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OFFICE OF CENTRAL AND INFORMATION SERVICES
DIVISION OF CENTRAL SERVICES

May 30, 2014

James Coughlan, Comptroller
Dutchess County Office of the Comptroller
County Office Building
22 Market Street
Poughkeepsie, New York 12601

Re: 2014 Procurement Card Program, Division of Central Services

Dear Comptroller Coughlan:

The Office of Central and Information Services, Division of Central Services offers the following response to the Draft 2014 Audit of the Procurement Card Program, administered by the Division of Central Services.

To begin, we wish to thank you and your staff for your assistance and professionalism throughout this audit.

The audit covers the time period from January 2013 to March 2014. Due to retirements and the resignation of the Procurement Card Administrator in the latter part of 2012, the appointments of two new Procurement Card Administrators occurred in the beginning of 2013. Also, the migration of a new procurement card software program began in the summer of 2013, with the final migration of account information transferring in September of 2013. These personnel and program changes, along with the audit, have given us an opportunity to review our procurement card program policies and to update the process for continued safeguard enforcements and monitoring of daily transactions.

The audit of the P-Card resulted in the following recommendations:

Training

While training must be completed before the issuance of a procurement card, follow-up training is not required. Upon issuance of a P-Card with a new expiration date to an existing cardholder, Central Services now requires the cardholder to review and sign a new, updated procurement card user agreement form. In addition, training will be offered as requested by the departments as refresher training or as mandated by Central Services for policy changes or infractions.

Authorized cardholder spending thresholds

Central Services establishes monthly spending limits/thresholds for each cardholder in the P-Card program. The monthly spending limits are currently being reviewed and revised using past year historical data for each cardholder. In addition, the spending control for a single transaction for each cardholder is being reviewed.

Approval levels

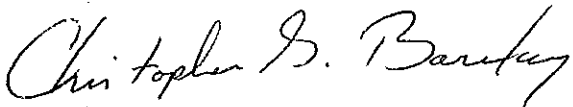
Central Services acknowledges the need for checks and balances within the hierarchy of the individual departments where P-Cards are issued. Although the P-Card review and approval process was modeled after the established Logos process, the audit identified fifteen departments where the cardholder is also the transaction approver. The hierarchy is established by each department head at the time of application. Central Services is reviewing departmental internal controls for those departments that allow an individual employee to be both a cardholder and a transaction approver.

Merchant Category Codes (MCCs) and Groupings

Of the 1,082 MCC codes that are offered by the credit card company that Dutchess County is contracted with, the Procurement Card Program utilizes 990. Central Services is in the process of reviewing the currently available MCC codes

In conclusion, the current procurement card program has proven to be a successful purchasing alternative. In comparison to other government agencies that only perform a sample audit of transactions; all Dutchess County P-Card transactions are reviewed at the departmental level, program administration level and Comptroller level. This process has proven effective in controlling improper use or fraudulent charges as is evidenced by the exemplary history of the program. Our goal going forward is to ensure the P-Card program remains an efficient and cost effective method of purchasing for Dutchess County.

Sincerely,



Christopher G. Barclay
Director

cc: T. Mahler, Commissioner of OCIS
A. Romano, Division of Central Services
M. Menton, Division of Central Services,
H. Owens, Division of Central Services