



## State of New Jersey

DEPARTMENT OF CORRECTIONS

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August 30, 2022

Kevin D. Walsh  
Acting State Comptroller  
Office of the State Comptroller  
P.O. Box 024  
Trenton, New Jersey 08625-0024

Dear Mr. Walsh,

The New Jersey Department of Corrections (NJDOC) is in receipt of the Office of the State Comptroller's (OSC) Follow-Up Report – A Performance Audit of P-Card Practices. Thank you for the opportunity to respond and provide comments to your office prior to the release of this report.

The following is in response to the findings and recommendations outlined in the Follow-Up Report.

### **Recommendation 1**

Corrections should revise its policies and procedures to ensure that all P-Card transactions adhere to the requirements in the applicable DPA circulars regarding quotations and verification of sole source vendors.

### ***Status: Partially Implemented***

The review noted that NJDOC has revised its policies and procedures related to procurement. The policies provided included the requirements for obtaining quotations, but did not contain sufficient detail concerning the verification of sole source vendors. NJDOC did, however, provide a copy of a training that discussed sole source requirements. The review found that the policy is being followed.

NJDOC should include the requirements for sole source verification within its internal procurement policy as well.

***Management Response:***

The intent of the NJDOC policy was to incorporate the information regarding “sole source” vendors. While the Department’s current policy does not include a specific reference pertaining to “Sole Source” vendors, it does reference the Treasury Circular Letter on DPA Purchasing which includes language on Sole Source vendors. To ensure full compliance, the Department’s policy will be updated within the next thirty (30) days to include a specific section on Sole Source vendors.

**Recommendation 2**

NJDOC should monitor the P-Card transactions and ensure that all cardholders maintain a transaction log with the appropriate signatures and all supporting documentation for P-Card purchases in compliance with the applicable P-Card circular.

***Status: Partially Implemented***

The review verified that NJDOC conducted a training in December 2021 as well as its own internal review of P-Card usage. OSC’s review of transaction logs and supporting documentation indicates the NJDOC has made improvement in this area, however, only three (3) of the five (5) employees sampled maintained transactions logs, and appropriate supporting documentation was provided for approximately 77% of transactions sampled.

OSC is encouraging NJDOC to continue its employee training, internal reviews, and oversight to ensure compliance with the Treasury requirements.

***Management Response:***

P-Card training is scheduled in September for Central Office and institutional business office staff to review the P-Card requirements as outlined in Treasury Circular 17-07-DPP. Additional trainings will be conducted for **all** P-Card holders in the Department, specific to the responsibilities of cardholders, and will stress the importance of maintaining transaction logs and supporting documentation for all purchases. Three (3) trainings will be scheduled; one for the North, South and Central and will occur in late September and early October. Internal reviews and oversight will continue to ensure compliance with the Treasury requirements. The Internal Reviews will be conducted during the second half of FY 2023.

**Recommendation 3**

NJDOC should implement adequate internal controls to ensure that the cardholder who makes the purchase cannot enter the transaction into the P-Card system or approve the payment, as required by the applicable P-Card circulars.

***Status: Partially Implemented***

OSC’s review found that NJDOC has made progress in ensuring proper segregation of duties, but work remains to be done. The selected sample of P-Card transactions found that secondary approvals were obtained in approximately 84% of the transactions.

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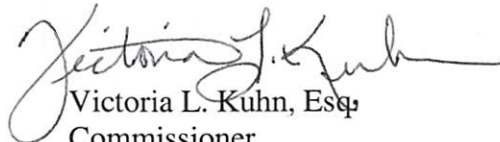
OSC encourages NJDOC to continue strengthening its controls over segregation of duties and ensure that all purchases receive a second level of review to reduce the risk of fraud and abuse.

***Management Response:***

During the aforementioned training, the importance of maintaining proper internal controls, including segregation of duties, will be emphasized. In addition, the OFM Internal Auditors will review P-Card documentation while engaged in routine audits at the institutions and Central Office.

In closing, I would like to thank your audit staff for their diligent work and professionalism exhibited during the audit.

Very truly yours,



Victoria L. Kuhn, Esq.  
Commissioner  
Office of the Commissioner

DMG:rw

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