

# Purchasing Card Success

## Group B P-Card Users

August 12, 2025

Audit & Certification

Crawford Milling, Director



THE DIVISION OF  
PROCUREMENT SERVICES

# Purchasing Cards

Successful P-Card programs start with your agency's recognition and effective mitigation of risk.

To be effective, internal control procedures need to be documented and followed.

The Legislature determined that Management Oversight of P-Cards was important enough to issue a Proviso requiring establishment of sound business practices.

# P-Card Proviso

This Proviso places key obligations on the Division of Procurement Services and on State agencies.

Key obligations of Procurement Services are:

- By October 1, 2025, publish a South Carolina Purchasing Card Policy and Procedures Manual (Policy)
- By October 15, 2025, Develop and provide training and testing on the requirements of the Policy
  - Both the training and testing will be offered online



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# P-Card Proviso

Key obligations of Agency Directors are:

- By October 1, 2025, obtain a compliance audit of the agency's P-Card program by a qualified auditor not connected with the P-Card program and send the audit results and corrective action plans to Procurement Services.
  - Audit for compliance with the current State P-Card Policy and agency internal procedures.
  - A qualified auditor not connected with the P-Card program excludes the P-Card Administrator but does not require a CPA Firm
  - Procurement Services has prepared the attached procedures and a checklist that the agency may follow for this purpose
- After October 15, 2025, ensure that no P-Card supervisory or oversight roles are assigned nor P-Cards issued to new cardholders before such employees complete P-Card training and successfully pass P-Card testing offered by Procurement Services.



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# P-Card Proviso

- By April 1, 2026, ensure development of an agency-specific P-Card use manual
  - Procurement Services is developing a model Agency P-Card use manual concurrently with development of a revised Policy.
- By April 15, 2026, ensure that every P-Card holder and those with responsibility for implementation and oversight of the Agency's P-Card program as of October 15, 2025, have completed the P-Card training and successfully passed the P-Card testing provided by Procurement Services.
- Ensure the Agency develops, implements, and provides Procurement Services with documentation of an internal P-Card annual training program for employees with responsibility for supervision or oversight of P-Card programs and for all P-Card holders. This program will provide training on the Agency's internal P-Card use manual.



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# P-Card Proviso

The Authority shall impose administrative penalties for repeat or egregious violations of the Manual, including but not limited to,

- 1) in the General Fund.
- 2) reduction or suspension of the governmental body's P-Card program,
- 3) reduction in procurement certification granted pursuant to Section 11-35-1210,
- 4) removal of authority to conduct sole source procurements, or
- 5) directing that all or a portion of any P-Card rebates due the governmental body be deposited

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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# P-Card Risk Mitigation

P-Cards operate like a small business.

Risk mitigation is heavily dependent on management oversight.

We audit to see that you are effectively managing your agency's risk by having documented procedures, that are being followed, and are consistent with the State's P-Card Policy.



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# Key Controls

**Single Transaction and Credit Limits, blocked MCCs, and Prohibited Transactions** limit the potential damage, but not the likelihood that it can happen.

**Separation of Duties and Management oversight**, are key to reducing the likelihood of misuse and abuse.

# Key Controls

Signing and dating the statement attesting to its accuracy and completeness is key.

If supervisors make cursory reviews of statements, or liaisons do not document their review and use a checklist to ensure its effectiveness, then cardholders may start testing to find out what they can get away with.

Since the reviews are only effective if done before the bank is paid, signing and dating are both important.

# Independent Audits

Can identify gaps in agency internal controls.

Provides an objective look at how the agency has set up its oversight and control to evaluate its effectiveness.

Test a sample of transactions to ensure the controls are operating as intended.

A P-Card Administrator cannot effectively assess his own program design.



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# PCA Role Misinformation

Some agencies have taken the position that an audit by Audit & Certification every third year is sufficient for external audits;

and/or

that having the PCA test 15 or 20 transactions a month is an effective way to ensure compliance.



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# PCA Responsibilities

Work with management to establish STLs and Credit Limits;

Train P-Card personnel;

Issue, suspend, and close cards;

Manage the month-end close process to be sure that all the statements got reviewed by cardholders, supervisors, and liaisons; and run reports to ensure STLs and MCCs honored.

Sign the P-Card Certification after close.



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# Findings

The big misses occur during the month-end statement review process because there is not a procedure for statement review and sign-off.

Statement **reviews and sign-offs** need to be completed before the PCA signs the P-Card Certification to the OCG; otherwise, the payment to BoA may be late or unauthorized.

The PCA did not suspend or close cards.

Independent audits not required or performed

# P-Card Questions

Questions about the agency's responsibilities in managing P-Cards?



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# Ghost Cards

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# Learning Objectives:

- When to use
- Management's responsibilities for risk management

# State P-Card Policy (Draft)

The term “Ghost Cards” refers to a P-Card account established for the payment of monthly or other periodic charges to an established supplier and for which a physical card is not issued. In cooperation with the State P-Card Coordinator and the Bank, a PCA may establish a Ghost Card to make payments to a single, specified supplier.

Ghost Cards provide a secure payment method restricted for use with the identified supplier and secured through many account restrictions including spending limits, MCC restrictions, and the absence of a physical card. Ghost cards may be considered when the supplier provides goods or services through an established relationship, often sending a monthly invoice for those goods or services. Examples of suppliers suitable for payment via a Ghost Card include telecommunication service providers, utilities, bulk fuel providers, and landlords. Ghost Card accounts are subject to the same MCC restrictions and single transaction limits as standard P-Cards as well as the same procedures for changing these restrictions and limits. Ghost Card accounts are also subject to all other requirements of this Policy. Please contact the State P-Card Coordinator for more information on Ghost Cards or for assistance in setting up Ghost Card accounts.



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# Risk Mitigation

When requesting a ghost or client needs, or social media account card, the agency needs to establish procedures that mitigate the risk of misuse:

- Establish a monthly budget for expenditures
- Single Transaction Limit established to limit budget variance
- Establish credit limits
- Specific MCCs
- Receipt of invoice at month end
- Approval by supervisor of invoice if within budget, and involvement of finance if the budget exceeds.

These procedures need to be approved by DPS in advance and need to be documented in the agency P-Card procedure manual.

# Questions

Thank you for inviting me to be here.

Please feel free to follow up if I can help:

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