



ULSTER COUNTY P-CARD AUDIT

**Office of the
Ulster County Comptroller
March S. Gallagher**





Executive Summary: Why this Audit is Important

County governments use a financial product similar to a credit card called a purchasing card (P-Card). Good internal controls require regular review of P-Card usage to identify any potential waste, fraud or abuse. Like credit cards, P-Cards can earn rebates and provide the County additional revenue. The County could be earning more P-Card rebate revenues than it currently is under a different agreement with the existing vendor JP Morgan Chase. We discovered that JP Morgan Chase is willing to work with the County Department of Finance to identify vendors that would accept virtual cards as a method of payment, thereby increasing the amount of eligible spending that rebates are calculated on. The County should make every effort to collect all revenues available to fund operations and reduce the burden on taxpayers.

What we found

1. Ulster County paid unnecessary finance charges as a result of late payments on some accounts.
2. Ulster County has the opportunity to generate more rebate revenue without increasing spending by utilizing an eligible New York State contract.
3. Ulster County could be earning significantly more rebate revenue by allocating more spending to this method of payment and implementing the use of virtual cards.

What we recommend

1. Pay JP Morgan Chase via wire transfer rather than paper check for more promptly recorded payments. The Commissioner of Finance should inform department heads of the impact of late payment and the need to prioritize gathering backup for transactions well before payments are due.
2. The County should seek to “Piggyback” onto a New York State contract with JP Morgan Chase that pays a significantly higher rebate rate. The County should periodically review existing financial contracts and agreements for the opportunity to generate more revenues.
3. The County should seek to increase the use of its P Cards to generate additional rebate revenue. The County should work with JP Morgan Chase to implement a virtual card program and pay some of its larger vendors with this rebate eligible payment method.

Objectives

- To conduct a comprehensive review of the P-Card use of the County.
- To review rebates, service charges, interest payments and all other cash inflows and outflows caused by use of County P-Cards.
- To review cross-department purchases made through the P-Card from specific vendors.

Scope

- The audit period was from January 1, 2020, through December 31, 2024
- We reviewed detailed records of all transactions associated with County P-Cards during the audit period from JP Morgan Chase and from the County’s financial management system.
- We reviewed the current contract that the County has with JP Morgan and another New York State contract that the County could relatively easily become party to.
- We prepared documentation for and reviewed an analysis prepared by JP Morgan Chase showing the potential benefits of a shift to the use of virtual cards.

Background

Ulster County entered into an agreement with JP Morgan Chase in 2008 to provide credit cards to County Employees to use for expenditures of the County. These credit cards are referred to as purchasing cards, or “P-Cards”. The chart below shows the County’s use of P-Cards over the last two years.

As can be seen here, the County charged over \$1 million to the cards during 2023, and spending on the cards declined in 2024. The decreased spending is primarily attributable to the County’s Department of Social Services (DSS), which charged \$649,083 less to their cards in 2024 than in 2023. We discussed the decline in usage with DSS management and learned that the Department largely shifted to paying for emergency housing with checks rather than with P-Cards in 2024.

The County spending in 2023 was an anomaly, prior to that year the County had never spent more than \$1 million. Under the contract that the County currently has with JP Morgan Chase, a rebate is earned when total spending exceeds \$1 million and is paid at the rate of 0.3%. In 2024, the County was paid a rebate of \$3,534.46 based on 2023 spending.

The Comptroller’s office reviews all P-Card purchases and supporting documentation as part of the payment approval process. When purchases appear inappropriate or not justified as County charges, employees are required to reimburse the county, or the administration must formally approve the expenditure. As such, our review of the P-Card transactions ultimately generated no new audit findings.

Department	Total P Card Spending	
	2023	2024
Social Services	713,502	64,207
Public Works	77,841	72,443
Ulster County Area Transit (UCAT)	63,824	68,441
Information Services	60,485	33,124
District Attorney	59,520	46,016
Emergency Services	40,402	41,595
Probation	35,965	32,582
Purchasing *	30,232	34,037
Personnel	27,710	28,790
Tourism	12,612	13,914
County Board of Elections	7,741	25,007
Health	7,213	11,596
County Comptroller	6,216	6,222
Economic Development	6,164	13,474
Environment	5,163	4,510
Veteran Services	5,091	6,216
Public Defender	4,234	8,617
Office for the Aging	3,518	3,497
Mental Health	3,089	12,670
Planning	2,529	3,915
County Executive	2,299	-
Finance	1,010	5,587
Employment & Training	942	1,238
Human Rights	253	2,213
Youth	14	1,009
Budget	-	382
Total Spending	1,177,569	541,302

* - In addition to the necessary expenditures of the department, the purchasing department often uses their P-Card to make purchases for other departments of the County.

On occasion, P-Card holders will accidentally charge personal items to their cards. The County Comptroller requires the card holder reimburse the County for all charges of this nature by writing a check to the County. The chart above will include such charges, as the data is derived from records provided by JP Morgan Chase. As such, total spending may be overstated by those small charges.

[Spending details are now available on the Ulster County Comptroller’s Vendor and Contract Dashboard](#)

Findings & Recommendations

Finding 1 – Ulster County paid unnecessary finance charges

Condition: Ulster County paid procurement card bills after their due date.

Cause: County departments were late in gathering supporting documentation for transactions. JP Morgan Chase further delays payment punctuality by using their receipt date of the check as payment date. In some instances, mailing and processing time can take more than a week. Ample time is provided for A/P entry and checks are mostly cut before the due date. Late payments occurred in DSS, Youth Bureau, Finance, Purchasing, Board of Elections, District Attorney and Probation.

Criteria: The County’s contract with JP Morgan states that past due accounts will be assessed a finance charge at the Prime Rate plus 2%. It is best practice for P-Card invoices to be paid on time to avoid late fees.

Effect: Of the \$13,681.48 in finance charges incurred from 2020 through 2024, Ulster County paid \$8,497.03. The County was able to have \$5,184.45 removed by simply requesting that the fees be waived. Also, \$25.59 was paid despite being removed from the statement.

Recommendations

- Pay JP Morgan Chase through wire transfer rather than paper check for more promptly recorded payments.
- The Commissioner of Finance should inform departments of the impact of late payment and the need to prioritize gathering backup for transactions well before payments are due.

Finding 2 – Ulster County could be earning more rebate revenue at the same level of spending under a New York State contract

Condition: Ulster County will not be paid a rebate in 2025 for 2024 spending, as total spending charged to the P-Cards did not exceed the \$1 million total spending required to earn a rebate under the current agreement that the County has with JP Morgan Chase.

Cause: The County is currently operating under a Commercial Card Classic Agreement Contract with JP Morgan Chase from 2008. Since that time, opportunities for more beneficial P-Card agreements for the County have become available.

Criteria: GFOA best practices recommend the use of P-Cards to generate rebate revenue. It logically follows that a higher rebate rate is more favorable than a lower one.

Effect: The County could have earned \$15,400 more in rebates for 2023 spending and \$8,700 for 2024 spending if it were to have the same level of spending under the New York State Office of General Services (NYSOGS) agreement with JP Morgan Chase Bank. The County's current contract pays a rebate at the rate of 0.3%, once total spending for a year reaches \$1 million. The NYSOGS contract pays rebates at a rate between 2.19% and 2.32% for standard purchases and 0.84% for "large ticket" purchases. Further the spending threshold of \$1 million would largely not apply, as the NYSOGS contract sets a collective rebate threshold of \$80 million across all participating entities. We have confirmed with JP Morgan that spending has never fallen below this threshold in any quarter.

Recommendations

- The County should seek to use the existing New York State Office of General Services agreement with JP Morgan Chase Bank under contract number PS69527. "Piggybacking," or using the contract of another municipality or the state, is a permissible practice in New York State, JP Morgan Chase have confirmed that Ulster County is eligible to piggyback onto this contract.
- The County should periodically conduct a review of revenue contracts and other agreements to ensure that it is making every effort to maximize revenues opportunities.

Finding 3 – Ulster County could be earning significantly more rebate revenue as a function of increased p-card usage

Condition: Ulster County charged significantly less to P-Cards in 2024 when compared to 2023. Increased spending under either the NYSOGS contract or the current contract that the County has with JP Morgan Chase would lead to additional rebate revenues for the County.

Cause: The County Department of Social Services shifted from paying for emergency housing primarily with P-Cards in 2023 to paying primarily by check in 2024. Additionally, the County is not taking advantage of secure payments to vendors using virtual cards.

Criteria: GFOA recommends that governments use electronic means to make payments as often as possible.¹

Effect: 2023 was the only year that the County earned any P-Card rebate revenue. Decreased spending in 2024 means that the County will not earn a rebate for that year. JP Morgan Chase estimated that an additional \$203,000 of rebate revenue could also have been generated in 2023 if the County were to seek their aid in recruiting vendors to participate in the virtual card program.

[1] <https://www.gfoa.org/materials/payments-made-by-governments>

Recommendations

- The County should seek to increase the use of its P-Cards to generate additional rebate revenue and reduce potential fraud.
- The County Department of Social Services should consider returning to the practice of paying vendors for emergency housing via P-Card where practical. The County Department of Finance should work with JP Morgan Chase to implement a virtual card program and pay some of its larger vendors with this rebate eligible payment method.

Conclusion

Ulster County has an opportunity to optimize its P-Card program to increase rebate revenues, eliminate unnecessary finance charges, and improve overall financial efficiency. The audit findings highlight specific areas where policy adjustments and strategic contract decisions can yield significant financial benefits. By piggybacking onto an existing New York State Office of General Services P-Card contract, leveraging virtual card payments, and ensuring timely payments to avoid finance charges, the County can maximize its available revenues while minimizing costs.

Implementing these recommendations will enhance the County's revenue streams and provide better internal controls. Proactive financial management, including periodic contract reviews and strategic vendor engagement, will position Ulster County to take full advantage of rebate opportunities.

****Management's Response**

Management's response to our recommendations will be included at the end of our report. If there are factual errors or incorrect information we will notate these items in the last paragraph of our report.

COUNTY OF ULSTER

OFFICE OF GENERAL SERVICES

100 DEVELOPMENT COURT
KINGSTON, NEW YORK 12401
(845) 340-3400/FAX (845) 340-3434

JEN METZGER
Ulster County Executive

EDWARD M. JORDAN
Director of General Services

PETER J. ESPOSITO
Deputy Director of Purchasing



To: March Gallagher, Ulster County Comptroller

From: Ed Jordan, Director of General Services
Jamie Capuano, Deputy County Executive

Re: Procurement Card Audit

Date: April 7, 2025

MANAGEMENT RESPONSE

On March 11, 2025, Comptroller Gallagher provided a draft Procurement Card Audit for management review and comment. The audit period covered plan years beginning January 1, 2020, through December 31, 2024.

The County entered into an agreement with JP Morgan Chase in 2008 for the use of procurement cards (P-Cards). The County uses P-Cards for a variety of purchases and earns rebates based on the use of P-Cards. We thank the Comptroller's Office for their review of our P-Card program.

As noted in the report, the audit found no findings relating to the use of P-Cards, however the Comptroller identified recommendations to improve the P-Card Program and increase rebates offered to the County. The County agrees with these recommendations, as summarized below.

Unnecessary Finance Charges

The audit examined late payment fees and determined that, in some instances, mailing and processing time can take more than a week, resulting in the County incurring late payment fees.

The County agrees with the Comptroller's recommendation to pay JP Morgan Chase via wire transfer rather than paper check. This will improve the timeliness of payments and reduce potential fraud.

Increase Rebate Revenue

The Comptroller reviewed the county's current P-Card agreement with JP Morgan Chase and determined that the County could earn more rebates by switching to other P-Card programs. As cited in the audit, the County has been operating under the Commercial Card Classic Agreement Contract since 2008. Since that time, JP Morgan Chase has created other P-Card program opportunities, aimed at generating higher rebate rates for card users.

The County agrees with the Comptroller's recommendation to work with JP Morgan Chase to examine alternative P-Card programs that yield higher rebate rates, such as the New York State Office of General Services agreement with JP Morgan Chase, and has requested a meeting with the bank's team.

The County agrees with the Comptroller's recommendation to periodically review the P-Card program to maximize revenue/rebates generated through the program.

Increase Spending on P-Card to Generate Additional Revenue

The County will evaluate the use of P-Cards and examine ways to optimize their use. In addition, the County will examine ways to enhance the use of P-Cards for vendor payments, to generate additional rebate revenue.