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Internal Audit

Date: August 2, 2021

To: Board of School Commissioners

Cc: Dr. Craig Witherspoon, Superintendent

From: Kelvin Washington, CIA

Subject: Operational Audit of the Procurement (P-card) Program – Executive Summary

Internal Audit has completed an audit of P-Card Operations for the period January 1, 2020 – December 31, 2020. The overall objective included review of internal controls to ensure:

- Compliance with state guidelines and internal District policies and procedures
- Achievement of established goals and objectives in the p-card program
- Reliability, integrity and timeliness of p-card operational reporting
- Economical, efficient and effective administration of the p-card program
- Safeguarding of general funds against fraud, waste and abuse

Specific audit areas included review of:

- Management's monthly review and reconciliation of p-card statements
- Proper use of blocked merchant category codes for p-card purchases
- Unallowable food and other prohibited purchases with the p-card
- Proper application of budget codes for p-card purchases
- Split transactions that circumvent the single transaction limit
- Span of management control and excessive distribution of p-cards
- Proper accounting of property purchased with the p-card

The draft report was issued to Procurement/Financial Services on May 10, 2021 with a requested written response date of May 25, 2021. As reported in monthly Internal Audit updates, several extensions to respond were requested and the draft response was eventually received on July 27, 2021.

Internal Audit previously conducted a preliminary review of the p-card program in FY'14. A formal report was not issued at that time, but audit advisories were issued to the Administration as the program was being developed. Some of those advisories were not implemented and consequently, the results of this operational audit in FY'21 are outlined in greater detail to ensure appropriate opportunities to improve are identified and acted upon.

The results of this audit noted procedural issues in each of the review areas bulleted above. Total p-card transactions for the audit period totaled $2,241,513.45 from 138 cardholders. That total represents a small percentage of the total budget, so the financials risks may not be significant. However, the control deficiencies noted in the review potentially increase regulatory risk and the risk of adverse public relations. Audit results are detailed in the attached report.

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I. OBJECTIVES, SCOPE AND AUDIT METHODOLOGY

In accordance with the Internal Audit Plan for fiscal year '21, Internal Audit performed an audit of Procurement Card (P-card) operations for January 1, 2020 – December 31, 2020. The audit objective was to evaluate the overall existence and effectiveness of internal controls and to determine:

- Compliance with state regulations and internal District policies and procedures
- Achievement of established objectives and goals of the District p-card program
- Reliability, accuracy and integrity of p-card operational reporting
- Economic, efficient and effective administration of p-card program
- Safeguarding of District assets against fraud, waste and abuse (misuse)

Specific audit procedures and areas of review include:

- Review of State and District P-Card Program Policies and Procedures Manual
- Review of Purchase Card Agreement with Bank of America
- Procedural walkthroughs to gain understanding of P-card program operations
- Interview appropriate number of cardholders, liaisons and approvers
- Judgmental sample review of monthly P-card transactions to determine propriety
- Review analytical ad hoc reports to evaluate cost saving opportunities
- Perform other audit procedures as appropriate based on results of planned procedures

II. BACKGROUND

The State of South Carolina Purchasing Card (P-Card) is designed to enable authorized State employees to make small value purchases of supplies, materials, equipment and services for business use. The program streamlines payments by eliminating the administrative burdens and costs associated with traditional methods of payments (requisitions/purchase orders/invoices).

The P-Card program uses a VISA purchasing card issued by Bank of America (Bank) pursuant to a contract awarded to the Bank by the State Division of Procurement Services (DPS), with assistance from the Comptroller General's Office (OCG).

Under the terms of the contract with the Bank, other entities such as school districts may also use the P-Card. DPS recommends that local entities, including school districts participating in the P-Card Program adopt and adhere to the Statewide Purchasing Card Policy. However, it is the responsibility of the appropriate governing body of that local entity to put in place a substantially similar P-Card policy and ensure the local entity (school district) adheres to that policy.

The program does not change the district's purchase authorization, payment or competition requirements, and the responsibility remains for monitoring and ensuring compliance with procurement procedures. The procurement card program in the District is administered and monitored by Financial Services through its Procurement Department, with the P-card Coordinator having daily oversight responsibilities.

The program has defined limits to be imposed on the use of the card; including:

- Maximum dollar limits for a single purchase
- Maximum limit per monthly statement cycle
- Restrictions on the type of purchases

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III. SUCCESSES

➢ *Internal Audit conducted a preliminary review of the District's p-card program in FY'14. A formal report was not issued, but advisories were issued to the Administration as the program was being developed. Some of those advisories were not implemented and consequently, the results of this operational audit are outlined in greater than normal detail to ensure appropriate opportunities to improve are identified and acted upon.*

➢ The departure of the P-card Coordinator and the retirement of the Director of Procurement during FY'20 were contributing factors in some of the concerns noted during Internal Audit's review of p-card operations. However, the current Coordinator and Director of Procurement have repurposed resources to address those concerns, and are currently updating procedures to improve the p-card process.

➢ Based on those initiatives established by current Procurement management, Internal Audit has determined with reasonable assurance that a foundation is in place to ensure overall compliance and achievement of objectives in the p-card program going forward.

➢ Accordingly, to build on these initiatives, Internal Audit's review of p-card operations and current written procedures identified additional opportunities for improvement that will advance the procurement card process even further, and add value to overall operations. Those opportunities to improve are outlined below:

IV. OPPORTUNITIES TO IMPROVE

Sample Review of P-Card Transactions

P-card transactions for audit period January 1, 2020 – December 31, 2020 totaled $2,241,513.45 from 138 cardholders. Internal Audit judgmentally selected twelve of 138, or 8% of the cardholders listed on the Cardholder Profile Spreadsheet provided by the P-card Coordinator, as of December 2020. From those 12, Internal Audit randomly selected 30 months from the audit period. From those thirty months, 100 transactions were judgmentally selected for review based on the vendor and nature of the purchase, with no dollar criteria involved. Results of that review served as basis for outlining concerns in p-card operations and identifying the following opportunities to improve:

A. Review and Reconciliation of Monthly Statements

Criteria/Standard

State procedures at Sections III.B.8 (a) and III.D.4-7 outline the requirements for monthly review and reconciliation of the cardholder activity statement and submission of all required documentation, with *original signatures* by the cardholder and approver as validation of review. Those same requirements are imbedded in District procedures at sections 8.3.1, 8.4.1(12) and 17.1.

In addition, industry best practice suggest that the most important internal control in a p-card program is the monthly review of the cardholder's statement by the approving official, who is typically the cardholder's supervisor. Accordingly, written procedures require the statements to be reconciled by the cardholder and liaison and reviewed by the approving official by the 10th day of the month following the end of a monthly cycle.

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Per district procedures at 9.1, once the monthly statements are completed, they should be submitted to the P-Card Coordinator who then processes a Purchasing Card Statement Certification form to certify that all purchases comply with procurement laws, regulations, policies and procedures, and that any misuse, abuse or fraudulent use of the p-card will be reported. No payments should be made to Bank of America by Accounts Payable without this completed form.

Statement of Conditions

Internal Audit reviewed the 30 monthly statements and reconciliations from the 12 sampled cardholders to determine the completeness and timeliness of monthly review and authorization by the cardholder, liaison and approver. The following conditions were noted:

- In 7 of 30, or 23% of monthly statements a signature stamp was used by the cardholder and/or the approver in lieu of original signatures

- In one instance the approver did not sign the monthly statement and reconciliation at all, and in one other the approver's signature did not match the approver's signature from previous months (the approver did not change)

- In 7 instances the cardholder and/or the approver did not date the monthly statement and reconciliation to indicate the date of review and approval

- In nine of the 30 months, or 30% of the monthly statements, the *cardholder* was late in processing the monthly statement; late days ranged from 8 days to 240 days, averaging 72 days late (three of the 9 late processing months included three months where it was 120, 210 and 240 days late)

- In twelve of the 30 months, or 40% of the monthly statements, the *approver* was late in signing off on review and authorization of the monthly reconciliation; late days ranged from 2 days to 240 days; averaging 56 days late (3 of those twelve late months included three months where it was 120, 120 and 240 days late)

- Accounts Payable states that monthly payments to Bank of America are not impacted. However, there is no indication that the monthly p-card certification form is completed prior to payment. This condition was confirmed by Procurement.

Causes of Conditions

1. A primary factor noted in discussions with liaisons was prioritization of other duties and inconsistency in efforts to timely complete monthly reconciliations. Also, according to the P-Card coordinator, many statements were not submitted timely during January 2020 – October 2020. The Covid-19 pandemic and departure of the previous p-card coordinator (to enforce the requirement) were noted as reasons statements were not being processed timely.

2. Internal Audit notes that use of the p-card did not significantly diminish during the audit period. Accordingly, if the p-card was still being used, procedural requirements regarding timely reconciliations should still be followed. The current p-card coordinator has established a process to contact supervisors/approval officials to address the back log of monthly reconciliations and signed statements.

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3. Also, based on interviews with liaisons, who compile the monthly statements and upload receipts to WORKS (the payment management system provided by Bank of America), there is some concern regarding whether or not a detailed review of expenditures is performed by the approval official versus a cursory review that accepts cardholder purchases with minimal scrutiny.

4. The current P-card Coordinator inherited from the previous Procurement administration, adopted practices that evolved over the years and caused oversight and procedural enforcement responsibilities to lapse.

Potential Impact of Condition

The p-card process does not involve a requisition, request for authorization and approval prior to the purchase, with a subsequent invoice and payment through Finance. Consequently, monthly reconciliations of p-card statements will not prevent unauthorized or inappropriate purchases, which have already occurred.

However, timely review and reconciliation to identify improper purchases does allow the opportunity to establish proper accountability measures and minimize the risk of future improprieties. Also, the lack of formal monthly certification by the Coordinator prior to payment by Accounts Payable, which is an additional detective control, increases the risk of inappropriate or unauthorized transactions not being detected, creating a false sense of compliance.

Opportunities to Improve

1. Procedures regarding complete and timely submission of monthly statements should be reinforced via additional training and periodic communication in school/department staff meetings; approval officials should be included in refresher training

Administration Response

The Administration concurs with the recommendation. Refresher training will be scheduled annually and Procurement will provide monthly reminders of requirements via department newsletters and memos to the PCard Liaison and approvers.

Internal Audit Follow-up Note

Internal Audit's recommendation (opportunity to improve) above spoke to reinforcing procedures to enhance controls. However, there should have been a specific recommendation to ensure original signatures are used to signify review and authorization of statements. The Statement of Conditions section above noted that signature stamps are occasionally used, which is not allowed per District procedure.

2. The P-card Coordinator should continue the initiative to address late submissions of statements by including use of a log or spreadsheet to facilitate formal tracking of continual non-compliance. Accountability should be established via disciplinary action/card suspension when appropriate.

Administration Response

The Administration concurs with the recommendation. This will be effective 8/1/21.

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3. To maintain proper hierarchal review and approval of purchases by someone with supervisory authority over the cardholder, the approver should not delegate to the liaison, who may be a subordinate of the cardholder. This should be emphasized in refresher training.

   Administration Response

   The Administration concurs with the recommendation; corrections will be made immediately when noted.

4. The P-card Coordinator should re-institute the practice of formally certifying the monthly statements prior to payment by Accounts Payable to fortify back-end controls.

   Administration Response

   The Administration concurs with the recommendation. The Purchasing Card Administrator will begin this procedure immediately and certify to Accounts Payable before payment is due.

B. Analysis of Blocked Merchant Category Codes (MCC's)

Criteria/Standard

MCC's govern where a p-card may be used. They are assigned to each merchant or vendor based on the type of goods and services they typically provide. Blocking certain MCC's does not provide complete protection against unauthorized use of the p-card; however, doing so provides a front-end control as a measure of protection against unauthorized or prohibited purchases. District P-Card procedures at Section 6.3 provide a listing of blocked merchant categories codes in which transactions should be prohibited.

Statement of Conditions

1. There are 175 blocked MCC's listed in the District's p-card procedures manual. Internal Audit judgmentally selected 20 to determine if p-card transactions were getting through the block. A query was run in WORKS to populate the number of transactions and the amounts for the sample selection; 1071 purchases totaling $148,003.84 were made during January 1, 2020 – December 31, 2020 from these 20 merchant category codes that should have been blocked; *examples* are illustrated below:

Blocked MCC	Description	# of Transactions	Total Amount
5411	Grocery Stores, Supermarkets	424	$25,480.85
5812	Eating places, restaurants	89	20,709.37
5814	Fast food restaurants	158	23,549.19
	Subtotal (food, restaurants, grocery)	**671**	**69,739.41**
8699	Membership organizations	115	18,312.85
8398	Charitable and social service orgs	49	8,298.91
7311	Advertising Services	19	9,630.96
5992	Florists	13	2,566.25
7216	Dry Cleaners	7	514.51
8641	Civic, social and fraternal	10	4,751.44
	Total (of examples)	**884**	**$113,814.33**

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2. Review of purchasing card receipts from the sample review (from page 2 of this report) of 12 cardholders encompassing 100 p-card purchase receipts also noted specific examples of transactions that should have been blocked.

Cause of Condition

1. Internal Audit was unable to determine why or how these blocked transactions got through. Additional inquiries were made to senior management and Bank of America through the P-card Coordinator, but no conclusive response was conveyed to Internal Audit.

2. The review and approval of monthly statements by the approver does not encompass identification of transactions that should have been blocked. Also, overall operational review of the p-card program by management does not include assessment of transactions that should be blocked per procedural mandate; i.e., the procedural mandate is not enforced.

3. It is noted that some MCC's may have been unblocked by management at some point in the past, but there is no documentation to substantiate this, and the procedures manual has not been updated/revised to reflect any approved request to unblock.

Potential Impact of Condition

- Blocked transactions are a procedural requirement and are in place to enhance front-end controls that minimize risk of inappropriate purchases before they are consummated. The monthly review and reconciliation is a back-end control to detect inappropriate transactions after the fact.

- This condition was noted pursuant to a sample review of 20 blocked MCC's from a total of 175 per the procedures manual. The potential dollar impact may be greater based on a projection over all blocked MCC's.

- Given the public reporting of expenditures, the risk of adverse public relations may be even greater than any potential financial impact

Opportunities to Improve

1. Management should perform an internal assessment to determine how, when and why MCC's were unblocked and ensure that blocked mcc's are in place and functioning as intended. Any deviations should be evaluated, and any proposed changes should be documented and communicated to all involved in the p-card process.

Administration Response

Specific MCC codes will be evaluated and blocked accordingly effective immediately. Bank of America has provided the instructions for the PCard Administrator to complete the blocks.

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2. The monthly statement review by the approving official should encompass review for blocked MCC's. This requirement should be included in procedures and reinforced during refresher training.

Administration Response

The Administration concurs with the recommendation. The approval officials will be notified by the PCard Administrator on blocked MCC's for their respective area, effective immediately.

C. Unallowable Food and Restaurant Purchases with P-Card

Criteria/Standard

➢ State regulations at IV.E state that p-card food purchases for consumption by employees are strictly prohibited. No exception will be granted unless obtained in writing via a request through the Office of the Comptroller General (OCG). It also states that food purchases must be included in the list of prohibited items in the procedures manual developed at the District level. Per State regulations at III.A.1.v acceptable use by the district can not be less restrictive than the state.

➢ District procedures at section 6.3 prohibit purchases of food with the p-card, but allows exception if the food purchase meets district Administrative Guidelines or approval. Internal Audit was unable to locate any Administrative Guideline or written approval obtained from OCG that allows any exception to prohibited purchase of food.

➢ This internal audit was announced via an engagement letter to Procurement and Finance management on November 3, 2020. After the initial entrance conference, Procurement management issued a *reminder* memorandum to all P-cardholders and liaisons on November 12, 2020, which says food is not permitted to be purchased with the p-card.

➢ In a subsequent memorandum from Procurement issued on November 20, 2020 it states that purchases of any food must obtain prior approval from Executive Directors prior to the p-card purchase, with approval documentation to be submitted with monthly statements. There is no indication of written request to, and approval from the OCG to allow this exception.

➢ Also, district procedures at 8.4.requires the cardholder to maintain itemized receipts in such detail to validate the purchase as appropriate for legitimate business/school purpose. Also per 8.3.1.5, the approving official is to review all documents to ensure receipts have the required information and are valid business use purchases.

Statement of Conditions

1. P-card purchases of food for consumption by employees were prevalent throughout the audit period under review, with no indication of written request and approval to allow exceptions.

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2. Section IV.B of this report illustrates food and restaurant purchases that should have been blocked, which is a control function that prohibits food purchases, as mandated by procedures. Review of transactions from the sample in IV.A above confirmed specific examples of inappropriate food purchases. **Exhibit 1** at the end of this report illustrates some of those examples.

3. Review of most receipts from the audit sample found that there is no written documentation on the receipt to indicate the business/school purpose of the food purchase. There is no differentiation between purchases for valid business reason versus a decision by the cardholder to buy food for personal use/consumption for individuals or groups.

4. Cursory review of the Expenditure Transparency report on Financial Service's web-page, which reflects dates, amounts and vendors for all p-card expenditures, shows many food/restaurant purchases in small amounts (less than $10), which indicates a potential personal, non-business expenditure; examples of these type transactions were also noted in the sample review

Cause of Condition

1. Pursuant to OCG guidelines, as the District develops its own p-card procedures manual, the prohibition against food purchases should be included without exception. That directive is included in district procedures, but there is no indication of a request to and approval from OCG to allow exception for prohibited food purchases with the p-card.

2. Based on survey responses, food purchases have become an accepted practice over time. Also, annotating the receipt with who, what, why, etc. was not being enforced. Per survey responses, some did not know it was required.

3. Inconsistent communication of guidelines was another factor. If there is a written, approved document allowing food purchases, there still is no definitive criteria for what constitutes an allowable food purchase; i.e., does there have to be a minimum number of participates in a specific type meeting/training involving other than district personnel, or can an individual employee, or two or more employees declare a meeting and purchase food for on-site or off-site consumption.

4. As noted in audit discussions with stakeholders during the audit, and as evidenced by written memoranda, current Procurement leadership has questioned the appropriateness of p-card food purchases, but that level of management is not in an authoritative enforcement position.

Potential Impact of Condition

As a percentage of total budgeted expenditures, the financial impact of purchases for food/restaurants is not significant. However, because appropriated general funds are involved, the potential for regulatory issues and the risk of adverse public relations are greater than the potential financial impact.

Opportunities to Improve

1. As noted in section IV.B of this report, the first directive is to establish definitive protocols regarding blocked merchant category codes, including food and restaurant categories.

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Administration Response

The District PCard guidelines are substantially similar to those of the State PCard guideline and therefore allowing food and restaurant purchases is done with the approval of Executive Directors prior to purchases. Written documentation is obtained and kept to include justification and explanation for food purchases.

Internal Audit's Follow-up Note re: Administration's Response Above

Internal Audit re-directs attention to the standard, statement of condition and cause of condition noted above. State guidelines clearly recommend MCC block for food purchases, and the District rightfully adopted the same in its procedures. Also, the state and district procedures specifically prohibit food purchases with the p-card. Procurement management agrees with these provisions.

However, senior level administration has established an exception if Executive Directors deem it okay to purchase food with p-cards. Based on state guidelines, this exception should not be adopted without prior written request to, and consent from the Office of the Comptroller General. It is also noted that many food purchases noted in this review were also from classified staff who are not getting prior approval from an Executive Director, or any other higher level supervisor.

Also, if the District wants to allow food purchases, which goes against state guidelines and District procedures, it has not established written protocols for what constitutes a valid business reason for buying food, snacks, etc. with a p-card or even via an invoice/purchase order process. There were food purchases noted in sample testing above in which no valid business purpose was established. Cardholders simply purchased food, snacks, etc. for personal consumption with and without prior approval. Prior approval does not subrogate the requirement of a valid business purpose.

2. If it is the wish of the District and the Board to allow food/restaurant purchases for consumption by employees going forward, there should be a formal request to, and approval from OCG. District procedures would have to be updated.

Administration Response

The State PCard Policy Guideline references the following:

"Counties and Local Political Subdivisions (Group C entities) include cities, counties, school districts, special purpose districts, and other local government entities. Group C entities make payments from their own checking accounts. <u>These entities shall determine supply/service purchases and develop their own purchasing limitations consistent with applicable law</u>."

Based on the information above, Richland One is among Group C, therefor the District has developed its own purchasing limitations for food and/restaurants purchase and prior approval is being documented with each PCard purchases as outlined in response 1 above.

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Internal Audit's Follow-up Note re: Administration's Response Above

Internal Audit appreciates and respects the citation from the Administration. However, the criteria/standard section outlined in the audit report above <u>does</u> recognize the district as a Group C entity (the whole premise in the review is that the District is a Group C entity; it's a given), and the underlined citation from the Administration has no bearing on the information presented on this subject. If the District wants to continue its current practice, it is accepting the risk of unallowable personal food purchases going forward.

The risk can be eliminated by not allowing food purchases with the p-card, which is the intent of state guidelines and current district written procedures, or the risk can at least be controlled/better managed by establishing what constitutes a valid business purpose and increasing appropriate monitoring.

Again, Internal Audit re-directs attention to the potential impact discussed above. The overall financial impact as a percentage of the budget is not significant, but the potential public relations impact is evident.

3. If written approval is obtained to allow food purchases for consumption by employees, definitive criteria regarding what constitutes a valid business/school purpose for purchasing food, irrespective of the method of purchase (p-card, requisition/invoice or petty cash), should be established immediately; i.e. under what circumstances is a food purchase for employee consumption allowed.

Administration Response

The Administration concurs with this recommendation. The administration provides guidelines to principals and directors on when food/meals can be purchased and price range per meal allowed annually.

Internal Audit's Follow-up Note re: Administration's Response Above

There were no written guidelines provided to Internal Audit, although the request was made on several occasions. Again, Internal Audit re-directs attention to the statement of conditions and the associated exhibits for this section/item. Sample review of p-card purchases noted many expenditures for personal food and snack items that had nothing to do with meeting meals or any other valid business purpose.

4. If policy is revised to allow food purchases via p-card, the current requirement to annotate the receipt and/or other appropriate document with the who, what, why, etc. to substantiate a valid business/school purpose for the food purchase, should be enforced with applicable disciplinary action where non-compliance exists.

Administration Response

The Administration concurs with the recommendation. The approval form (updated January 2021) has been updated to include who, what, why, etc. to substantiate food purchases.

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Internal Audit's Follow-up Note re: Administration's Response Above

In Internal Audit's best judgment, it does not appear that the administrative responses in this section C – Unallowable Food Purchases with the P-Card comport with the facts detailed in the Criteria, Conditions and Impact sections on pages 7 – 8 above. In all other sections of this report, A, B and D – H, the administration agrees with the recommendations and has set forth control measures to directly address the noted deficiencies.

It is not necessary to keep this project open to further discuss Section C. A subsequent follow-up review in accordance with Auditing Procedures, will assess the effectiveness of any control measures implemented by Procurement to address concerns regarding food purchases with the purchasing card.

D. Other Prohibited Purchases (other than food/restaurants)

Criteria

State procedures at IV. E and District procedures at 6.3 outline other prohibited purchases; specifically:

- State procedures at V.A.1 state that internal controls should include appropriate separation of duties between making transactions (cardholders) and review and approval of transactions (liaisons/approval officials)

- District procedure 6.1 stipulates that the card may only be used by that individual whose name is on the card; use of p-card for personal or unauthorized purchases is strictly forbidden

- State procedures at III.D.1.i).ii requires the cardholder to maintain itemized receipts and to ensure the product or service purchased is described in sufficient detail to validate appropriate business use. Also, per III.B.6 the approving official should monitor transactions and card activity to ensure that all purchases are for legitimate business use.

- District procedures at 8.4.requires the cardholder to maintain itemized receipts in such detail to validate the purchase as appropriate for legitimate business/school purpose. Also per 8.3.1.5, the approving official is to review all documents to ensure receipts have the required information and are valid business use purchases.

- Procurement issued a memorandum November 12, 2020 and again on November 20, 2020 to reinforce the requirement that all receipts are to be annotated with an explanation of the purpose of the purchase

- In the State's program overview, it established that all entities participating in the p-card contract are required to use the WORKS system provided by Bank of America for card administration purposes; per District guidelines, receipts should be uploaded into WORKS and hardcopies maintained for the monthly approvers' review.

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Statement of Conditions

The following conditions were noted from the sample review illustrated above at section IV.A, on page 2 of this report; a summary is listed below and details are illustrated at **Exhibit 2** at the end of this report:

1. Results of the sample review of transactions noted that many transactions lacked supporting documentation and/or information annotated on the receipt to verify as a purchase made for a valid school/business purpose. In many transactions the purchase was for items that are suitable for personal/social use as well as business use. There is no information provided with the receipt to differentiate.

2. Based on audit review of receipts and/or email confirmation of the purchase from the vendor attached to the receipt, it was noted that in some cases, a person other than the cardholder had access to and used the p-card, which increases risk of card misuse.

3. Sample review also noted that p-card receipts are not consistently uploaded into the WORKS system, as required. Per survey responses, liaisons confirmed this condition but state that hardcopy receipts are maintained and sometimes stored on their shared drive.

Cause of Condition

1. There is a certain level of trust granted to the cardholder that all purchases are for valid business purposes, resulting in minimal scrutiny from the approving official in certain cases. Also, based on interviews it was suggested that the approving official may not have sufficient time to review purchases in detail, or the approver detected but did not report the infraction to the P-card Coordinator.

2. The cardholder allowing the liaison or another staffer to use the card is an accepted practice in some cases, especially for online purchases.

3. Based on survey responses, annotating the receipt is not a common practice and uploading receipts to WORKS was not viewed as a requirement.

Potential Impact of Condition

- The amount of p-card purchases (over 2 million in 2020) compared to purchases through the regular requisition/invoice payment process (well over 100 million) suggests that the potential financial impact may be minimal. However, continuous non-compliance increases the risk of inappropriate purchases which may increase regulatory scrutiny. Also, potential adverse public relations impact outweighs the financial impact.

- Not having all receipts loaded into WORKS inhibited the audit process because access to all hard copy receipts was unavailable due to renovations at CSF building where the receipts area stored. Some receipts were available on liaison shared drives, but audit sample measures had to be adjusted due to retrieval issues. Also, administrative costs increase if documents are not readily available in WORKs to allow management to perform operational assessments in a timely manner.

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Opportunities to Improve

1. *Reinforce procedural guidelines regarding annotation of receipts and restrictive use of the card only by the cardholder.* Training should include distribution of the procedures to all cardholders, liaisons and approving officials. Follow-up, refresher training should be immediately scheduled for all long-term cardholders and approval officials. Proper controls should be the emphasis over trust and convenience.

   Administration Response

   The Administration concurs with the recommendation and will incorporate immediately in all future training sessions.

2. Establish better accountability through the monthly review and approval process with the approval official. Better awareness and training with the cardholders should further minimize inappropriate purchases, but repeated questionable purchases should also be identified by the approver, with appropriate action taken based on established disciplinary guidelines.

   Administration Response

   The Administration concurs with the recommendation and will incorporate immediately in all future training sessions.

3. Disciplinary guidelines should be published and distributed along with the procedures manual, with annual attestation of receipt and review.

   Administration Response

   The Administration concurs with the recommendation. Disciplinary guidelines will continue to be distributed annually to the cardholder.

   Internal Audit's Follow-up Note re: Administration's Response

   Guidelines should be issued to all involved in the p-card process, not just the cardholder. Also, signature attestation should be obtained.

4. Reinforce the procedural requirement to upload receipts into WORKS to facilitate timely retrieval of information.

   Administration Response

   The Administration concurs with the recommendation. The Pcard Administrator will immediately enforce due dates.

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E. Application of Budget Codes for Each Transaction

Criteria/Standard

The current process establishes object code 390200 – Miscellaneous Purchased Services as the default object code when a p-cards are issued to the cardholders. Per District procedures at 8.5, the liaison has the responsibility of reviewing and uploading into WORKS, the appropriate object codes for individual transactions made by the cardholder.

Statement of Conditions

Per results of the sample review of transactions (from page 2 of this report), the organization/function/unit code to identify the location, department, school, etc. is usually accurate. The same is true for the fund code, which is 00001 – General Funds in every p-card transaction. However, in many transactions the *object code* which helps to identify the type of service or commodity obtained as a result of a specific purchase (i.e., nature/purpose of the purchase) is wrong in many cases:

1. In three of the 12 p-cards sampled, the default code 390200 – Miscellaneous Purchased Services was applied to every single purchase for the audit period January 2020 – December 2020; i.e. the default code was never changed to apply the actual code for the purchase.

2. For the other 9 p-cardholders, applying the proper object code was inconsistent; a few examples from the sample include:

    - Cardholder (principal) purchased clothes for student and object code 46000 was applied, which is the object code for Food

    - Cardholder (a director in operations/non-school) made purchase at Staples in which one half was spent on office supplies and other half on bulk snack items (chips, cookies, etc.); the object code applied was 410100 – Instructional Supplies

    - Cardholders (various – bookkeeper, principal, a director in operations) purchased professional protection equipment, sanitizers, etc. and coded as 410100 – Instructional Supplies or 390200 – Miscellaneous Purchased Services, instead of safety supplies – 410550

    - Various cardholders purchased Christmas CD's, holiday cards, etc. applied 390200 – Miscellaneous Purchased Services as the objective code; these type purchases were made December 16 – 17, 2020 while on or near Winter Break and are also questionable as valid business/school expenditures at section IV.C of this report

    - Most food/restaurant purchases applied object code 46000 – Food, 390200 - Miscellaneous Purchased Services and 410200 – Office Supplies; the appropriateness of food/restaurant purchases is also addressed above at section IV.C of this report

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- A cursory review of other cardholder transactions (outside of the specific sample review) noted that the misapplication of object codes in p-card expenditures is prevalent throughout the District; this condition is confirmed by survey responses from liaisons

3. Survey responses also noted that some p-card purchases are made for certain budget line items in which funds are not available.

Cause of Condition

1. Per survey responses, in some instances the secretary/administrative assistant who also serves as the liaison, pointed to lack of time and/or prioritization of other duties and responsibilities as a reason proper codes are not applied for each transaction. It was also stated that it was not brought to their attention that it was a major concern.

2. P-card transactions are not connected to MUNIS until the end of each month, so the p-card purchase may be made for a budget line item even if there are no more funds available in that budget line. School/department budgets are not consistently monitored to verify availability of funds for a particular budget line before the p-card expenditure is made.

Potential Impact of Condition

1. Improper recording of object codes creates inaccurate accounting of expenditure categories, which adversely effects budgeting and operational planning by the Administration and the Board. It also increases the risk of inappropriate purchases.

2. The school or department not monitoring their budget prior to p-card purchases increases the number of budget line item adjustments and journal entries, and strains administrative resources in Budget and Finance

Opportunities to Improve

1. Principals and department heads with p-cards should increase efforts to monitor budgets to ensure availability of funds prior to making p-card purchases.

   ### Administration Response

   The Administration concurs with the recommendation and will incorporate immediately in all future training sessions.

2. The Budget Office should be engaged to help with follow-up training of cardholders, liaisons and approving officials to emphasize the importance of applying the proper objective code to each transaction. Accountability should be established to ensure compliance going forward.

   ### Administration Response

   The Administration concurs with the recommendation. Budget Services will be included in future training workshops. This will be incorporated immediately in all future training sessions.

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F. Identifying Accountable Property for Inventory

Criteria/Standard

The District's Property Administration Manual (2001 is latest revision) states at Section III – Property Accountability, that all property $500 or more in cost, or property designated as a sensitive item $100 or more in cost, must be processed through and accounted for on formal District fixed assets documentation and added to the fixed assets master listing before issue. Examples of sensitive equipment include:

- Calculators
- Cameras
- Copiers/Faxes
- Etc.

Although there is no specific mention in the p-card procedures manual as a prohibited transaction, the Procurement memo issued in November 2020 provided a *reminder* that *all* equipment over $100 is a prohibited purchase with the p-card (possibly adopted practice over the years, but not codified into p-card procedures).

The memorandum also states that over the past year this type of purchase has increased, and accountability is limited. It goes on to state that anything over the $100 threshold must be procured via the regular requisition/invoice process and requires fixed asset tagging by Property Accounting in Financial Services.

Although p-card purchases of equipment over $100 are not allowable, if such purchase is made the liaison should consistently apply the 54000 object code to facilitate tracking for inventory purposes.

Statement of Conditions

Sample review noted p-card purchases of equipment over $100 that should not have been allowed, but also did not use the proper object code to identify as an equipment purchase. Examples from the sample review of transactions include:

Cardholder	Date	Amount	Vendor	Item	Incorrect Object Code Used
1207	1/14/20	157.67	Staples	Serving cart	410200 Instructional Supplies
7040	12/10/20	157.99	Office Deport	Shredder	390200 Misc Purchased Services
5907	11/22/20	557.27	Lowe's	Christmas tree	390200 Misc Purchased Services
4847	2/4/20	1079.91	Quill.com	8 graphing calculators	390200 Misc Purchased Services

Cause of Condition

- Survey of liaisons also confirmed that identifying and tagging equipment for inventory is not a common practice, except for Information Technology equipment which is usually procured through the regular requisition/invoice process. Convenience and desire to acquire items in a quick fashion were primary reasons equipment is purchased with p-card and delivered directly without being tagged for inventory.

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- There was no indication of any fraudulent intent to circumvent procedures for purposes of acquiring equipment for personal use, as all equipment noted *per sample* was found to be at the school/department.

Potential Impact of Condition

- Although no theft of equipment was noted per the sample review of purchases, circumventing procedures increases the risk of equipment being purchased for personal use in the future. Equipment over $100 or more should not be purchased with p-card, but in the event they are, the proper object code should be used to facilitate Property Accounting's year-end review to identify equipment that was not properly inventoried.

- This back-end control in Property Accounting is a tedious process that increases administrative costs, and is compromised when the cardholders/liaisons are not applying the proper object code on the front-end.

Opportunities to Improve

1. Written notice should be sent again to Principals and district management to discontinue the adopted practice of purchasing equipment over $100 with the p-card, especially since the proper object code is not being utilized. The procedures in place should be periodically discussed in staff meetings.

   Administration Response

   The Administration concurs with the recommendation. Additionally, the following will be emphasized during training sessions – Any equipment purchase under $100 (including shipping and tax etc.) is approved to purchase using the Pcard as these items do not require labeling and indeed are treated as supplies, coded to supplies object codes.

   For simplicity, and to avoid end users having to designate equipment as a sensitive item or not, no equipment valued at over $100 (unit cost) should be purchased using the P-card. Equipment with a unit cost over $100 (including shipping, tax etc.) must be purchased using a requisition and PO and be shipped to the warehouse to allow for proper accountability. Exceptions to this include furniture, repair parts under $500 (e.g. printer heads, equipment like supplies (e.g. LED bulbs for projectors) and equipment that is purchased as a student incentive and will not be used with the District's normal business operations. This procedure will be shared with Pcard holders during training annually.

2. The above opportunity to improve the process and further mitigate the risk of theft can only be accomplished if accountability is established with the cardholder, liaison and approver through appropriate disciplinary action/card suspension for continual non-compliance.

   Administration Response

   The Administration concurs with the recommendation.

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3. Property Accounting should consider updating the Property Administration Manual and meet with Procurement to ensure full clarity and consistency in rules regarding purchase of equipment over $100.

   Administration Response

   See response to 1 above.

G. Split Transactions Circumventing Single Transaction Limit

Criteria/Standard

Per District p-card procedures at section 5.2, the single purchase transaction limit is $1,500. The purpose of single purchase limits is to require that purchases above established limits be subject to additional controls to ensure they are properly reviewed and approved. Purchasing procedures specifically prohibit the splitting of transactions to avoid the $1,500 limit, and require bid quotes if a purchase exceeds $1,500.

Section IV.B of the South Carolina Purchasing Card Policy and Procedures states that splitting transactions to avoid the single transaction limit is strictly prohibited and may result in removal of P-card privileges. District procedures at Section 8.2.5 states the same restriction, verbatim.

Statement of Condition

- Internal Audit's sample review of purchases from section IV.A of this report and cursory review of all transactions listed on the January 2020 – December 2020 online District Expenditure Transparency reports, noted instances of split transactions in which purchases to the same vendor on the same day were split to avoid the $1,500 single transaction limit. Examples include:

Date	Cardholder	Vendor	Amount
2/27/20	4847	Balloonopolis	$1,313.96
2/27/20			481.50
7/22/20	8284	Shields by Zverse	$1,439.04
7/22/20			399.06
5/21/20	8117	Gifts by Design	$833.35
5/22/20			833.35
11/4/20	4637	Bridgeway	$783.50
11/4/20			783.49

- Cardholders circumvented single purchase limits by splitting transactions into two or more segments to stay within their single purchase limit, which violates procedural controls. There is no indication that these infractions were identified and reported during the monthly review process with the liaison and approver

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Cause of Condition

1. Based on survey responses, convenience and urgency to obtain the goods/services was noted as the primary factor for splitting transactions.

2. State procedures at III.A.2.e state that the liaison, who has review responsibilities, is required to immediately report when a cardholder splits purchases to avoid the $1,500 single transaction limit. Although district procedures 8.2.5 prohibit split transactions, there does not appear to be a specific section that charges the liaison or the approving official with the responsibility to immediately report that infraction to the P-card Coordinator or any senior official.

Potential Impact of Condition

- Split transaction are a direct violation of state requirements and District procedures pursuant to the p-card contract and zero tolerance is the stated standard.

- Although no inappropriate purchase came about because of these particular split transactions found in this limited sample review, continuous circumvention of procedures increases the risk of improprieties going forward.

- Continual violations may adversely impact the ability to use the contract in the future. Also, lower price opportunities through a competitive bid may have been lost, which may have regulatory and financial repercussions.

Opportunities to Improve

1. Use reminder communications to cardholders, liaisons and approvers to reinforce the restrictions on split transactions. Also, include in written procedures the requirement for the liaison and the approver to detect split transaction during monthly compilation, review and approval, and report to the P-card Coordinator.

   Administration Response

   The Administration concurs with the recommendation. This process will be implemented immediately.

2. A log of infractions should be maintained and appropriate disciplinary action/card suspension should be invoked, without exception, if non-compliance continues. There should be zero tolerance for split transactions.

   Administration Response

   The Administration concurs with the recommendation.

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H. Review of Span of Control

Criteria/Standard

Sections III.A.3 and V.A.5 of the State policy and procedures manual states that there should be appropriate limits on the number of cardholders assigned to an approving official and liaisons in order to ensure adequate review of business need and documentation for each purchase, and to ensure that each purchase complies with policy.

District procedures at 8.2.6 establishes the same mandate. State nor district procedures establish a specific number because some subjectivity is involved. However, industry standards suggest that the liaison and the approving official review no more than five to seven cardholders.

Statement of Conditions

Internal Audit reviewed the P-Cardholder Profile Master Spreadsheet provided by Procurement, which lists all cardholders, their liaison and their approver. That review noted P-card approving officials with more cardholders than are considered to be manageable based on industry standards; for example:

Department	Liaison	Approver	# of Cardholders	Note
Building Services	aaa	ccc	12	A
Building Services	bbb	ccc	1	
Transportation	ddd	eee	16	B
Lower Richland	fff	ggg	5	C
Lower Richland	hhh	ggg	1	

A   aaa is liaison for 12 cardholders and she is a cardholder herself with bbb as liaison; ccc is the approver for all 13 cardholders, which indicates an unmanageable span of control given the other duties of ccc (Director)

B   Unmanageable span of control for ddd as liaison and eee (Director) as approver, who both have p-cards with the COO as the approver

C   Lower Richland has 6 total cards; no other school has more than 1 (except S. Kilbourne has 2); fff (bookkeeper) has a card and is liaison for 5 cardholders, hhh (staff) has a card and is liaison to fff; while ggg (principal) is approver for all 6 cardholders

Cause of Condition

1. The district has not established a definitive number or criteria for determining an acceptable, manageable span of control.

2. There is no ongoing management assessment process in place to gauge or measure functional span of control in the monthly review and approval process.

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Potential Impact of Condition

An unmanageable span of control can lead to a breakdown in the approval process, especially when the approver delegates some of their responsibilities to the liaison who may report to the cardholder (improper separation of duties). The risk of inappropriate purchases going undetected may increase.

Opportunities to Improve

The number of cardholders an approving official reviews should be manageable. Accordingly, the Administration should define the maximum span of control for approving officials, with the process/standard assessed on an annual basis. Procurement industry best practices suggest that approving officials be sufficiently independent and of sufficient rank to question cardholders when additional information is needed about specific transactions.

Administration Response

The Administration concurs with the recommendation.

Internal Audit's Follow-up Note re: the Administration's Response

Given the number of years of pcard operations in the District and the ability to query data reports from WORKS, management should be able to establish a definitive maximum standard to facilitate efficient and accurate review of pcard statements by the approving official. The Administration concurred with the recommendation, but its response did not establish and provide a definitive standard for maximum span of control.

I. **Excessive Distribution of P-Cards**

Criteria/Standard

State procedures at III.A.1 (a).x state that cardholder accounts should be monitored for inactivity and promptly closed if the card is no longer needed. District procedures at section 18.2 state that the P-Card Coordinator should monitor p-card accounts for inactivity.

Statement of Condition

1. From the master control list of all cardholders, Internal Audit selected a judgmental sample based on the nature/size of the school/department and the number of cardholders in a particular school/department. From this selection, Internal Audit ran a query within WORKS to stratify the number of transactions for the selected cardholders during calendar year 2020; the following was noted:

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Cardholder	Dept./School	Transactions in 2020	Total	Note
1465	Social Work	6	$1,370.66	A
7673	Student Support	0	0	
2567	S. Kilbourne	10	$878.82	B
7533	S. Kilbourne	14	$2,2284	B
2246	Horrell Hil	6	$503.18	C
3753	Mentor Program	0	0	
3705	Human Resources	11	$1049.50	D

A   1465 reports to 7673 who reports to 1207 (Director of Student Intervention Services) who reports to 7838 (Chief of Staff); all have p-cards; it appears that the p-card process for Student Intervention Services could be streamlined

B   10 transaction over 4 months totaling $878.82 for 2567; 14 transactions over 5 months totaling $2,284 for 7533; both are at South Kilbourne Elementary and the overall expenditure activity for an elementary school suggests that one card should suffice to go along with the normal procurement and petty cash process with the secretary or bookkeeper

C   6 transactions over 3 months totaling $503.18, which were primarily food purchases that should have been blocked

D   11 transactions over 12 months totaling $1,049.50; this cardholder 3705 is Chief HR who has an Executive Assistant and a Coordinator with p-cards; if the Chief forfeits his p-card he can be the approver for his Assistant and his Coordinator and streamline the process for HR; also, the Superintendent would not have to be burdened with being the HR Chief's approver.

2. It is possible that the rebate incentive from Bank of America (BOA) may include the statistic of average net spend per card, which is more reason to address inactive or under-utilized cards. Internal Audit was unable to verify BOA's rebate methodology.

Cause of Condition

- There is no periodic management review of p-card usage to determine if cardholder still needs a p-card based on activity levels of the department/school. Also, there is no standard criteria for inactive or under-utilized.

- Procurement states that there is no reconciliation or verification of the rebate received from BOA to validate the accuracy. Also, BOA's metric or methodology used to calculate the rebate is not known.

Potential Impact of Condition

- A proliferation of cardholders increases the District's financial and reputational exposure, and makes it difficult to maintain effective internal controls. The risk of unauthorized use or fraudulent charges increase with existence of cards not needed, or used infrequently.

- There is potential for lost income opportunity if the rebate methodology is not known and the accuracy of the amount received is not verified.

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Opportunities to Improve

1. Establish a minimum standard for monthly usage based on the nature/need, the activity level of the department/school and the total number of cardholders in the school/department; deactivate the card when the standard is not met

Administration Response

Schools/departments Pcard usage may vary from month to month due to the location, programs, activities and the school calendar. However, the Pcard Administrator will monitor activities to ensure usage is reasonable.

Internal Audit's Follow-up Note re: the Administration's Response

"Reasonable" is not a definitive standard of measure. Given the usage queries readily available in WORKS, management should have the ability to detect non-use over an extended period of time and establish a minimum usage standard. As noted above in Statement of Conditions, Cause of Conditions and Impact, cards inactive for an extended period are not properly monitored, which provides a cardholder with nefarious intent, the opportunity to make an inappropriate purchase without being detected. Accordingly, a card not used for 6 – 7 months as an example, should be de-activated with no discretion. See recommendation 2 below.

2. Establish a procedure to review each employee's need for a card prior to and after issuance to determine if the need continues. Routine usage reports should be queried and reviewed to identify cards that are seldom used, or not used to the established standards; key indicators may include:

   - Number of transactions per card
   - Amount per transaction
   - Number of active cards in a school/department

Administration Response

The Administration concurs with the recommendation

3. Opportunities to streamline within a school/department to facilitate management of the p-card process should be periodically assessed if multiple cards are distributed to one school or department.

Administration Response

The Administration concurs with the recommendation. The Pcard Administrator and Director of Procurement will review annually and provide a report to the Chief Financial Officer for further action.

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4. After verifying the rebate methodology in place, management should establish a process to reconcile, or validate the accuracy of the rebate received from Bank of America. If it is determined that part of the calculation involves net spend per card, additional attention should be given to the number of cards distributed. There should be a process in place to maximize the rebate without compromising program compliance and objectives.

Administration Response

The Administration concurs with the recommendation. The Pcard Administrator and Director of Procurement will review annually for accuracy.

V. GENERAL

Internal Audit believes that adequate attention to the audit recommendations outlined in this report, along with continuous development of initiatives already undertaken, should help the Administration comply with state guidelines and District procedures, and affect continuous improvement in p-card operations going forward. Proper attention will establish a good internal control framework that provides a foundation for minimizing risk of procedural deficiencies in the future.

Leadership throughout the Procurement Card process should establish a culture that embraces the importance of procedural controls. Periodic internal assessments by management to identify risks, adhering to established procedures, appropriate monitoring, and communicating relevant information up, down and across the organization will reinforce that control framework.

VI. CONCLUSION

Internal Audit would like to express sincere appreciation to the Director of Procurement and the Pcard Coordinator for their assistance provided during this review.

_____
Kelvin L. Washington, CIA
Internal Audit
Richland County School District One
Board of Commissioners

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Exhibit 1 – Examples of Food, Grocery Store, and Restaurant Purchases Re: Audit Section IV.C

C/H	Date	Amount	Vendor	Written on the Receipt - Verbatim	Note
3405	1/17/20	106.05	Krispy Kreme	Meals for staff - PD	
3405	11/18/20	131.55	Dunkin Donuts	Morning refreshments since Ed Week	
7040	2/20/20	371.95	Chick Fil A	Food for training	
7184	1/29/20	190.57	Sam's	Nothing was written on the receipt	
7184	1/20/20	205.58	Sam's	Nothing was written on the receipt	1
7184	2/2/20	6.84	Walmart	Nothing was written on the receipt	2
7184	2/2/20	24.15	Aldi's	Nothing was written on the receipt	3
7184	2/26/20	18.98	Little Caesar's	PTO released from hospital; feed family	
7184	6/3/20	21.45	Lita's Treats	Nothing was written on the receipt	4
7184	6/16/20	457.97	Doggy Bagz	Nothing was written on the receipt	5
7184					6
2410	3/8/20	71.33	Sam's	Nothing was written on the receipt	
2410	3/17/20	234.87	Chicki's Wings	Nothing was written on the receipt	
2410	5/7/20	587.82	Groucho's	Nothing was written on the receipt	
2410	8/17/20	217.02	Sam's	Nothing was written on the receipt	7
2410					8
2625	2/18/20	390.37	Salsarits's	Nothing was written on the receipt	
2625	2/20/20	90.97	Food Lion	Nothing was written on the receipt	9
2625	5/21/20	1052.50	Seawell's Banquet	Nothing was written on the receipt	10
3374	1/22/20	149.47	Sam's	Nothing was written on the receipt	11
3374	1/22/20	537.94	California Dreaming	Nothing was written on the receipt	12
1428	8/31/20	110.15	Sam's	Nothing was written on the receipt	13

1   Groceries, grits, frozen biscuits, etc.

2   Eggs and honey wheat; purchased at 9:19 p.m.

3   Flour, jelly, sugar, milk, juice; purchased 4:37 p.m. in 29229 (cardholder same zip); school is 29203

4   6 cupcakes purchased 5:37; bakery on Killian Road; school is downtown

5   Food truck; location in same zip code as cardholder, not near school

6   Per general scan of transactions (not part of detailed sample review of receipts) noted many more food, grocery store purchases during 3/17/20 – 6/2/20 when there was little to no in-person school due to the pandemic; other cardholders as well

7   Cookies, p-nuts, etc.

8   Noted that a p-card request form was used for some supply purchases (not food) when a teacher makes a request to the cardholder/principal; no such request form was noted for any food purchase per sample review

9   Sodas, strawberries, etc. purchased 3:47 p.m.

10   Banquet held **12/19/19** but paid per p-card 5/21/20 per invoice attached to receipt

11   Nothing on the receipt but description section in WORKS (seldom used) says "meeting snacks"

12   Nothing on the receipt but description section in WORKS says "lunch meeting"

13   Chips, candy, cookies, water, etc. purchased at 7:49 p.m.

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Exhibit 2 – Examples of Other Prohibited Purchases (other than food, restaurants) Re: Section IV.D

C/H	Date	Amount	Vendor	Description	Note
2625	11/17/20	266.79	Gallery	Holiday Cards	
2410	3/8/20	86.27	Lowe's	Flowers and Plants	
3374	12/16/20	972.70	Bruce's Greenhouse	50 10" Roses	
5907	11/22/20	557.27	Lowe's	Christmas Tree	1
7040	12/3/20	750.00	Paypal	Professional Services	
3941	10/22/20	171.72	Walmart	Pet Training Pads	
7184	6/4/20	113.32	Kroger's	Potted Plants	2
7184	8/22/20	182.20	Amazon	Household Cleaning Supplies	3
7184	12/5/20	100.00	Sam's	Sam's Membership	4
7184	11/10/20	17.49	Dominos	Pizza	5
8431	5/5/20	148.44	Target	Footballs, board games	6
1428	12/23/20	1458.60	Impromoteu	60 embroidered coolers	7

1   Management may deem a Christmas tree a valid office supply; however, expending $557.27 in general funds for a tree is questionable; also, the tree is useful for multiple years but was not tagged for inventory and did not have correct object code applied

2   Purchased 7:32 p.m. and nothing written on receipt to explain purpose of the purchases; also did not apply an object code

3   Household cleaning supplies shipped directly to cardholder's house per email receipt from Amazon; used miscellaneous purchased service as the object code

4   Cardholder lost the receipt and completed a lost receipt affidavit, but signed it as the requestor/cardholder and the authorizer/approver.

5   Per online receipt purchase was made by liaison and picked up by the liaison using cardholder's card

6   May be allowable purchase for a school activity; the issue is that it was ordered by a guidance counselor who set up an online account at Target in their name and used the cardholder's card

7   A different cardholder (5415) used this cardholder's card for this purchase on December 23, 2020 when schools are on Winter Break; also, cursory review (not detailed receipt review because not part of sample) of 5415's transactions noted many purchases for questionable items during time of no in-person school)

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