**INTERNAL CONTROLS OVER THE RECONCILIATION PROCESS:**

**PROCUREMENT CARD (PCard) AND NON-EMPLOYEE TRAVEL (NET) CARD PURCHASES**

**AUDIT PROGRAM**

The audit program may be used to support the Business Unit’s assessment of internal controls in this area. Please describe the controls in place, the testing done to determine whether the controls are working as intended and the results of this testing. Also, if the Business Unit identifies a lack of controls or any weaknesses in established controls, include a plan for corrective action or identify any compensating controls.

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| **Control Objective** | **Testing** | **Results of Testing:**  **Corrective Action Plan or Compensating Controls for Weaknesses Identified** |
| 1. **Determine whether the agency reviews the credit card supplier’s monthly invoice prior to payment to determine reasonableness of transactions.**   **B. Determine whether the agency has a process in place to follow-up on transactions that did not appear reasonable during the review of the credit card supplier’s monthly invoice.** | 1. Review and evaluate the sufficiency of written policies and procedures related to Objectives A and B, or in the absence of such guidance, determine whether the agency’s business processes address these items. Perform the following testing procedures:   a. Determine whether the agency reviews the credit card supplier’s monthly credit card invoice to ensure transactions appear reasonable (e.g., compared to past invoices, transactions are low risk pertaining to merchant use, amounts, dates, etc.) prior to payment. For more information, see Guide to Financial Operations (GFO) [Chapter XII.6.Q.1 - Paying and Reconciling Procurement Card Charges](https://www.osc.state.ny.us/state-agencies/gfo/chapter-xii/xii6q-paying-and-reconciling-state-credit-card-charges) and [Chapter XII.6.Q.3 - Paying and Reconciling Non-Employee Travel (NET) Card Charges](https://www.osc.state.ny.us/state-agencies/gfo/chapter-xii/xii6q-paying-and-reconciling-state-credit-card-charges).  b. Obtain a list of transactions that did not appear reasonable during the review of the credit card supplier’s monthly invoice and determine whether the agency has a process in place to follow-up on transactions with the cardholder to obtain supporting evidence, etc.  c. Determine whether the agency followed the appropriate steps (e.g., obtain supporting evidence, dispute the charge when appropriate) to address transactions that did not appear reasonable. |  |
| **C. Determine if PCard and NET Card transactions are reconciled within 30 days of paying the credit card supplier’s monthly invoice.** | 1. Review and evaluate the sufficiency of written policies and procedures related to Objective C, or in the absence of such guidance, determine whether the agency’s business processes address this item. Ensure policies and procedures comply with [Chapter XII.6.Q.1 - Paying and Reconciling Procurement Card Charges](https://www.osc.state.ny.us/state-agencies/gfo/chapter-xii/xii6q-paying-and-reconciling-state-credit-card-charges) and [Chapter XII.6.Q.3 - Paying and Reconciling Non-Employee Travel (NET) Card Charges](https://www.osc.state.ny.us/state-agencies/gfo/chapter-xii/xii6q-paying-and-reconciling-state-credit-card-charges) of the GFO. This includes, but is not limited to, the 30-day reconciliation requirement. 2. For a representative sample of reconciled PCard and NET Card transactions, determine whether the agency reconciled transactions within 30 days after paying the credit card supplier’s monthly invoice. Identify the cause for all credit card transactions that were not reconciled within 30 days and document the corrective action. 3. For a representative sample of unreconciled PCard and NET card transactions, determine whether the transactions remain unreconciled more than 30 days after paying the credit card supplier’s monthly invoice. Identify the cause for all credit card transactions that were not reconciled within 30 days after paying the credit card supplier’s monthly invoice and document the corrective action. 4. For a representative sample of reconciled PCard and NET card transactions, determine whether the reconciled credit card transactions:    1. Reference the applicable account code, purchase order number, and statewide contract number.    2. Were submitted for review and approval through the agency’s finance office. |  |
| * + 1. **Determine whether the agency maintained appropriate documentation to support PCard and NET Card transactions.** | 1. Review written and evaluate the sufficiency of policies and procedures for Objective D, or in the absence of such guidance, determine whether the agency’s business processes address this item. 2. For a representative sample of PCard and NET Card transactions, perform the following testing procedures to determine whether the: 3. Agency maintained appropriate supporting documentation for each credit card transaction, including approvals, purchase agreements, invoices, log entries, and receiving documents (if applicable) to support the purchase’s business purpose. For more information about documentation, see [Chapter XII.4.B.1 - Supporting Information.](https://www.osc.state.ny.us/state-agencies/gfo/chapter-xii/xii4b-certification-vouchers) 4. Agency received all items ordered in proper condition and in accordance with the terms and conditions of the purchase agreement. For more information about receiving, see [Chapter XI.A.9 - Receiving](https://www.osc.state.ny.us/state-agencies/gfo/chapter-xia/xi-a9-receiving). 5. Agency maintained documentation in accordance with the New York State (NYS) Archives’ record retention [requirements](http://www.archives.nysed.gov/records/retention-schedules). |  |
| * + 1. **Determine whether the agency has a process to identify and respond to inappropriate or fraudulent PCard and NET Card transactions.** | 1. Review and evaluate the sufficiency of written policies and procedures for Objective E, or in the absence of such guidance, determine whether the agency’s business processes address this item. Perform the following testing steps to determine whether the agency:    1. Has a process to identify inappropriate or fraudulent transactions as a result of an unauthorized person gaining access to the cardholder’s information. Obtain a list of inappropriate or fraudulent transactions charged on the PCard or NET Card and determine whether the agency: 2. Completed the dispute process for transactions identified as inappropriate or fraudulent within 60 days of receiving the credit card supplier’s monthly invoice (see [Section 3.3 of the Procurement Card Guidelines for NYS Agencies](https://online.ogs.ny.gov/purchase/snt/awardnotes/7900823217Guidelines.pdf) for more information). This includes contacting the merchant to obtain a credit for inappropriate transactions caused by the merchant and notifying the credit card supplier if the merchant is unable to resolve the problem. 3. Reviewed the credit card supplier’s monthly invoice to determine if the disputed credit card transactions were subsequently corrected as appropriate (e.g., account statements credit amounts are accurate) 4. For online agencies: Reconciled credits appropriately on a reconciliation voucher.   b. Has a process to identify inappropriate or fraudulent PCard or NET Card transactions charged by the cardholder. Obtain a list of transactions inappropriately charged by an employee and determine whether the agency:  ii. Investigated and recouped the funds for any inappropriate credit card transactions made by an employee.  iii. Notified the Office of the State Comptroller of suspected and/or known theft, loss, misuse or inappropriate action involving the use of State credit cards. See [GFO Section XII.10.E – Reporting the Theft, Loss or Misuse of State Assets](https://www.osc.state.ny.us/state-agencies/gfo/chapter-xii/xii10e-reporting-theft-loss-or-misuse-state-assets) for more information. |  |