



ALAN WILSON
ATTORNEY GENERAL

August 9, 2022

The Honorable Henry D. McMaster
Office of the Governor
1205 Pendleton Street
Columbia, South Carolina 29201

Dear Governor McMaster,

I wholeheartedly applaud your recent decision to request an investigation of Richland County School District Two (“Richland Two”) finances. You are exactly right that allegations of misspending, waste, and abuse should be thoroughly examined, and if laws have been broken, those responsible should be held accountable. The preservation and protection of the public trust is paramount.

I have recently received many of the same kinds of complaints regarding Richland County School District One’s (“Richland One”) use of purchase cards, or P-cards. I am thus writing to you now to ask for your help in calling for an Office of Inspector General investigation of Richland One’s spending practices.

As you know, the State P-Card Program is designed to eliminate the burdens and costs associated with traditional methods of payment, thereby promoting government efficiency. However, there are those who seek to exploit this program and in doing so, possibly commit criminal acts.

To ensure accountability, transparency, and the safekeeping of public funds, the program contains several significant administrative limitations to restrict p-card use. With respect to Local Political Subdivisions, like Richland One, the subdivision itself is tasked with developing its own policies. These policies ensure that public money is not used for an improper purpose and guarantee fairness and competition in the procurement process on behalf of the State. Relevant here, Richland One’s P-Card Policy plainly states that the P-Card is for official district use only. The Policy prohibits purchases from certain blocked merchant category codes (“MCC”). An MCC is used to classify a business based on the types of goods or services it provides. The blocking of particular MCC numbers is meant to reduce the potential for prohibited and unauthorized purchases.

In addition to these administrative limitations, state and federal law impose criminal penalties on the misuse of public funds in certain circumstances. As you well know from your experience as Attorney General, such alleged misuse of public funds can even amount to misconduct in office,

carrying stiff criminal penalties if proven in court. These types of criminal violations should be vigorously prosecuted.

With respect to Richland One specifically, parents have alleged that Richland One employees have “abused P-card program controls” and have misspent public education funds. After reviewing materials sent to my office, including Richland One’s internal P-card audit, I share many of these parents’ concerns about these allegations. In particular, I am alarmed by Richland One’s alleged apparent failure to comply with its own P-Card Policy or recommendations from the State Policy. To highlight just a few of these alleged failures:

- Richland One’s internal audit revealed that Richland One employees regularly used p-cards at blocked MCCs in direct violation of District Policy. At the time of the audit, there were 175 blocked MCCs listed in Richland One’s P-Card Procedures Manual. In an attempt to evaluate the prevalence of these types of transactions, the audit selected and reviewed the frequency of 20 blocked MCCs over the period of time from January 1, 2020 until December 31, 2020. The audit revealed 1071 purchases from those blocked MCCs, amounting to \$148,003.84. These improper transactions included purchases from grocery stores, fast food restaurants, florists, dry cleaners, and civil, social, and fraternal groups.
- The audit noted regular and repeated categories of prohibited purchases, including unallowable food and restaurant purchases, in violation of State regulations and District procedures. The audit noted that P-card purchases of food for consumption by employees were “prevalent” throughout the audit period.
- The audit noted that many transactions failed to include supporting documentation to verify that purchases were made for a valid school/business purpose.

These alleged failures should sound the alarm with every Richland One parent and all taxpayers in the District. While Richland One may—or may not—have subsequently taken steps to remedy some of these alleged failures, the District should be held fully accountable for any potential wrongdoing.

In order to begin the process of holding Richland One accountable, a thorough investigation is needed. My Office is continuing to actively review this matter and will determine whether further legal action is appropriate. Additionally, a separate investigation by the Inspector General would ensure further accountability in this matter. Again, your leadership with respect to calling for an investigation of Richland Two is highly commendable. I would welcome the same decision with respect to Richland One.

For too long, districts have seemingly acted with impunity and have failed to properly safeguard public funds. Based on an initial review by my Office, the allegations about Richland One are not isolated but may be representative of a systemic problem throughout South Carolina. Structural reform of public school district purchase card spending and procurement practices is sorely needed. Additionally, it has recently come to our attention that some districts may be violating provisions of the South Carolina Freedom of Information Act—specifically the law’s substantive provision regarding notice of meetings of public bodies. I am confident that we both agree that our schools—and our children—deserve better than this failing status quo. As you often say, our schools are key to our future.

As always, your leadership on this issue is appreciated. If I can be of any assistance to you in reviewing this matter, please do not hesitate to contact me.

Sincerely,


Alan Wilson

AW/th