



**STATE OF SOUTH CAROLINA**  
**DEPARTMENT OF EDUCATION**

**MOLLY M. SPEARMAN**  
*STATE SUPERINTENDENT OF EDUCATION*

December 6, 2022

Dr. Craig Witherspoon  
Superintendent  
Richland County School District One  
1616 Richland Street  
Columbia, South Carolina 29201-2634

Dear Dr. Witherspoon:

The South Carolina Department of Education's (SCDE) Office of Auditing Services has completed its P-Card audit of Richland County School District One (district) as a follow-up to the district's response dated April 8, 2022, to the fiscal watch intent letter dated March 28, 2022, sent to the district from the SCDE and to determine if the district complied with its P-Card policies and procedures, its procurement code as it relates to small dollar purchases, and the State P-Card Policy.

The enclosed report outlines the scope, methodology, findings, and recommendations. We have identified several instances in which the district did not adhere to its P-Card policies and procedures. In addition, the district's overall review and approval process for P-Card purchases is deficient.

Please submit a corrective action plan for each finding noted to my attention at the SCDE Office of Auditing Services, 1429 Senate Street, Suite 404A2, Columbia, SC 29201 by January 5, 2023. The corrective action plan should state the corrective actions planned, the anticipated completion dates of the corrective actions, and the names of the persons responsible for implementing the plan.

Dr. Witherspoon  
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Thank you for your cooperation with this review. If you have any questions regarding this report, please contact Melissa A. Myers at [mmyers@ed.sc.gov](mailto:mmyers@ed.sc.gov) or 803-734-8453 or me at [hdavis@ed.sc.gov](mailto:hdavis@ed.sc.gov) or 803-734-6022.

Sincerely,

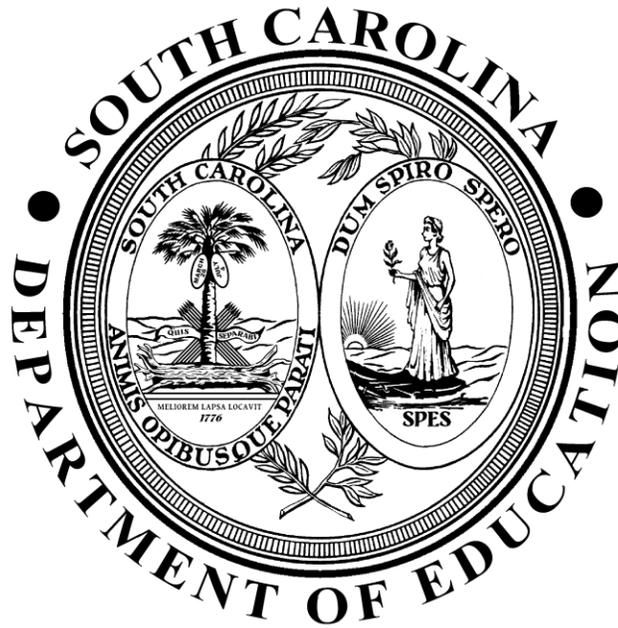
A handwritten signature in black ink that reads "Hershula D. Davis". The signature is written in a cursive style with a large initial "H".

Hershula D. Davis  
Audits Manager, Office of Auditing Services

cc: Sherri Mathews-Hazel, Chief Financial Officer, Richland County School District One  
LaShonda Outing, Director of Procurement, Richland County School District One  
Kelvin Washington, Internal Auditor, Richland County School District One  
Steven Strother, Director of Finance, SCDE Office of Finance  
Melissa A. Myers, Director, SCDE Office of Auditing Services

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**P-Card Audit of Richland County School  
District One**

October 27, 2022

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## **Overview**

Richland County School District One (district) is a local political subdivision that participates in the purchasing card (P-Card) program. The P-Card program is designed to streamline payments for small dollar (no compete) purchases. It is recommended that local political subdivisions, such as the district adopt and adhere to the State P-Card Policy; however, districts have the ability and the responsibility to have in place a P-Card policy and ensure the district complies with the policy.

The Office of Auditing Services conducted an audit of the district's P-Card program as a follow-up to the district's response dated April 8, 2022, to the fiscal watch intent letter dated March 28, 2022, sent to the district from the South Carolina Department of Education.

## **Objective**

The objective of this P-Card audit was to determine if the district complied with its P-Card policies and procedures, its procurement code as it relates to small dollar purchases, and the State P-Card Policy.

## **Scope and Methodology**

The scope of the audit consisted of all P-Card transactions for all cardholders from March 28, 2022 – August 27, 2022. The Office of Auditing Services (OAS) performed a cursory review of all P-Card transactions during the months selected but performed detailed testing of a sample of transactions that fell within the scope indicated. In addition, OAS requested and reviewed the following items during the audit:

- District's written P-Card policies and procedures
- South Carolina Purchasing Card Policy and Procedures (State P-Card Policy)
- List of all cardholders from April 2022 – August 2022
- Monthly P-Card statements from April 2022 – August 2022 for all cardholders
- List of all cardholder approvers and liaisons
- Invoices/Receipts for all P-Card transactions from April 2022 – August 2022
- Required forms to support P-Card transactions
- List of P-Card violations
- Internal audit report conducted of the district's P-Card program
- MCC blocked codes list
- District's procedures for "Reporting Violations or possible violations, Fraud, Waste, and Abuse"
- District travel Policy

With the exception of having a peer review, we conducted this audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our

findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## **Findings and Recommendations**

### **Finding 1:**

#### *P-Card Approvers and Liaisons Not Reviewing P-Card Transactions for Compliance and Completeness*

During the audit, OAS noted several instances where cardholders are not complying with the district's P-Card policies and procedures. Due to the findings listed in this audit report, it is evident that district personnel assigned the role of approver and liaison are not reviewing all documentation to ensure all required documentation is present and complete with all required approval signatures and all purchases were allowable and complied with the district's P-Card policy and procurement code policy. This review should be performed prior to signing to indicate that the monthly statement and all transactions have been reviewed and that the approver and liaison approves for payment to be made. For example, OAS reviewed a monthly P-Card statement and support documentation for a cardholder. This particular cardholder allowed multiple individuals to use his card to place orders, purchased equipment with a value of \$100 or more using the P-Card, did not complete the P-Card Receipt Forms for any of the transactions on the monthly P-Card statement, and the cardholder's approver did not review, approve, and submit the monthly P-Card statement by the 10<sup>th</sup> of the month as required in the district's P-Card policies and procedures. All of these issues were noted while reviewing one monthly P-Card statement. None of these issues were noted by the approver, liaison, nor the P-Card Administrator.

In addition, currently, the district's P-Card policies and procedures do not define the responsibilities of the approver. The State P-Card Policy defines the responsibilities of the approving official and states the following: "Supervisors or other persons assigned the responsibility of reviewing cardholder transactions must have a thorough knowledge of the job responsibilities of the cardholder under his/her supervision in order to determine if purchases are reasonable and proper. Before approving the cardholder monthly bank statements, the supervisor/reviewer must carefully review all documentation." The State P-Card Policy also defines the responsibilities of the liaison and states the following: "The liaison reviews the transactions for all cardholders assigned to him/her to determine that the cardholder and supervisor/approver are complying with this State P-Card Policy; i.e., no prohibited transactions, no split transactions, purchases are made from contract vendors when available, no deliveries to other than the business address(s), no blocked MCCs, etc." The responsibilities of the approver should be defined in the district's P-Card policies and procedures and should align with the responsibilities in the State P-Card Policy. As it relates to the liaison's responsibilities outlined in the district's P-Card policies and procedures, it states that the liaison is to "review vendor receipts attached to the Bank of America Cardholder statements;" however, this statement does not provide sufficient details for the responsibilities of personnel assigned the role of the liaison. The responsibilities of the liaison should be updated in the district's P-Card policies and

procedures to ensure it aligns with the responsibilities in the State P-Card policies and procedures.

### **Recommendation 1:**

We recommend the district updates its P-Card policies and procedures to include the responsibilities of the approver and to provide more details for the responsibilities of the liaison. We further recommend that the district conducts training for approvers and liaisons so that they are aware of their responsibilities. During the training, it should be stressed that approvers and liaisons are responsible for reviewing all documentation and reviewing all transactions for compliance with the district's P-Card policy and procurement code.

### **Finding 2:**

#### *Recommendations from Internal Audit Report Not Implemented*

OAS reviewed the district's internal audit report, Operational Audit of the Procurement (P-card) Program. Internal audit departments are created to add value to organizations and to work with departments within an agency to improve the agency's operations. The district's internal auditor performed a thorough review and provided sound recommendations for the Office of Procurement Services to implement to improve its P-Card program; however, some recommendations included in the report have not yet been implemented. For example, it was recommended that the approver should review for blocked MCCs, and the requirement should be included in procedures and reinforced during refresher trainings. The Office of Procurement Services concurred with the recommendation; however, based on our review, responsibilities of approvers are not included in the district's P-Card policies and procedures. It was also recommended in the internal audit report that the policies and procedures be updated to include the requirement for the liaison and the approver to detect split transactions during the monthly review and approval process, and report it to the P-Card Administrator. The Office of Procurement Services concurred with the recommendation but has not implemented the recommendation. In addition, the following recommendations included in the internal audit report were not implemented, but the district concurred with the recommendations:

- Enforcing substantiation of valid business/school purpose for food purchases with disciplinary action for non-compliance
- Reinforcement of procedural guidelines regarding annotation of receipts and restrictive use of the card only by the cardholder
- Establishment of better accountability through the monthly review and approval process with the approval official. Repeated questionable purchases to be identified by the approver, with appropriate action taken based on established disciplinary guidelines
- Annual attestation and review of disciplinary guidelines and procedures manual
- Accountability established with the cardholder, liaison, and approver through appropriate disciplinary action/card suspension for continual non-compliance to mitigate the risk of theft

- Consideration of updating the Property Administration Manual to ensure full clarity and consistency in rules regarding purchase of equipment over \$100
- Appropriate disciplinary action/card suspension invoked, without exception, if non-compliance continues regarding splitting with zero tolerance for split transactions
- Approving officials being sufficiently independent and of sufficient rank to question cardholders when additional information is needed about specific transactions
- Routine usage reports queried and reviewed to identify cards seldomly used, or not used to the established standards; with key indicators as number of transactions per card, amount per transaction, and number of active cards in a school/department

### **Recommendation 2:**

We recommend the Office of Procurement Services reviews the internal audit report and ensures all recommendations for which the district concurred are implemented to ensure the district's P-Card program is operating efficiently and effectively

### **Finding 3:**

#### *Use of the P-Card by Someone Other Than the Cardholder*

OAS noted at least 29 instances where someone other than the cardholder made a purchase using someone else's P-Card. Orders were placed from Johnstone Supply, Trane Supply, Amazon, Erin Condren, Dollar Tree, Staples, and Forms and Supply by someone other than the cardholder. In one instance, an order was placed by an individual using someone else's P-Card, and the individual that placed the order has a P-Card. Per the district's P-Card policies and procedures, "use of the P-Card by a person other than the cardholder [is] unauthorized and strictly forbidden...use of the P-Card by a person other than the cardholder may result in disciplinary action, up to and including termination from employment and criminal prosecution." The district's P-Card policies and procedures also state that "the cardholder is responsible for the security of the P-Card and any transactions made" and is responsible for "not allow[ing] other individuals to use their Purchasing Card."

In another instance, all transactions included on the monthly statement were made by someone other than the cardholder, and the person who made all of the transactions is the cardholder's liaison. This same liaison signed the June 28, 2022 – July 27, 2022 monthly statement as the approver but is not the cardholder's approver. In addition, although this liaison was using another cardholder's P-Card, the liaison also is a cardholder, and her approver is the cardholder whose card she used and whose monthly statement she signed. This violates the design of the internal control that prevents P-Card fraud and violates the district's P-Card policy. Per the State P-Card Policy, one of the responsibilities of a liaison is to notify the P-Card Administrator of any non-allowable transactions identified in the monthly transaction review. If the liaison is the person making all of the transactions on another cardholder's card and is then signing the monthly statement as the approver, in the event there is fraud it can go unnoticed for an extended time period. Per the district's P-Card policies and procedures, "Supervisors or other approving officials who knowingly, or through willful neglect, approve or allow personal or fraudulent

purchases or misuse of the P-Card are subject to the same disciplinary actions as Cardholders.” Orders should only be placed by the cardholder, not the liaison or approver.

### **Recommendation 3:**

We recommend the district ensures that when approvers and liaisons are reviewing transactions they are verifying that cardholders are complying with the district’s policy that the P-Card cannot be used by anyone other than the cardholder. Violators of this policy should be subject to disciplinary actions set forth in the district’s P-Card policy. The district should also consider implementing stricter consequences for individuals violating this policy.

We further recommend the district reviews the cardholder, liaison, and approver assignments for the above mentioned exception and make adjustments to ensure the internal controls in place surrounding the P-Card operate effectively. The P-Card Administrator should review all monthly statements to ensure the correct approver’s signature is included on each P-Card statement.

### **Finding 4:**

#### *Personal Purchases Made with P-Card*

During the audit, OAS noted instances where personal purchases were made using the P-Card. Per the district’s P-Card policies and procedures, personal purchases of any kind are prohibited. It also states, “Use of the P-Card for personal purchases may result in disciplinary action, up to and including termination from employment and criminal prosecution.” In one instance, the P-Card was used to purchase a video on Prime Video for personal use. A refund was issued to the P-Card. However, no documentation was on file showing the cardholder was issued a violation. The P-Card was also charged for an employee’s personal Amazon prime membership fee more than once. Per the district’s P-Card policies and procedures, “The P-Card should never be saved for future orders.” In addition, per the district’s P-Card policies and procedures, “The use of personal [Amazon] accounts is strictly prohibited.” In another instance, an employee made a personal purchase on Amazon for \$586.01 on April 4, 2022 using the P-Card. The description of the personal item was redacted on the receipt. Noted on the district’s P-Card Receipt Form completed by the employee was the following explanation: “Item was purchased by mistake on District’s [P-Card]. Personal card looks very similar to [P-Card].” The employee reimbursed the district on May 2, 2022. Documentation was on file with the district showing the cardholder was issued a violation. OAS also noted an instance where an employee’s Sam’s Club membership totaling \$108 was charged to the P-Card. The amount was refunded to the P-Card. No documentation was on file showing the cardholder was issued a violation. To avoid prohibited purchases such as these, employees should not be allowed to use their personal memberships or accounts to make official work-related purchases. Amazon purchases should only be made using the district’s business account, and purchases from Sam’s Club should only be allowed if the district has a Sam’s Club membership that employees can use.

#### **Recommendation 4:**

We recommend the district reiterates to cardholders that purchases from Amazon must be made using a District Amazon Business account and that use of personal accounts is strictly prohibited. We further recommend the district ensures cardholders are aware that purchases should not be made from any personal accounts no matter the vendor. Violators of this policy should be subject to disciplinary actions set forth in the district's P-Card policy.

#### **Finding 5:**

##### *Purchases Shipped to a Residence*

OAS noted instances where employees made purchases that were shipped to locations that were in residential neighborhoods instead of a school or the district office. One employee ordered a portable megaphone speaker from Amazon that was shipped to a residence. Another employee ordered items from Amazon that were labeled as supplies for catering that were shipped to a residence. The items ordered included small candy bags, treat bags for muffins, clear plastic cookie bags, items to customize aprons, aprons, and pie boxes. Legitimate work-related purchases should never be shipped to locations other than official business locations. When employees ship items to a residence, it questions the legitimacy of the purchase for official work-related use. Per the Procurement Director, employees are prohibited from shipping items to a residence. This prohibition is not included in the district's P-Card policies and procedures. However, per the State P-Card Policy, it is the responsibility of the cardholder liaison to review the transactions for the cardholder and ensure that there were no deliveries to locations other than business addresses. In addition, when as it relates specifically to Amazon purchases, per the district's P-Card policies and procedures, "The liaison must contact the P-Card Administrator to set up a District Amazon Business account, and the use of personal [Amazon] accounts is strictly prohibited." Residential addresses should not be used when creating a District Amazon Business account, and residential addresses should not be used as the shipping address for any purchases with any vendors.

#### **Recommendation 5:**

We recommend the district updates its P-Card policies and procedures to include that shipping purchases to other than business addresses is strictly prohibited. We further recommend the district ensures approvers and liaisons are made aware of their responsibility to review documentation to ensure purchases are being shipped to business addresses. Cardholders who are found in violation should be subject to disciplinary actions set forth in the district's P-Card policy. The district should also consider implementing stricter consequences for individuals violating this policy.

## **Finding 6:**

### *Purchases of Equipment with Value of \$100 or More*

OAS noted nine instances where employees purchased items that meet the criteria of equipment. Per the district's memorandum dated November 20, 2020, "Equipment over \$100 is not an allowable expense with the P-Card." One employee purchased four ratchet kits. Two of the kits totaled to \$290.52 per kit and two of the kits totaled to \$253.79 per kit. Another employee purchased a power luber with case which totaled to \$264.31. In another instance, an employee purchased a Bose portable line array system which totaled \$1,199.99 plus tax. In one other instance, an employee purchased two air conditioner units with the P-Card. One of the units totaled to \$1,087.21 and the other unit totaled to \$1,109.99. Per the district's memorandum, "Equipment is considered a fixed asset and anything over the \$100 threshold must be procured via requisition and requires a fixed asset tag...."

## **Recommendation 6:**

We recommend the district ensures that when approvers and liaisons are reviewing transactions they are verifying that cardholders are complying with the district's policy that no equipment with a value of \$100 or more is purchased with the P-Card. Violators of this policy should be subject to disciplinary actions set forth in the district's P-Card policy.

## **Finding 7:**

### *Excessive Room Rate Charged to the P-Card*

While reviewing documentation to support lodging charged to a P-Card, OAS noted where lodging at a rate of \$413.10 per night was charged on May 5, 2022 to a P-Card for a cardholder to attend a conference in Greenville, South Carolina from August 26-28, 2022. Per the district's travel guidelines, "Lodging must be at a commercial establishment and the employee is required to reserve accommodations at the lowest available single rate." Per the conference brochure, single/double occupancy rooms were available at a rate of \$159 per night until July 25, 2022 or until the room block was full. Lodging for the cardholder was reserved almost three months prior to July 25, 2022. In addition, room rates for the lowest single occupancy rooms were \$259 per night in September 2022, which was shortly after the conference occurred. No justification for reserving a room at a rate much higher than the rate offered to conference attendees or at the lowest single occupancy room rate available was documented. It does not appear that the cardholder reserved lodging accommodations at the lowest available single rate. Per the district's P-Card policies and procedures, "End-users [cardholders] must follow the District Travel procedures regarding regulations of travel." When a cardholder is determining whether or not a price is fair and reasonable, the decision should be made with prudence.

**Recommendation 7:**

We recommend the district ensures all cardholders follow the district's travel policy. Room reservations should be made at the lowest available single rate as stated in the district's travel policy.

**Finding 8:***Superintendent Does not have an Approver for P-Card*

An approver is responsible for monitoring transactions and card activity to ensure that all purchases made by a cardholder are for legitimate district business use. This includes reviewing all documentation to ensure invoices/receipts have the required information, state sales or use tax is applied if necessary, purchases are for legitimate district business use and were made in compliance with the district's procurement code policy, and the statement has the cardholder's original signature. Currently, no one is responsible for reviewing the Superintendent's monthly P-Card activity. Cardholders cannot provide approval of payment of his/her transactions or of his/her own monthly P-Card statement.

**Recommendation 8:**

We recommend the Superintendent is assigned an approver to review his monthly P-Card statement and approve it for payment. The district has an internal auditor. If the internal auditor reports to the school board and not the Superintendent, we recommend the internal auditor be assigned as the Superintendent's approver.

**Finding 9:***Splitting Transactions to Circumvent Single Transaction Limit (\$1,500)*

OAS noted an instance where a cardholder made a purchase with a vendor, Screened Out Printers, which totaled to \$2,179.71. The cardholder paid a deposit of \$1,300 on June 6, 2022 and paid the remaining balance of \$879.71 on June 9, 2022. These transactions are considered splitting. Per the district's policies and procedures, "Cardholders are not allowed to split transactions to avoid the Single Transaction Limit (STL) of \$1,500. Splitting transactions is strictly prohibited and doing so may result in removal of card privileges." Splitting a transaction not only violates the district's P-Card policy, but it also violates the procurement code which is breaking the law. This violation was not detected during the review and approval process.

**Recommendation 9:**

We recommend the district ensures that when approvers and liaisons are reviewing transactions they are verifying that cardholders are complying with the district's P-Card policy and not splitting transactions which violates the procurement code. Approvers and liaisons that detect splitting should report the violation to the P-Card Administrator. Violators of this policy should

be subject to disciplinary actions set forth in the district's P-Card policy. The district should also consider implementing stricter consequences for individuals violating this policy.

**Finding 10:**

*P-Card Policies and Procedures Not Updated*

The district's P-Card policies and procedures have not been updated to reflect the STL of \$2,500 that became effective July 1, 2022. When changes are made to policies and procedures, the written policies and procedures should be updated to ensure users have access to the most up-to-date information. In addition, the district's P-Card policies and procedures do not include the responsibilities of the approving officials. OAS also noted that the district's P-Card policies and procedures do address consequences for violations of the policy; however, it does not address when the district will terminate a cardholder's card due to noncompliance. The district's Purchasing Card Violation Warning Form, the form issued when a cardholder is found in violation of the P-Card policy, also does not address when the district will terminate a cardholder's card due to noncompliance.

Lastly, the district issued a memorandum dated March 1, 2022 that addresses meals being provided for district meetings and professional development. The guidance in the memorandum does not completely align with the district's P-Card policies and procedures. In the memorandum, meals for district meetings are deemed allowed; however, in the district's P-Card policies and procedures, food purchases are only allowed for on-site professional development. The memorandum also states that snacks for meetings do not require prior approval; however, the district's P-Card policies and procedures do not differentiate between meals and snacks. The policy states that food, which would include meals and snacks, require prior approval.

**Recommendation 10:**

We recommend the district updates its P-Card policies and procedures to reflect the STL of \$2,500 that is currently applicable for P-Card purchases and to include changes to the district's P-Card policy regarding food purchases. The policies and procedures should also be reviewed at least annually to ensure the most accurate information is included in the policies and procedures and to add additional details that are needed to ensure the district's P-Card program operates efficiently and effectively. We further recommend the district updates its P-Card policies and procedures and Purchasing Card Violation Warning Form to address when the district will terminate a cardholder's card due to noncompliance with the P-Card policy and/or procurement code.

**Finding 11:**

*District and Cardholders Not Following P-Card Policies and Procedures*

The district's P-Card policies and procedures state that a purchase requisition will be prepared; however, cardholders are not completing a purchase requisition prior to making a purchase with a P-Card. The district's policies and procedures state, "The documentation requirements will be the same as those required for any other type of acquisition or purchase, and Consolidated Procurement Code compliance is required for each acquisition. For proper allocation of funds, a

purchase requisition is prepared...” A purchase requisition serves as a mechanism to indicate approval to make a purchase as well as a mechanism for ensuring purchases are accounted for properly. Per conversation with the Procurement Director, the district does not use a purchase requisition when making purchases with the P-Card. The district’s policies and procedures do not reflect this practice.

In addition, the district’s P-Card policies and procedures state, “An approved Request to Travel (RTA) Authorization form is required prior to any travel related charges on the Pcard. A copy of this form, and a conference agenda must be submitted with the detailed purchase receipt.” OAS noted at least 14 instances where the RTA was not included with the purchase receipt when reviewing documentation. OAS inquired of the Procurement Director, and she stated that the RTA and other supporting travel documentation are not filed with the purchase receipt to prevent duplication of paperwork. The district’s policies and procedures do not reflect this practice. All documentation to support a payment should be included with an invoice or receipt.

OAS also noted an instance where a cardholder purchased lunches for a teacher professional development. Per the district’s policy the per diem for lunch should not exceed \$15.00 per person, and “[f]ood purchases must comply with established District per diem for all meals.” The cost of the lunch was \$15.30 per person, which exceeded the \$15.00 per diem limit for lunch.

#### **Recommendation 11:**

We recommend the district ensures it follows its written policies and procedures by ensuring cardholders complete a purchase requisition and include the RTA and other supporting travel documentation with the purchase receipt. We further recommend the district updates its written policies and procedures to align with the current practices of the district to ensure cardholder compliance with its written policies and procedures.

#### **Finding 12:**

##### *Purchase from Vendors with blocked Merchant Category Codes (MCCs)*

Per the State P-Card Policy, “MCC blocks do not apply to...Group C Entities unless imposed by that Entity’s own P-Card Policy or applicable law.” Per the district’s policies and procedures, the district maintains a Block Codes list. However, OAS noted at least 35 instances where purchases were made with the P-Card with vendors on the district’s MCC Block List. For example, OAS noted an instance where a cardholder made a purchase from a florist. Per the district’s Block Codes list, florists (5992) are included as a blocked MCC. OAS also noted instances where cardholders made purchases from vendors considered to be eating places restaurants (5812) and fast food restaurants (5814) which are also listed on the district’s Block Codes list. Per the district’s P-Card policies and procedures, certain MCCs are blocked to “reduce the potential for prohibited and unauthorized purchases.” Establishing blocked codes for the P-Card is essentially an internal control. Making purchases using the P-Card with vendors with blocked MCCs violates the district’s P-Card policy. In addition, the district’s P-Card policies and procedures states, “Purchases using a P-Card from a vendor with a blocked MCC,” is considered a prohibited purchase. The district has created a form called a Determination of Deviation of the P-

Card Policy. However, in the instances noted where a cardholder made a purchase with a vendor with a blocked MCC, no Determination of Deviation of the P-Card Policy form was completed.

### **Recommendation 12:**

We recommend the district ensures cardholders comply with the district's P-Card policy by not making purchases with vendors with blocked MCCs. We further recommend the district ensures approvers and liaisons are reviewing cardholder transactions to determine if cardholders are making purchases with vendors with blocked MCCs. Violators of this policy should be subject to disciplinary actions set forth in the district's P-Card policy.

### **Finding 13:**

#### *P-Card Used for Prohibited Purposes*

OAS noted instances where the P-Card was used for purchases that are considered prohibited. For example, in one instance the P-Card was used to pay for activities that are considered entertainment. A cardholder paid for staff to eat and bowl at The Grand which totaled to \$1,300. No Determination of Deviation of the P-Card Policy form was completed. Because entertainment is considered a prohibited purchase, a Determination of Deviation of the P-Card Policy form should have been completed. In addition, the district requires a P-Card Food Purchase Preapproval Form. This form was not completed for this purchase. In another instance, the P-Card was used to pay for a Palmetto Mobile Arcade School Event which totaled \$335.00. OAS also noted an instance where the P-Card was used to pay for a professional service, yoga classes. The total for the yoga classes was \$70.00. No Determination of Deviation of the P-Card Policy form was completed.

Additionally, per the district's P-Card policies and procedures, "The P-Card may be used for the purchase of food for on-site professional development." OAS noted instances where the P-Card was used to purchase food for end of year celebrations and for other non-professional development activities. Because the district's P-Card policies and procedures state that the P-Card can only be used for food for on-site professional development, purchase orders should have been issued to pay for food that was not purchased for on-site professional development. In one instance, grocery items were purchased by a cardholder, and the cardholder included as a description on the P-Card Receipt Form, "instructional supplies." OAS questions whether the grocery purchases can be considered "instructional supplies"; moreover, these items should not have been purchased using the P-Card.

OAS also noted three instances where the P-Card was used to purchase food and the cardholder included a tip on the P-Card. Per the district's policies and procedures, "The P-Card shall not be used for the payment of tips and or gratuities." In addition, per the P-Card policies and procedures, "The p-card shall not be used for travel expenses, including lodging, transportation and meals." The only exception to this district policy outside of travel for the Superintendent and board members is for travel deemed for an emergency basis only, which is subject to prior approval by the Chief Finance Officer or designee. OAS noted an instance where a cardholder

used the P-Card to pay for lodging. There was no Determination of Deviation of the P-Card Policy included with the monthly P-Card Statement in support for this transaction.

### **Recommendation 13:**

We recommend the district ensures cardholders comply with the district's policy related to prohibited purchases using the P-Card. If a cardholder is granted the approval to make a purchase that violates the district's P-Card policy, the Determination of Deviation of the P-Card Policy form should be completed and maintained with the monthly P-Card statement as support documentation. Written P-Card violations should be issued to cardholders who use the P-Card for prohibited purchases.

### **Finding 14:**

#### *Required District Forms Missing or not Completed Properly*

Per the district's memorandum dated November 20, 2020, "Beginning January 1, 2021, all receipts must include and identify the following: a P-Card Receipt form is required to be completed with every purchase.

- Explanation of purchase
- Grade (if applicable)
- Authorization of purchase signature
- Location/Department

Information must be outlined/written on each receipt or attached to the receipt to justify the purchase."

To assist with this requirement, the district developed a P-Card Receipt Form. Per the Procurement Director, the P-Card Receipt Form is required with every purchase. In one instance, a cardholder made a purchase that totaled to \$500.00. The invoice only listed "green plants" as the description for this purchase. The quantity of green plants was not included on the invoice. No P-Card Receipt Form was submitted to support this purchase. OAS noted several instances where the P-Card Receipt Form was not completed for purchases. OAS also noted instances where the authorization of purchase signature was missing on some forms. In addition, OAS noted an instance where a cardholder's liaison signed the P-Card Receipt Form for authorization of the purchase and not the cardholder. There were also instances where the location was not provided on the P-Card Receipt Forms. To ensure purchases are adequately supported, all required information should be documented on the forms.

OAS also noted instances where the Amazon P-Card Purchase Request Form was not completed by cardholders. In addition, OAS noted instances where the Amazon P-Card Purchase Request Form was not fully completed, was not completed correctly, and/or was not approved. In one instance the form was not annotated with whether or not the purchase was approved, and there was no approver's signature. In at least nine instances, the form listed the approver as the

cardholder and not the cardholder's supervisor. Because the cardholder is making the purchase, the approval for the purchase should be the cardholder's supervisor and not the cardholder. Per the district's Procurement Director, the Amazon P-Card Purchase Request Form serves as approval for a cardholder to make a purchase from Amazon. Therefore, every purchase from Amazon must have an Amazon P-Card Purchase Request Form to be considered an approved purchase. The form should be fully completed, completed correctly, and properly approved.

OAS noted instances where Meal Purchase Justification Forms were not completed when cardholders used the P-Card to purchase meals and instances where the Meal Purchase Justification Form was not fully completed or not completed correctly and not properly approved. While reviewing the Meal Purchase Justification Forms, OAS noted instances where the cardholder's supervisor did not sign the form approving the meal purchases. OAS also noted an instance where the Meal Purchase Justification Form indicated that the payment method would be a purchase order; however, the payment was made using the P-Card. An updated approved Meal Purchase Justification Form was not completed to justify the purchase being made with the P-Card versus a purchase order being processed. OAS also noted instances where the cardholder did not indicate the type of meal (breakfast, lunch, or dinner) and instances where cardholders did not complete all required fields for the use of the P-Card.

In addition, one of the district's required forms when paying for food with the P-Card is the P-Card Food Purchase Preapproval Form. OAS noted instances where this form was not completed for food purchases paid for with the P-Card. The district's P-Card policies and procedures state that a prohibited purchase is food for consumption by employees unless it is for the purchase of food for on-site professional development, and the purchase must have the P-Card Food Purchase Preapproval Form. Furthermore, the district issued a memorandum dated March 1, 2022. In the memorandum it states the following, "...the attached "Food Purchase Justification" form must be completed with all required approvals **PRIOR** to any purchases, No EXCEPTIONS."

The district also requires a Statement of Disputed Item(s) form be completed for disputed P-Card transactions. This form is not being completed by cardholders. During the review, OAS noted four instances where credits were issued for transactions, but the cardholder's monthly statement did not include a copy of the form as support for the disputed transactions.

Lastly, OAS noted instances where required travel documentation to support travel related payments with the P-Card was not included with the receipt or invoice. Per the district's travel policies and procedures, "A copy of [the RTA], and a conference agenda must be submitted with the detailed purchase receipt." OAS noted nine instances where the RTA(s) was not attached to the purchase receipt, and eight instances where the conference agenda was not attached with the purchase receipt. In one instance, a payment was made for six individuals to attend an event on behalf of the district. In addition to the RTAs not being included with the receipt, there was not a list of the attendees for which the payment was made for. Also, the date of the event was not included on any of the support documentation included with the monthly P-Card statement.

**Recommendation 14:**

We recommend the district ensures all required forms are completed and completed correctly and attached with the invoice/receipt as support of the purchase and for review by approvers and liaisons. We further recommend the district ensures that all meal purchases made with the P-Card are properly approved.

**Finding 15:***Unauthorized Signatures on Monthly P-Card Statement and P-Card Receipt Forms*

As previously mentioned in Finding #3, OAS noted an instance where a cardholder's liaison signed the June 28, 2022 – July 27, 2022 monthly statement as the approver but is not the cardholder's approver. In addition, the liaison made all six of the transactions included on the June 28, 2022 – July 27, 2022 monthly statement, which is a violation of the district's P-Card policy, and signed as the authorizer of the purchases on all the P-Card Receipt forms attached to the monthly statement. Per the Procurement Director, the P-Card Receipt Form is not a form used to approve purchases, instead it is used to provide justification for the purchase being made. The cardholder is considered the authorizer of the purchase and should sign the P-Card Receipt Form and provide the details needed to justify the purchase. Furthermore, only the assigned approver should sign signifying that the monthly P-Card statement of a cardholder has been reviewed and approved for payment.

**Recommendation 15:**

We recommend the district ensures monthly P-Card statements are reviewed and signed by the individual assigned as the cardholder approver and ensures P-Card Receipt Forms are signed by the cardholder.

**Finding 16:***Purchasing Card Violation Warning Forms not Completed for Cardholders Who Were Identified as Violating the P-Card Policy*

The district identified two cardholders who violated the district's P-Card policy; however, a Purchasing Card Violation Warning Form was not created for one of the cardholders and for the other cardholder, the Purchasing Card Violation Warning Form was never signed by the cardholder acknowledging the violation. The district did not follow-up with the individuals to ensure the forms were completed and on file.

**Recommendation 16:**

We recommend the P-Card Administrator ensures all violators of the P-Card policy receive written notice of the violation and violation forms are completed and properly signed off on by the cardholder, P-Card Administrator, and Director of Procurement Services.

**Finding 17:***P-Card Statements Not Reviewed by Deadline*

Per the district's P-Card policies and procedures, "The signed [P-Card] statement must be sent to the P-Card Administrator...no later than the 10<sup>th</sup> of each month." OAS noted at least 10 instances where monthly P-Card Statements were not reviewed and submitted to the P-Card Administrator by the 10<sup>th</sup> of the month. The policy also states that the P-Card Administrator will "deactivate cardholder privileges on the 11<sup>th</sup> of the month for those statements that have not been submitted for review to the P-Card Administrator by the 10<sup>th</sup> of the month."

**Recommendation 17:**

We recommend the district follows its P-Card policy and deactivates cardholder privileges for cardholders who are not complying with the requirement that monthly statements be submitted to the P-Card Administrator by the 10<sup>th</sup> of each month.

**Finding 18:***Monthly P-Card Statement not Dated*

OAS noted an instance where a cardholder did not date the monthly P-Card statement when it was signed. Per the district's P-Card policies and procedures, the cardholder must sign the statement and send the statement to the P-Card Administrator no later than the 10<sup>th</sup> of each month.

**Recommendation 18:**

We recommend the district ensures all cardholders include the date of when the monthly P-Card statement is signed to signify compliance with the district's P-Card policies and procedures that require the monthly P-Card statement and receipts be sent to the P-Card Administrator no later than the 10<sup>th</sup> of each month.

**Finding 19:***Items Purchased for an Event After the Event Occurred*

During the review, OAS noted two instances where items were purchased using the P-Card for events; however, the items were purchased after the events ended. In one instance, seven picture frames were purchased from Amazon on May 16, 2022 for a board retreat that took place in March 2022. The explanation of purchase provided on the P-Card Receipt Form was "Board Retreat Supplies." In the other instance, grocery items were purchased for professional development that was held on August 9, 2022. The grocery items were purchased from Walmart on August 14, 2022. The total for this purchase was \$67.49. These purchases appear to be unallowable due to the purchases being made for events that occurred in the past.

### **Recommendation 19:**

We recommend the district ensures cardholders' purchases are reviewed by approvers to ensure purchases are allowable and have adequate justifications. Written P-Card violations should be issued to cardholders who use the P-Card for unallowable purchases.

### **Finding 20:**

#### *Invoice/Receipt Did not Provide Adequate Details of Items Purchased or no Invoice/Receipt to Support Purchase*

OAS noted an instance where a receipt for a purchase made with the P-Card did not include a description of the items purchased. The cardholder notated on the receipt, "Shirts for new HR employees." The purchase was made with Lesesne Industries and totaled \$71.24. This same cardholder attached another receipt that was illegible to the monthly P-Card statement. The receipt totaled \$323.96 and was for a purchase from Office Depot. The cardholder notated on the receipt, "Ink for printer." This same cardholder attached another receipt from Community Broadcasters, LLC that included no description of what the purchase was for. The cardholder notated on the receipt "for job fair registration." The amount spent with this vendor was \$284.62. In another example, a cardholder made a purchase with Geiger Bros. Notated on the P-Card Receipt Form was yoga mat and incentives. The receipt did not provide any details as to what was purchased from the vendor. The total spent with the vendor was \$962.36. In another instance, a cardholder made a purchase that totaled \$425.00. The document included with the monthly P-Card statement was not an invoice or receipt, but an email that included the cardholder's payment information. No vendor was listed on the email except for in the signature of the email it listed, HRSM Experience Expo. The vendor was listed as USC Marketplace in the transactions listed on the monthly P-Card statement. In addition, no description of what the purchase was for was included in the email, and the purchase was not supported by a P-Card Receipt form which is required to justify each P-Card purchase. OAS was unable to determine what the purchase was for. A cardholder also made two purchases from Amazon. The purchases totaled to \$15.54 and \$8.60. No detailed receipt for these purchases were included in the documentation included with the monthly P-Card Statement.

Lastly, OAS noted instances where an invoice or receipt was not included to support transactions processed with the P-Card. In one instance a notification of payment was included with the monthly P-Card Statement versus an invoice or receipt. In another instance, a room reservation confirmation was included with the monthly P-Card Statement instead of an invoice. OAS also noted an instance where an order confirmation was included with the monthly P-Card Statement and not an invoice or receipt.

Actual invoices and receipts should always be included as support for purchases and should include a detail description of the goods or services being purchased and where the purchase was made. Without this pertinent information, a determination cannot be made as to whether a purchase is an allowable purchase.

**Recommendation 20:**

We recommend the district ensures cardholders are aware that actual invoices and receipts are required for support of all transactions processed with the P-Card. In addition, the district should ensure cardholders are aware that invoices and receipts must be legible and should always provide sufficient detailed descriptions of the goods or services purchased. We further recommend the district ensures approvers and liaisons review to ensure all transactions are properly supported with an invoice or receipt that has sufficient detailed descriptions of the goods and services purchased and where the purchase was made.

**Finding 21:**

*Monthly P-Card Statement not Signed by Cardholder nor Approver*

OAS noted an instance where the P-Card statement was not signed by the cardholder nor the approver. Per the district P-Card policies and procedures, “The cardholder and the immediate Supervisor must sign the bank statement attesting to the accuracy and completeness.”

**Recommendation 21:**

We recommend the P-Card Administrator ensures all monthly P-Card statements are reviewed and signed by the cardholder and the approver in compliance with the district’s P-Card policies and procedures. Violators of this policy should be subject to disciplinary actions set forth in the district’s P-Card policy.

**Finding 22:**

*District not Maintaining an Accurate List of Cardholders*

During the audit, OAS requested a list of all cardholders. The master list the district provided did not include all P-Card cardholders. It is important that the district maintain an accurate and complete list of cardholders to ensure all P-Cards being utilized in the district are accounted for and monitored.

**Recommendation 22:**

We recommend the district ensures it maintains an accurate and complete list of cardholders. The P-Card Administrator should periodically verify that the list of cardholders is accurate and complete.