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#	Observation Title	Recommendation	Action Item	Due Date	Completion Status	Comments/ Standing
1	Strengthen Internal Controls: Sufficient attention and resources have not been applied to establishing and maintaining effective internal controls over the State's P-Card operations. Weaknesses in the design and operation of controls at DAS and the user agencies puts the achievement of program objectives, including efficient and effective purchasing, at risk.	<i>DAS, in conjunction with the agencies participating in the P-Card program, should strengthen the controls over that program by appropriately engaging all components of internal control into the program's operating activities. DAS and the participating agencies should ensure that sufficient resources and attention to the establishment and maintenance of effective controls are applied to aid the State in reaching its objectives for an efficient, effective, and controlled P-Card program. The strength of P-Card program controls should be based on assessed risk, business needs and objectives, priorities, and availability of resources. While available resources and competing needs limit management's capacity to actively manage the program, well designed and routinely performed controls can help mitigate the risks of uncorrected misuse, abuse, or frauds that could occur in the P-Card program.</i>	Create P-Card Manager position in order to ensure the development and integrity of the design and operation of controls for the State.	Ongoing	● ● ●	The P-Card Manager position was created in FY18 and posted on September 18, 2017. The position was filled in December of 2017. The current P-Card Manager has collaborated with DAS Bureau of Accounting to establish a foundation for internal controls through formal risk assessment. The P-Card Program has designed and is 90% complete in the development and implementation of a customized database for transaction oversight and corrective action.
2	Improve Control Environment: The effectiveness of the State's P-Card program control environment is negatively impacted by insufficient management attention and resources having been applied to the program's controls. Management has not regularly demonstrated its commitment to controls in a manner that would reinforce employee control consciousness and expectation for employees to maintain control compliance in performing their P-Card program responsibilities.	<i>DAS should strengthen the State's P-Card program control environment and demonstrate by its actions its commitment to the establishment and maintenance of strong internal controls for the program, both internally at DAS and externally at the participating agencies. a) DAS should staff its P-Card program management and control structure with appropriate levels and lines of authority and responsibility for the P-Card program clearly formalized and articulated. b) DAS program management should establish a strong control environment for the program, ensuring the manual and other program policies and procedures remain current and comprehensive, address the program's risks, and promote the program's success. Das should review its control activities and monitoring processes and establish activities to promote agency compliance with program requirements. c) DAS should work with participating agency management to ensure agency employees have the training, performance feedback, and other resources that encourage the employees to continue to meet and perform their responsibilities with competence, integrity, and in a manner that promotes management's intentions for efficient, effective, and controlled operations that meet the program's objectives.</i>	Establish and communicate internal controls to participating agencies in order to sustain the appropriate level of controlled operations.	Ongoing	● ●	The P-Card Manager has aligned with DAS Policy to review the status of internal policy and procedure documents for all agencies which has resulted in the completion and distribution of a "best practices" style model guide for internal procedures which addresses the expectations of the MOP 1625.
3	Establish A Formal Risk Assessment Process: DAS has not established and performed a formal risk assessment process for the P-Card program. DAS reports that it has not regularly and formally reviewed or encouraged participating agencies to regularly and formally review their P-Card operations, including planned changes in operations, for exposure and response to risk.	<i>DAS should establish a formal and documented risk assessment process to continuously review P-Card program operations for exposure to risk and to plan for and reasonably respond to identified risks through risk elimination or mitigation as appropriate, and to determine and document whether the acceptance of the risks in the operation of the program continues to coincide with DAS and the State meeting their objectives for the program. As part of that risk assessment and response to risk, DAS should require participating agencies to also perform and document a risk assessment of their individual P-Card programs, including whether the acceptance of the risks in the operation of the program continues to coincide with the agencies meeting their objectives for the program.</i>	Formalize a program risk assessment process and extend the requirement to all participating agencies.	Ongoing	● ●	The P-Card Manager has completed a preliminary formal risk assessment process through the utilization of the Internal Control Toolkit developed by the DAS Bureau of Accounting. This Internal Control Toolkit currently addresses and identifies program risks, inherent risks, and mitigation strategy, and residual risk. The program continues to develop mitigation processes, which includes the consideration of the utilization of a 3rd party vendor to audit 100% of P-Card transactions. The P-Card program has not wholly required participating agencies to engage in a formal risk assessment of their respective operations with the exception of adhering to the recent model internal procedure guide which focuses specifically on Field Purchase Order P-Cards.
4	Strengthen Control Activities: Many of the controls designed in the DAS P-Card manual have been less than effective than intended due to control design, performance, and maintenance issues and inconsistent follow-up on the results of the control activities that are performed.	<i>DAS should establish reasonable and appropriate control activities for the State's P-Card program. The control activities should be appropriately designed and scaled for the different size and level of purchase card activity of the participating agencies and regularly reviewed to ensure they remain sufficient and appropriate for changes that occur in the scope and operation of the P-Card program. The control activities should be documented in well-designed policies and procedures included in the DAS P-Card manuals. DAS should actively advise agencies in establishing policy and procedure manuals. DAS as manager of the P-Card program is in a position to compare, coordinate, and share "best practices" for efficient and controlled operation among State agencies participating in the P-Card program.</i>	Establish and document control activities to respond to a formal risk assessment.	Ongoing	● ●	The P-Card Manager established a work group of participating agencies as well as the DAS Policy team to create the model internal procedure guide previously noted. As well, the P-Card Manager has introduced a Sunspot Page for the program to share program-related documents which includes a 150 page and growing document of guides and control activities which reinforce program integrity.

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5	Improve Information Sharing And Communication: Limitation in communication and information sharing between DAS and the agencies and within the agencies has hampered the controlled operations of the State's P-Card program.	<i>DAS should improve the information sharing and communication controls for the State's P-Card program. DAS should ensure that the program manual is current and comprehensive, fully explaining the program's conditions and criteria and considers both the current program needs and the need for an expanding program and, as recommended in Observation No. 4, DAS should communicate to other agencies participating in the P-Card program the "best practices" it observes in agency P-Card operations. Agencies participating in the P-Card program should improve their process for communicating P-Card transaction documentation to responsible agency reviewers to ensure reviewers are able to effectively review transactions timely and avoid transactions being swept without agency review and approval. Where necessary, agencies with multiple locations should consider employing technological means such as scanned documents to transfer purchase information efficiently and timely to responsible reviewers.</i>	Establish better avenues for communication for and within the program. Provide better agency control over transaction review.	Ongoing	● ● ●	The P-Card Manager has ensured that the manual and other program documents are up to date (all documents are under review and edits at this time as well) and that all agencies have full access to such information. The P-Card Manager has presented to the Senior Financial Managers Group, various municipalities, and has developed an outlined on-site agency visitation/audit plan for FY20. Communication is regular, and consists of more than email/phone dialogue. Communication, as well, is on demand in the form of control activity guides and user guides via the Sunspot page. The P-Card Program no longer "sweeps" transactions for agencies which has greatly allowed for agency level oversight and approval/review of transactions prior to any need for payment. On site agency audits have begun. The P-Card Program intends to enforce annual on-site visits to all agencies that participate in the program to ensure that internal controls are being followed and also to provide a heightened level of in-person customer service for the benefit of the program overall.
6	Improve Monitoring Of P-Card Program Control Activities: DAS' control monitoring process has not been properly developed and maintained. DAS was aware or should have been aware that during the six months ended December 31, 2016 certain DAS-mandated control activities were not performed at DAS and at the agencies participating in the P-Card program, yet DAS did not take corrective action to improve control compliance.	<i>DAS should improve its control monitoring to ensure that participating agencies adhere to relevant program rules, policies, and procedures; that the rules, policies, and procedures remain relevant to the program objectives; and that the program is operating as intended. DAS should also encourage agencies to formalize their monitoring activities and provide substantive feedback to DAS to allow DAS to gauge agency activities to both monitor current program performance and also to recognize any needed or appropriate revisions to the program.</i>	Create, distribute, review/accept agency modifications, and track agency internal policy and procedures for the program.	Ongoing	● ●	The P-Card Manager has added a Program Assistant to the team which has greatly added value to the monitoring of control activities and the development of agency guides which adhere to relevant rules, and enforce program integrity. In addition, as noted in #3, the possibility of a transaction audit vendor will assist in a 100% review of transactions. Further, the P-Card Manager has taken steps to proceed with the utilization of a P-Card Module embedded within NHFirst ERP which would centralize contract related purchases by P-Card and allow for full control review auditing. In addition, the P-Card Program is approximately 90% complete in the development of a transaction monitoring database for agency audits on a monthly basis. This database covers the 6 most prevalent risks in P-Card transactions.