**FOLLOW-UP MEMORANDUM**

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| **TO:** | Agency Finance Directors and Procurement Directors |
| **FROM:** | John St. C. White |
| **DATE:** | July 17, 2025 |
| **RE:** | Fiscal Year 2025-2026 Budget - Proviso 104.10  |

We have received several questions about key obligations of Agency Directors in Director Gillespie’s July 10, 2025, memo about Proviso 104.10. Below, you will find further guidance based on the questions we are receiving:

**Obligation 1:**

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

Using a CPA firm to fulfill this obligation is not a requirement. We called the procedures AUPs because that refers to a level of service that CPAs are familiar with and for which we take responsibility for the sufficiency of the procedures. So, if you do hire a CPA, please give them the Agreed Upon Procedures we provided.

Some CPA firms have indicated that they do not have the bandwidth to conduct this audit while they are doing audits of state fiscal years. The P-Card audit period does not have to be the same as the agency’s fiscal year. Additionally, if your agency had a P-Card audit and issued a report in the last 6 months, that will be sufficient for this year.

Related to hiring an accountant or auditor, such as a CPA, or other qualified auditor, the procurement Code 11-35-1250 says that “no contract for auditing or accounting services shall be awarded without the approval of the State Auditor.” The State Auditor’s Office can assist with finding a firm.

Several agencies have asked what a qualified auditor is. First and foremost, that would be someone not associated with your agency’s P-Card program. In other words, it excludes a cardholder, supervisor/approver, liaison, or P-Card Administrator. Agency internal auditors may conduct the audit using the procedures in the Agreed Upon Procedures (AUP). Confusion has arisen from the fact that only a CPA may conduct an AUP engagement. However, as noted above, it was not the intent to require an agency to use a CPA to fulfill this obligation. For your convenience, you will find attached a *Guide for Assessing Agency Purchasing Program for Compliance with State Procedures by Individuals Other Than a CPA.* Anyone who can understand and follow the steps contained in this Guide may conduct an assessment using those steps. Audits performed by anyone other than a CPA would follow these steps. We recommend titling a report resulting from following these steps “Report of Compliance Assessment of [Agency Name] P-Card Program.”

Some small agencies have asked about cross auditing each other. This is fine if the person conducting the work is independent and objective.

**Obligation 2**

**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.

DPS has developed online/on-demand level 1 training, including a test, and will be announcing the availability of that training any day now. DPS is currently developing Level 2 training as an online/on-demand offering, and it will be available by October 15.

Employees with a P-Card supervisory or oversight role are supervisor/approvers, liaisons, and P-Card Administrators.

**Obligation 3**

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.

This applies to existing P-Card holders, supervisor/approvers, liaisons, and P-Card Administrators.

**Obligation 4**

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.

These training programs do not have to be sent to DPS since 2 and 3 address training using Procurement Services training and testing. Agency specific training would cover things specific to the agency’s P-Card use such as internal PCA email address and phone number, typical Single Transaction Limits, etc.  This training is required to be documented and should be available during a procurement audit by Audit & Certification.

If you still have questions, please send Crawford Milling an e-mail at the address below.

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