March 11, 2005

Management Comments
Finding and Recommendations-Internal Controls Governing Procurement Cards

The procurement card program was instituted for the 2004-2005 school year and has been in use for the past 8 months. The program was developed and implemented to improve the efficiency of purchasing and payment activities and to reduce processing expenses of producing requisitions, purchase orders and checks as well as to improve vendor relationships. The program has been very successful thus far and is expected to continue and improve. The first year of implementation was expected to be a learning experience with modifications to policies and practices to be made as the system matures.

ECTS administration recognizes that the internal controls that are established for use of the cards need to be consistently and diligently adhered to. Card usage has been closely monitored for appropriateness of goods and services being purchased and for proper documentation of purchases and budgetary accounting.

Auditor recommendations are reasonable and will be addressed;

1. The Operating Committee has adopted Board Policy No. 625 – Procurement cards

2. ECTS personnel are required to follow the usage agreement. Follow-up staff training will be provided at least annually.

    a. Gasoline and food purchases will be fully documented
    b. Reinforce that purchases are exempt from Pa sales tax
    c. Only cardholders are permitted to purchase goods and services with their card; no other employee can purchase with someone else's card
    d. Cardholder is responsible for the proper budgetary accounting of purchases.

3. Receipts or substantive documentation is required for all card purchases, or reimbursement will be collected.

4. Cardholders will be required to use only vendors that will cancel reservations, etc. at no charge.

5. Cardholders are required, by agreement, to safeguard their procurement cards.