



# **AGREED UPON PROCEDURES**

## **Agency Purchasing Card Program**

Division of Procurement Services  
Office of Audit & Certification  
Revised: June 27, 2025

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## AGREED UPON PROCEDURES Agency Purchasing Card Program

### Introduction

The South Carolina Purchasing Card Policy and Procedures (State P-Card Policy) are available online at: <https://procurement.sc.gov/contracts/p-card>

Procurement Services has developed these Agreed Upon Procedures (AUP) to assist agencies to comply with the audit requirements of Proviso 104.10. Before starting an AUP review, the reviewer shall familiarize themselves with the South Carolina Purchasing Card Policy and Procedures (State P-Card Policy), available online at: <https://procurement.sc.gov/contracts/p-card>. To comply with Proviso 104.10 (below), the reviewer must prepare a written report communicating:

- The procedures performed;
- Findings identified during the AUP, and recommendation(s) to bring the Agency's program into compliance; and
- the Agency's response(s) to recommendation(s) that describe the Agency's corrective action plan(s).

**Reports should be sent to:** [MMO.PCard@MMO.sc.gov](mailto:MMO.PCard@MMO.sc.gov)  
with "P-Card AUP Report" in the subject line.

**Questions** regarding procedures contained in this document may be addressed to [dcmilling@mmo.sc.gov](mailto:dcmilling@mmo.sc.gov)

**Act 69**  
**Proviso 104.10 - P-Card Oversight**  
**FY 25-26**

**Proviso 104.10. - SFAA: P-Card Oversight**

Using funds appropriated, no later than October 1, 2025, the State Fiscal Accountability Authority, Division of Procurement Services (Division) shall publish and maintain a South Carolina Purchasing Card Policy and Procedures Manual (Manual) to establish sound practices for the use of purchasing cards (P-Cards) and for management oversight of such use to reduce the States risk of P-Card misuse and fraud. The Division shall develop and provide training and testing on the requirements of the Manual and begin offering such training no later than October 15, 2025. The director of each governmental body as defined in Section 11-35-310 employing P-card holders shall ensure the governmental body develops an agency-specific P-card use manual no later than April 1, 2026. The director of each governmental body employing P-card holders shall ensure that every P-card holder and those with responsibility for implementation and oversight of its P-card program have completed the Division P-card training and successfully passed the Division P-card testing no later than April 15, 2026. The director of each governmental body employing P-card holders shall ensure that no supervisory or oversight of a P-card role shall be assigned nor new P-cards issued before such employees shall complete Division P-card training and successfully pass Division P-card testing. The director of each governmental body employing P-card holders shall ensure the governmental body develops, implements, and provides the Division with documentation of an internal P-card annual training program for employees with supervisory or oversight of P-card programs and for all P-card holders. The director of each governmental body employing P-card holders shall obtain an annual compliance audit of the governmental body's P-card program conducted by an independent third-party entity qualified to conduct such an audit and shall provide audit report results and corrective action plans, if any, to the Division no later than October 1, 2025. The Division shall compile all such audit report results into a single report and provide the report to the State Fiscal Accountability Authority (Authority) at its first regularly scheduled meeting of each calendar year. In each audit of the procurement system of a governmental body pursuant to Section 11-35-1230, the Division shall also audit the governmental body's P-card program to determine whether internal controls of the governmental body's P-Card program are adequate to ensure compliance, in all material respects, with the Manual, applicable laws and regulations, and internal policies. The Division shall include its findings and recommendations in the audit report submitted to the Authority. The Authority shall impose administrative penalties for repeat or egregious violations of the Manual, including but not limited to, reduction or suspension of the governmental body's P-Card program, reduction in procurement certification granted pursuant to Section 11-35-1210, removal of authority to conduct sole source procurements, or directing that all or a portion of any P-Card rebates due the governmental body be deposited in the General Fund. The Authority is authorized to request in-person reports from governmental body leadership on corrective actions being taken to rectify such repeat or egregious violations of the Manual and may exempt any governmental body from any requirement of this proviso

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**Agreed Upon Procedures**

Step No	Done by and Date	W/P Reference
<b>1. Agency Purchasing Card Procedure Manual</b>  Obtain a copy of the agency's internal P-Card Procedure Manual in effect during the Audit period.		
<b>2. Summarize P-Card Expenditures by Month</b>  Request a summary of all Bank of America (BoA) expenditures by month from the agency's general ledger, for the audit period. From the summary of Bank of America expenditures by month, judgmentally select at least two monthly billing statements within the audit period for testing.		
<b>3. Population:</b>  Obtain a listing from WORKS of all P-Card transactions for the two monthly billing statements selected in step 2 above containing the following information: <ul style="list-style-type: none"> <li>a) Transaction Number</li> <li>b) Card Last 4 Digits</li> <li>c) Card Holder (CH) Full Name</li> <li>d) Vendor Name</li> <li>e) Amount</li> <li>f) Post Date</li> <li>g) Purchase Date</li> <li>h) Mgr. Signoff Date</li> <li>i) Mgr. Signoff Full Name</li> <li>j) Item General Ledger Combination</li> <li>k) Item Description</li> <li>l) Merchant Category Code (MCC)</li> <li>m) MCC Description</li> </ul>		
<b>4. P-Card Procedure Manual Review</b>  Review the Agency's P-Card Procedures Manual (obtained in Step 1) to confirm compliance with the State P-Card Policy (SPCP) (revised 9/9/21; eff 1/1/20) using the <b>P-Card Manual Checklist (Exhibit B)</b> .  Ensure that roles and responsibilities have been properly assigned and adequate separation of duties exist between cardholder purchases and the review/approval of these purchases by Supervisor/Approver and Liaison prior to payment to BoA.		
<b>5. Annual Audit</b>  Determine when the last independent P-Card audit was conducted per SPCP Section V(A)(6). Obtain a copy of the report.  Review the prior annual audit to ensure the agency has complied with prior corrective action requests		

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Step No	Done by and Date	W/P Reference
<b>6. Risk Assessment</b>  Program Administration Risk Assessment Obtain a listing from WORKS, of all P-Cards that were active during the audit period showing the Cardholder, Reviewer/Approver, Date of Issue, Single Transaction and Credit Limits, and date of last transaction. <ul style="list-style-type: none"> <li>i. <u>Card Issuance</u> - Ensure that P-Cards are issued according to State P-Card Policy section V.C., and per SPCP Section V. C. 1. - no more than one card may be issued to an individual)</li> <li>ii. <u>Training</u> – Ensure that the Agency has documented Level I and Level II <u>training programs</u> for new card holders, supervisor/approvers, and liaisons.</li> <li>iii. <u>Account Types</u> - Determine that the Agency has no unassigned cards, i.e., that all card types are issued according to SPCP Section VI.</li> <li>iv. Confirm that no cards have been inactive for more than one year.</li> <li>v. <u>Single Transaction Limits</u> - Sort the listing to verify that no single transaction limit (<u>STL</u>) is greater than the Procurement Code competition threshold.              For cards with STL's greater than:             <ul style="list-style-type: none"> <li>a. \$2500 requires agency head or governing board approval per SPCP Section II. B. 2</li> <li>b. \$10,000 - the competition threshold, obtain documentation of the Material Management Officer's approval per SPCP Section II. D.</li> </ul> </li> </ul>		
<p><b>Note:</b> Portia Davis, <a href="mailto:pdavis@mmo.sc.gov">pdavis@mmo.sc.gov</a> , (803) 737-5473, is the State P-Card Coordinator.</p> <p>The State P-Card Coordinator maintains documentation of all approvals for STLs greater than \$10k.</p>		
<b>7. Merchant Category Codes</b>  For Higher Eds, obtain a listing of the Group B Agency's blocked MCC codes (See SPCP Section II. (C)(3)).		
<b>8. Compliance Analysis</b>  For the population of transactions obtained in Step 2: <ul style="list-style-type: none"> <li>i. Determine that purchases are not made from blocked MCCs by scanning the population. For three transactions using blocked MCC codes, request documentation of approval for MCC codes to be temporarily unblocked.</li> <li>ii. Determine that no transactions exceed the cardholder's STL without written approval of a temporary increase in STL and subsequent reduction to the original level.</li> </ul>		

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Step No	Done by and Date	W/P Reference
<b>9. Transaction Testing</b>  Judgementally <u>select a sample</u> of 25 transactions to get a cross-section of all departments and liaisons, from the two selected billing statements and request copies of receipts for testing in accordance with the P-Card Attributes ( <a href="#">Exhibit A</a> ) that purchases are being made in compliance with the State and Agency P-Card policy and internal procedures.		

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**EXHIBIT A – Purchasing Card AUP Attributes**

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- A. Appropriate documentation on file to support transaction: Sales slips, register receipts, P-Card slips
- B. Purchase not shipped to employee home address
- C. State Procurement Code was followed
- D. Purchased from Contract Vendor when available
- E. No purchases prohibited by State P-Card Policy IV. E.:
  - Exceeds STL
  - Personal purchases
  - Cash advances
  - Gift Cards
  - Employee travel, including lodging, transportation (excluding airline and rental cars), and meals
  - Entertainment
  - Alcoholic beverages
  - Tobacco products
  - Fuel for State owned vehicles
  - Professional services
  - Food for consumption by State employees
  - Blocked MCC
  - Payment on Open Account
  - State and local taxes to Dept of Revenue
- F. Transaction not split to circumvent STL
- G. Purchase made by named Cardholder
- H. Statement signed by Cardholder
- I. Statement/transaction properly approved by Supervisor/Approver
- J. Documented review for prohibited transactions by Liaison



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**EXHIBIT B - Purchasing Card Procedure Manual Checklist**

The manual is developed by agency management to establish the scope and manage the risk of the program. It also serves as a reference and training tool for employees with program responsibility. An effective procedure manual provides step by step instructions for the management and operations of the program and serves as a guide for employees assigned responsibility under the program. We recommend screen shots from any software being used to demonstrate procedures.

Section III. A. 1.a) requires the agency to develop the internal policy governing the use of the P-Card including:

- Compliance with State P-Card Policy
- Provides for unique needs of the agency
- Responsibilities of agency P-Card Personnel and process for changes in personnel
- Criteria for obtaining P-Card
- Acceptable use of P-Card that cannot be less restrictive than State P-Card Policy

Internal Controls should be documented and sufficient to reasonably ensure compliance:

- Separation of duties
- Hierarchical review and approval of purchases
- Cardholder cannot approve his own transactions
- Provision for independent audit at least annually

Ensure the agency has sufficiently documented internal controls and audits to prevent and/or detect misuse or fraudulent use of the P-Card.

Provide definitions for terms specific to the program. Policies and responsibilities should generally be separate from definitions.

Adopt forms for executing such things as approval and assignment P-Cards to simplify and ensure compliance with state and agency policy, and cross-reference them as appropriate in the procedure manual.

State P-Card Policy, dated 9/9/21

Index	Description	Location
	<b>Program Overview</b>	
	<b>Program Administration</b>	
	Merchant Category Codes	
	Spending Limits - Agency's framework and criteria for establishing single transaction limits (STL) and credit limits	
	Emergency Procedures	
	<b>Program Compliance</b>	
	<b>Program Administration</b>	
	Responsibilities of agency P-Card program personnel and Process for changes in personnel	
	<b>Use of the P-Card</b> Acceptable use of the P-Card (cannot be less restrictive than State P-Card Policy)	
	Standards of Conduct	

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Index	Description	Location
	Allowable and prohibited transactions <ul style="list-style-type: none"> <li>– Cash advances</li> <li>– Oder Splitting</li> </ul>	
	Procedures to ensure security over P-Card account information	
	Method for reporting suspected misuse or fraudulent use	
	Provision for review of the internal policy for adequacy at least annually	
	<b>Accounting requirements</b>	
	<b>Reconciliation procedures and timelines</b> to ensure timely payment of statement	
	Agency procedures for compliance with State Policy regarding documentation of transactions	
	<b>Record retention policy</b> for program administration and transactions	
	<b>Provision for audit or other <u>independent</u> review</b> of all areas of program administration and transactions at least annually	
	<b>Program Auditor</b> – an employee, not associated with the agency’s P-Card program, responsible for auditing agency compliance with the State and agency P-Card Policy and notifying the agency’s P-Card Administrator (PCA) of any discrepancies, including delinquent reconciliation and paperwork.	
	<b>Procedures for requesting P-Cards and approving Cardholders.</b>	
	Agency criteria for obtaining a P-Card	
	Card Issuance Requirements <ul style="list-style-type: none"> <li>– One Card per Cardholder</li> <li>– Must be permanent employee; full or part-time</li> <li>– Issued in name of employee</li> <li>– Approved by employee’s supervisor and Department Head</li> </ul>	
	Training requirements met and documented before card issued. Cardholder provided a list of prohibited transactions at time of card issuance.	
	Cardholder Spending Limits	
	<b>Single Transaction Limits</b> - Agency’s framework and criteria for <u>establishing single transaction limits (STL) and credit limits</u> Responsibility for determination and approval of individual STLs and credit limits based on budget constraints assigned, Cardholder job responsibilities, knowledge, skills and abilities, historical spending patterns, and overall procurement practices.	
	<b>Cardholder Agreement:</b> <ul style="list-style-type: none"> <li>– Cardholder acknowledges responsibility to use card according to State and Agency P-Card Policy and that training completed.</li> <li>– No prohibited transactions</li> <li>– Single Transaction Limit</li> <li>– Credit Limit</li> <li>– Supervisor/Approver named</li> </ul>	

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Index	Description	Location
	<b>Roles and Responsibilities of P-Card positions</b>	
	<b>P-Card Program Positions</b> roles and responsibilities assigned as required for the size of the program, i.e., volume and size of transactions, span of control, and separation of duties.	
	Provision to provide <b>written designation of PCA</b> to the DPS P-Card Coordinator. Group A agencies also provide written designation to the OCG.	
	<b><u>P-Card Administrator (PCA)</u></b>	
	The central administrator located in the agency purchasing department who coordinates the P-Card Program for the agency and acts as the agency liaison with the Bank, OCG, and DPS.	
	Assign Cardholders to Supervisors/Liaisons Span of Control must be reasonable	
	Ensure that a STL and a credit limit is assigned to each card and record the dollar amounts of those limits on the employee cardholder agreement	
	Agency procedures covering properly setting up the profile for each P-Card (including all blocked MCCs; see State P-Card Policy II. C.) and how to use the P-Card, including telephone, fax, and internet orders to maintain security over P-Card account information	
	Develop default <b>accounting codes</b>	
	Monitor Cardholder accounts at least annually for inactivity and promptly close accounts and cards that are no longer needed	
	Provide documented <b>Level I and II training</b> programs and a documented record and acknowledgement of training for every employee with program responsibility.	
	<b>P-Card Statement Certification</b> monthly by due date	
	<b><u>Supervisor/Approvers</u></b>	
	Monitor transactions to ensure purchases are for legitimate State business	
	Review all documentation and sign and date monthly statement – this responsibility cannot be delegated	
	Requirement that the supervisor's signature signifies that the supervisor has examined all documentation, determined that the transaction was business related, and that all required documentation is in the file and agrees to the statement.	
	<b><u>Liaisons</u></b>	
	<b><u>Department Liaison</u></b> – an employee in each department who is responsible for reviewing transactions of individual Cardholders to make sure the transactions are classified properly and comply with State P-Card Policy.	
	Documented review of cardholder transactions for compliance with State P-Card Policy The Liaison will create and sign a separate copy of the checklist for each statement reviewed, and include in the file with the statement	

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Index	Description	Location
	<b>Cardholders</b>	
	Spending limits	
	Placing an order	
	Document all transactions	
	Reconciliation procedure and due date	
	Sign and date monthly statements	
	<b>Types of Accounts</b>	
	Standard	
	Ghost	
	Lodging	
	Social Media	
	<b>Legal Issues</b>	
	Consequences for misuse of the P-Card	
	Detail list of consequences of misuse or fraudulent use, and responsibility for reporting and executing corrective actions assigned	