned: *The Chief Financial Officer (CFO) currently reviews and approves the Superintendent's P-Card transactions. Additionally, the P-Card Administrator reviews all transactions for compliance purposes, including the Superintendent. Currently and henceforth, the Board of School Commissioners Chairperson is reviewing and approving the Superintendent's P-Card transactions.*

Implementation Date of Corrective Action: *Currently in place (December 6, 2022)*

Person Responsible: *Director of Procurement Services*

9. **SCDE Finding 9:** Superintendent's monthly P-Card Statement not Dated

Richland One Response: *The District has checks and balances in place for compliance. Only 1 statement of the 426 statements reviewed did not have a date.*

Corrective Action Planned: *Cardholders, approvers and liaisons will be reminded on all practices for compliance and completeness. All cardholders will be reminded to include the date with signature. A memo will distributed District wide to all cardholders, liaisons and approvers outlining reminders on P-Card compliance and completeness.*

Implementation Date of Corrective Action: *December 16, 2022*

Person Responsible: *Director of Procurement Services*

10. **SCDE Finding 10:** Splitting Transactions to circumvent single transactions limit (\$1500)

Richland One Response: *The District P-Card process includes checks and balances for compliance. The State auditors identified one (1) of 3,858 transactions as a split transaction.*

Corrective Action Planned: *Cardholders, approvers and liaisons will be reminded on all practices for compliance and completeness. A memo will be distributed District wide to all cardholders, liaisons and approvers outlining reminders on P-Card compliance and completeness.*

Implementation Date of Corrective Action: *December 16, 2022*

Person Responsible: *Director of Procurement Services*

11. **SCDE Finding 11:** P-Card Policies and Procedures not updated

Richland One Response: *The P-Card Internal Procedures were last updated in February 2022, before the new Model Procurement was approved in May 2022 and was implemented on July 1, 2022.*

Corrective Action Planned: *The District will be review and update the Internal P-Card Procedures.*

Implementation Date of Corrective Action: *February 1, 2023*

Person Responsible: *Director of Procurement Services*

12. **SCDE Finding 12:** District and Cardholders not following P-Card Policies and Procedures

Richland One Response: *The District P-Card process includes checks and balances for compliance.*

Corrective Action Planned: *The District procedures will be modified to align with current practices. More specifically, the District will remove language about requisitions to reflect the current practices of the District. A memo will be distributed District wide to all cardholders, liaisons and approvers outlining reminders on P-Card compliance and completeness.*

Implementation Date of Corrective Action: *December 16, 2022*

Person Responsible: *Director of Procurement Services*

13. **SCDE Finding 13:** Purchase from vendors with blocked merchant category codes (MCCs)

Richland One Response: *The District P-Card currently has processes and procedures to monitor all P-Card transactions. In the last nine months, the cardholder internal spending controls were modified per P-Card by the MCCs standard groups categories to align with the employee's job responsibilities.*

Corrective Action Planned: *District will modify the Internal P-Card Procedures to align with the current practices, positions, and responsibilities to ensure it complies with the exceptions noted.*

Implementation Date of Corrective Action: *February 1, 2023*

Person Responsible: *Director of Procurement Service*

14. **SCDE Finding 14:** P-Card used for prohibited purposes

Richland One Response:

The District P-Card process includes checks and balances for compliance. The District Internal P-Card Procedures will be modified to align with current practices. The State auditors identified twelve (12) transactions of 3,858. All transactions identified were approved District expenses for student summer school activities, staff professional development, and a new Richland One Exhale initiative for all employees. Written violations are issued to cardholders for non-business use.

Corrective Action Planned: *The required Determination of Deviation Form will be completed for support documentation. Cardholders, approvers and liaisons will be reminded on all practices for compliance and completeness. A memo will be distributed District wide to all cardholders, liaisons and approvers outlining reminders on P-Card compliance and completeness.*

Implementation Date of Corrective Action: *December 16, 2022*

Person Responsible: *Director of Procurement Services*

15. **SCDE Finding 15:** Required District forms must be completed properly.

Richland One Response: *The District P-Card process includes checks and balances for compliance. The District will ensure all forms are completed and attached with the invoice/receipt as support of the purchase.*

Corrective Action Planned: *Cardholders, approvers and liaisons will be reminded on all practices for compliance and completeness. A memo will be distributed District wide to all cardholders, liaisons and approvers outlining reminders on P-Card compliance and completeness.*

Implementation Date of Corrective Action: *December 16, 2022*

Person Responsible: *Director of Procurement Services*

16. **SCDE Finding 16:** Unauthorized signatures on monthly P-Card Statement and P-Card receipt forms

Richland One Response: *The District P-Card process includes checks and balances for compliance. Auditors identified one (1) of approximately 426 statements. The District will continue to monitor the separation of duties and internal controls.*

Corrective Action Planned: *Cardholders, approvers and liaisons will be reminded on all practices for compliance and completeness. A memo will be distributed District wide to all cardholders, liaisons and approvers outlining reminders on P-Card compliance and completeness.*

Implementation Date of Corrective Action: *December 16, 2022*

Person Responsible: *Director of Procurement Services*

17. **SCDE Finding 17:** Purchasing Card Violation Warning Form not completed for cardholders identified as violating the P-Card policy.

Richland One Response: *The District P-Cards Internal Procedures include processes to reprimand violators. Two (2) incidents of 3,858 transactions were identified as not being adequately documented.*

Corrective Action Planned: *Future violations will be documented in writing with the use of the P-Card Violation Form instead of an email notification. A memo will be distributed District wide to all cardholders, liaisons and approvers outlining reminders on P-Card compliance and completeness.*

Implementation Date of Corrective Action: *December 16, 2022*

Person Responsible: *Director of Procurement Services*

18. **SCDE Finding 18:** P-Card Statements not received by the deadline

Richland One Response: *The District P-Card process includes checks and balances for compliance. Ten (10) out of 426 statements were identified. The District has disciplinary Actions to address statements received more than ten days late.*

Corrective Action Planned: *The P-Card Administrator will continue to deactivate the cardholders on the 11th day of employees who submit statements late.*

Implementation Date of Corrective Action: *Currently in place (December 6, 2022)*

Person Responsible: *P-Card Administrator*

19. **SCDE Finding 19:** Items purchased for an event after the event occurred

Richland One Response: *The District P-Card process includes checks and balances for compliance. With regard to these two (2) incidences, the transactions were related to the initial approved events.*

Corrective Action Planned: *The P-Card Administrator will continue to monitor all statements for compliance with the District P-Card Procedures.*

Implementation Date of Corrective Action: *Currently in place (December 6, 2022)*

Person Responsible: *P-Card Administrator*

20. **SCDE Finding 20:** Invoice/Receipt did not provide adequate details of items purchased or no invoice/receipt to support the purchase

Richland One Response:

The District P-Card process includes checks and balances for compliance. The Auditors identified ten (10) transactions on approximately 426 statements.

Corrective Action Planned: *The P-Card Administrator will continue to monitor all invoices/receipts to ensure documentation is legible and provide sufficient detailed descriptions of the goods and services purchased.*

Implementation Date of Corrective Action: *Currently in place (December 6, 2022)*

Person Responsible: *P-Card Administrator*

21. **SCDE Finding 21:** Monthly P-Card Statement not signed by cardholder nor approver

Richland One Response:

The District P-Card process includes checks and balances for compliance. One (1) out of 426 statements was identified.

Corrective Action Planned: *The P-Card Administrator will continue to monitor all statements for compliance with the District P-Card Procedures.*

Implementation Date of Corrective Action: *Currently in place (December 6, 2022)*

Person Responsible: *P-Card Administrator*

22. **SCDE Finding 22:** District is not maintaining an accurate list of cardholders

Richland One Response: *The District disagrees with this finding. The P-Card Administrator maintains an accurate list of cardholders with documentation. The process for updating cardholders is fluid and ever-changing based on periodic staff changes. This audit review covered a period of two fiscal years, and changes were made accordingly.*

Corrective Action Planned: *The District will monitor and verify the list of cardholders throughout the fiscal year for accuracy; a dated list will document validity of records.*

Implementation Date of Corrective Action: *Currently in place (December 6, 2022)*

Person Responsible: *P-Card Administrator*

Approved:



Dr. Craig Witherspoon
Superintendent



Date