



DEPARTMENT OF THE ARMY
U.S. ARMY CORPS OF ENGINEERS
441 G STREET NW
WASHINGTON, D.C. 20314-1000

25 FEB 2005

CERM-F

MEMORANDUM FOR COMMANDERS, ALL MAJOR SUBORDINATE COMMANDS,
FIELD OPERATING ACTIVITIES AND ENGINEER RESEARCH DEVELOPMENT
COMMAND

SUBJECT: Government Purchase Cards (GPC) Separation of Duties

1. Reference:

a. CERM-P Memorandum dated 8 March 2000, Subject: CEFMS Users Access Permissions.

b. Army Standard Operating Procedures (SOP) for Government Purchase Cards dated 31 Jul 2002.

2. Due to recent audit findings by the Inspector General, Department of Defense and the Army Audit Agency, USACE has recognized the need to update its existing policy on separation of duties for the GPC; therefore, the policy referenced in 1a. above is rescinded. Effective immediately no one individual will be allowed to perform all of the following functions against the same purchase order when using the GPC: initiate, approve, certify, obligate and receive. The GPC approving official must continue to review and verify all transactions to determine if government purchases are in accordance with Federal Acquisition Regulations before approving the GPC holder's monthly bill for payment.

3. The cardholder or another individual with the proper permissions must originate a Purchase Request & Commitment (PR&C) and have their supervisor, or other appropriate individual approve and certify the purchase request in CEFMS before a GPC purchase is made. Additionally, it is mandatory that GPC holder's record obligations in CEFMS for all obligations in a timely manner (never to exceed 10 days) as required by Department of Defense Financial Management Regulation Volume 3 Chapter 8.

4. CEFMS is being modified to strengthen internal controls and assure separation of duties. Controls will be programmed into CEFMS to preclude one individual from performing all key duties. Thus, when new PR&Cs are created referencing the original bulk PR&C an individual other than the originator must approve/certify the transaction in CEFMS. The PR&C originator (usually the cardholder) may approve the obligation after the goods and services are ordered and also, record the receiving report upon receipt of the goods and services. Additionally, the credit card billing approval official is required to review and approve the billing statement before a disbursement is made.

CERM- F

SUBJECT: Government Purchase Cards (GPC) Separation of Duties

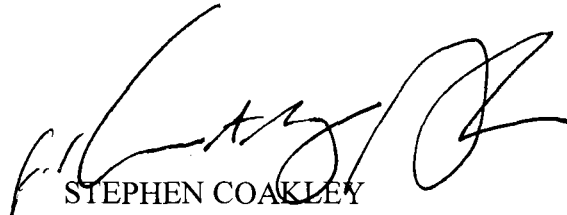
5. The Corps of Engineers Financial Management System Development team will make necessary changes to ensure each GPC transaction has the necessary separation of duties. This change should go into effect 28 March 2005. CEFMS procedures will be sent with program release.

6. We have attached a copy of the Army's GPC Standard Operating Procedure for your review.

7. The point of contact for this memorandum is Lisa Bordeaux, CERM-F (202) 761-1880.

FOR THE COMMANDER:

Encls



STEPHEN COAKLEY
Director of Resource Management

MEMORANDUM FOR COMMANDERS/DIRECTORS, ALL MAJOR
SUBORDINATE COMMANDS, FIELD OPERATING
ACTIVITIES AND ENGINEER RESEARCH AND
DEVELOPMENT COMMAND

Subject: CEFMS User Access Permissions

1. Reference CERM-P memorandum, dated 28 June 1999, subject as above. The referenced memorandum established policy that no one individual can be granted all four CEFMS authorities (initiate, approve, obligate funds, and receive goods) against the same purchase request. This memorandum modifies paragraph 3d of the 28 June memorandum to exempt government purchase card (GPC) holders. There are adequate separation of duties already established in the credit card process to prevent fraud/abuse. These separation of duties consist of the GPC holder and the GPC approval official who is responsible for, at a minimum, reconciling monthly each GPC holder's statement, verifying that all transactions were for necessary government purchases in accordance with Federal Acquisition Regulations, and approving the GPC holder's monthly bill for payment.
2. The US Army Audit Agency has identified the following weaknesses involving user access permissions in CEFMS:
 - a. Too many individuals have been granted the authority to approve the MSC Headquarters/District/Laboratory/Field Operating Activity Operating Budget.
 - b. Budget formulation level authority is not adequately controlled.
 - c. Single individuals have been granted authority to complete an entire purchase (create and approve a purchase request, obligate funds and receive goods against a single work item), thus failing to maintain the proper separation of duties.
3. Commanders will immediately take steps to insure that the following policies are in place:
 - a. CEFMS Access Control Tables are reviewed semi-annually and, if necessary, modified to restrict Operating Budget approval authority to the Commander and, if necessary, a few key Resource Management officials.
 - b. Budget formulation authority levels are granted commensurate with the duties of the individual and reviewed annually.

CERM-P
SUBJECT: CEFMS User Access Permissions

c. CEFMS Access Control Tables are reviewed semi-annually to insure that individuals are granted only the authorities specific to their responsibilities.

d. That no single individual may have the authority to initiate, approve, obligate funds for, and receive goods against the same purchase request. The only exception to this policy is for purchases made by using the credit card process.

4. There are two CEFMS queries that can be used as tools to review current CEFMS access privileges for budget approval and purchase request authorities. The queries are included in the executable file that can be downloaded from the CEFMS SQL Query Download table on the CFO web page. The names of the queries are ll_bud_a.sql and ll_prc_a.sql. These queries will be changed in FY2000 to exclude credit card purchases.

5. POC for this action is Ed Vogel, (202) 761-1959.

FOR THE COMMANDER:

/s/
STEPHEN COAKLEY
Deputy Chief of Staff for
Resource Management

CF:
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CEIG
CEAO



DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY OF THE ARMY
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103 ARMY PENTAGON
WASHINGTON DC 20310-0103



31 JUL 2002

REPLY TO
ATTENTION OF

SAAL-PI

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Army Standing Operating Procedure for the Government
Purchase Card Program

The Army has recognized a long-standing need to consolidate into a single document, existing guidance and policy covering the use and management of the Government Purchase Card (GPC). The attached Standing Operating Procedure (SOP) satisfies that need. This SOP is a comprehensive document that identifies processes and procedures, establishes standards, and strengthens controls over the GPC. It is multi-disciplined in nature and will be used to provide direction to all participants in the GPC program.

Compliance with this SOP is mandatory. The SOP is the first step in establishing proper control over the Army program. Within six months, the effectiveness of the SOP will be reviewed. Using the lessons learned from this review, I intend to formally incorporate the policy covering the Army program into an Army regulation.

My point of contact for this action is Mr. Daniel Schwemmer, commercial (703) 681-0372; DSN 761-0372. His e-mail address is daniel.schwemmer@saalt.army.mil.

James T. Inman
Acting Deputy Assistant Secretary of the Army
(Policy and Procurement)

Enclosure

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**Department
Of
Army**

**Government Purchase
Card**

Standing Operating Procedure

31 July 2002

Army Standing Operating Procedures
General Services Administration (GSA) Smart Pay Purchase Card Program

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1. Purpose

The purpose of this Army Standing Operating Procedure is to define the procedures and processes required to establish, maintain, and operate an effective and trustworthy Government Purchase Card (GPC) Program. This document is intended to establish Army wide standards and to provide all Army agencies and MACOMs with a foundation upon which to build specific directives governing their programs.

2. Applicability

This guide is for all GPC cardholders, Billing Officials, Agency/Organization Program Coordinators at all levels, Resource Managers, Logisticians, and other stakeholders that participate in the GSA Smart Pay Purchase Card Program under the Army Level 2 hierarchy. The policy established in this document supersedes previously issued guidance issued by the Army Level 2 Activity/Organization Program Coordinator. Any policy previously issued on matters not covered in this document will remain in effect. Explanation of the Army Level hierarchy is provided below.

3. Background

a. Executive Order 12352 on Federal Procurement Reforms set forth requirements for Federal agencies to establish programs for reducing administrative costs and other burdens that the acquisition functions may impose on the Federal Government and the private sector. The Purchase Card was adopted to replace the paper-based, time-consuming purchase order process, thereby eliminating procurement lead-time, providing transaction cost savings, reducing procurement office workload, and facilitating payment. Purchase Cards are used by cardholders to pay for authorized government purchases, subject to an established transaction amount, billing cycle amount, and merchant code limitations. A Purchase Card charge authorizes the card-issuing bank to make immediate payment to the vendor or contractor. An authorized purchase is defined as a purchase that satisfies a bona fide requirement at a fair and reasonable price. Any misuse of the Government Purchase Card is subject to criminal, civil, Uniform Code of Military Justice, administrative, and disciplinary actions as appropriate. Since 1989, the General Services Administration has been contracting for purchase card services for Federal offices and agencies with U.S. Bank (hereafter referred to as "the Bank"). The Purchase Card is an internationally accepted VISA credit card. The Government-wide commercial purchase card may be used to --

(1) Make micro-purchases

(2) Place a task or delivery order (if authorized in the basic contract, basic ordering agreement, or blanket purchase agreement)

(3) Make payments against an existing contract when the contractor agrees to accept payment by the card

(4) Fund training requirements

(5) Inter-Governmental Transfers

b. The Government Purchase Card program achieves Government-wide savings by reducing the administrative costs associated with the purchase of commercially available goods and services. The Army makes purchases of over \$2 billion dollars annually with the Government Purchase Card.

c. The DoD government purchase card program is managed by the Office of the Under Secretary of Defense (Acquisition, Technology and Logistics) and its Purchase Card Program Management Office (PMO). The PMO establishes annual training and documentation requirements for cardholders and other officials and oversees the purchase card program. Purchase card policy letters and other documents are available on the PMO web site at <http://purchasecard.saalt.army.mil>.

d. The Government Purchase Card program is based on a six-level reporting hierarchy.

Level 1. The first level of the reporting hierarchy represents the Department of Defense as a whole. The DoD Purchase Card Joint Program Management Office serves as the Level 1 reporting agency for the DoD.

Level 2. The second reporting level identifies the military service. The Army Headquarters Agency/Organization Program Coordinator (A/OPC) is the Level 2 reporting agency for the Army. A staff member is designated as the focal point for the GPC Program and serves as a liaison among Army organizations, the Bank, the DoD Purchase Card Joint Program Management Office, and the General Services Administration. Primary responsibilities include Army GPC policy and program support for OSD, Headquarters Army, and Army MACOMs.

Level 3. The third reporting level identifies the MACOM or equivalent organization. A staff member at each MACOM has been designated as the Level 3 A/OPC. Primary responsibilities include implementation, administration, and monitoring of the MACOM GPC program subject to DoD and Army policies, liaison between Army Headquarters, the Bank, MACOM staff, and field organizations, and program support to MACOM and installation GPC focal points.

Level 4. The fourth reporting level identifies the installation/organization. This position is referred to as the A/OPC. Primary responsibilities are program implementation and administration, training and monitoring GPC use at the installation level, and serving as liaison between the MACOM, the Bank, the Defense Finance and Accounting Service (DFAS), and installation organizations.

Level 5. The fifth reporting level identifies the Billing Official. Primary responsibilities include GPC administration for the organization, including approval/disapproval of all purchases subsequent to reconciliation by the cardholder, funds accountability, property accountability certification of the invoice, and surveillance of all cardholders within that Billing Official account.

Level 6. The sixth reporting level identifies the individual cardholder. Primary responsibilities include making authorized transactions, collecting and maintaining required documentation, logging and reconciliation of transactions, and approval of all valid transactions made in support of organizational requirements.

4. Management of the Government Purchase Card (GPC) Program

a. The Head of the Contracting Activity (HCA) has overall ownership and cognizance of the Government Purchase Card Program for that activity.

b. The responsibility for establishment and operation of this program is delegated to the Principal Assistant Responsible for Contracting (PARC). The PARC will designate a Level 3 Agency/Organization Program Coordinator and an alternate(s) who shall be dedicated to the GPC program within their agency/organization. PARCs shall insure that adequate resources are dedicated to the GPC Program within their agency/organization to insure successful management of the program. The A/OPC and all alternates shall receive training in the GPC program as well as in general contracting subjects to allow for career progression. Level 3 A/OPCs should be at least DAWIA Level 2 Certified. Level 3 A/OPCs will develop and implement specific policy and guidance for their organization as required.

c. Authority is further delegated to the Chiefs of Contracting Offices. They will ensure that adequate resources are dedicated to the GPC program within their installation/activity to allow effective completion of GPC administration. They will also coordinate with the local personnel office(s) to insure procedures are established that will require individuals involved in the GPC program to clear through the A/OPC when they out-process from the installation. They will establish A/OPCs and insure that A/OPCs receive training in the GPC Program as well as in general contracting subjects to allow for career progression. These A/OPCs will establish policy and guidance at the installation level.

d. Installation, unit, and local commanders, and activity directors or their designees shall nominate individuals from their organizations as Billing Officials and Cardholders. They also shall issue (or re-delegate this authority) formal appointments to the Certifying Officer for purposes of certifying payments to the paying office (disbursing officer) for purchase card issuer invoice. Because of their fiduciary obligation to ensure proper use of and expenditures under the GPC, the Billing Official will also be the Certifying Officer. Sample appointment letter for a certifying officer is at Appendix H. Certifying officers are pecuniary liable for erroneous payments resulting from the performance of their duties in accordance with Title 31, United States Code, section 3528. They shall insure that procedures are in place so individuals who are retiring or departing the organization will notify the A/OPC to turn in their cards and close their accounts.

5. Span of Control

a. The PARC will appoint a Level 3 A/OPC at the MACOM. Additionally, the PARC will appoint an alternate Level 3 A/OPC who will be able to execute the Level 3 mission when the primary A/OPC is unavailable.

b. The Army standard for span of control for a Level 4 A/OPC is 300 accounts. This number includes both Billing Official and Cardholder accounts. PARCs and Chiefs of Contracting Offices will ensure adequate resources are made available to allow successful performance of duties when the number of accounts assigned to a particular A/OPC exceeds the Army standard. When the span of control exceeds the Army standard by more than 10%, and the Chief of the Contracting Office elects not to provide additional resources, the Chief of Contract Office will provide their PARC with formal documentation stating that they have personally reviewed the existing span of control and have determined that it is adequate to insure program administration and surveillance can be performed at a satisfactory level. The Level 3 A/OPC will retain copies of these documents.

c. Billing Officials shall complete their review of assigned cardholder monthly statements and certify the invoice for payments within five working days of date of billing statement, 15 days for accounts that have not been EDI enabled. Having a reasonable number of Cardholders assigned to their account is paramount to the effective accomplishment of this task. A ratio of not more than seven Cardholders to a Billing Official is the Army standard. The total number of transactions as well as the number of assigned cardholders must be considered when determining an acceptable cardholder to billing official ratio. In some cases, seven cardholders may be too many for a particular Billing Official if the total number of transactions per month is excessive.

d. During the annual inspection of Billing Official Accounts Level 4 A/OPCs will determine if the span of control is acceptable, that is, can it reasonably be expected that the Billing Official can complete a thorough review of all transactions and certify the invoice within five days of receipt. The A/OPC will document all cases where the number of Cardholders to Billing Official ratio exceeds the Army standard. In these cases the Billing Official must prepare a request for a waiver to policy. This waiver must address the unique conditions that affect the process and show, with a high degree of certainty, that the Billing Official can be expected to comply with review and certification procedures. The request for waiver shall include number and location of assigned cardholders, total average number of transactions of all cardholders, the amount of time the Billing Official can devote to the certification process, history of delinquencies, and other factors that seem appropriate. The waivers shall be approved at following Level and be maintained by the approver with copies furnished to the Billing Official:

8 – 10 cardholders	through A/OPC (Level 4)	to Chief of Contracting Office
11 -19 cardholders	through A/OPC (Level 3)	to PARC
20 or more	through A/OPC (Level 2)	to DoD PCPMO

6. Army Purchase Card Account Suspension Policy

a. In accordance with DoD policy, when any of the following conditions exist, the bank will automatically suspend Billing Official Accounts.

(1) A Billing Official Account that goes over 60 days past due (90 days after the billing date): that Billing Account and all assigned Cardholders will be suspended until the delinquent payment posts at the bank.

(2) A Billing Official Account that goes over 180 days past due (210 days after the billing date): all accounts that are assigned under the respective Level 4 A/OPC will be suspended. This usually will cause an entire installation's GPC program to be suspended.

(3) A Billing Official Account that has over 20 open cardholder accounts assigned to it will be suspended unless a waiver has been approved (see below).

b. Only the Army Level 2 APC can reopen accounts that have been suspended before the cause of the suspension has been corrected. Prior to reopening accounts that have been closed due to delinquent payments, the Level 3 A/OPC will have to document that payments have been made to the bank to clear the delinquencies.

c. Accounts will be closed permanently if more than two suspensions occur within a 12-month period.

d. Only the Army Level 2 APC can approve waivers to the Army Purchase Card Account Suspension Policy.

7. Customer Automation and Reporting Environment (CARE)

a. The use of the bank's Customer Automated Reports Environment (CARE) electronic access system is mandatory for all Army accounts. This electronic access system will be used to open, administer, to perform surveillance, and process payments.

b. Level 4 A/OPCs will use this system to establish and maintain all accounts. The bank has been directed to return without action all paper requests to open new and maintain active accounts. Exceptions are Level 4 setup and maintenance requests, and requests for paper reports. Instructions on the operation of CARE for A/OPCs, Billing Officials, and Cardholders can be found on the U.S. Bank's training web site (<https://wbt.care.usbank.com/>) and should be covered by A/OPCs during training. The logon and password necessary to enter this site can be obtained from your A/OPC. Transaction data is available even in accounts that have not been CARE EDI enabled. Billing Officials and A/OPC's should use the Transaction Management Module (TMM) features of CARE to perform surveillance and oversight of all cardholder accounts.

c. The use of the Purchase Card Log in CARE is mandatory. This documentation of transactional information should provide an audit trail supporting the decision to use the card and

show any required special approvals that were obtained. At a minimum, the log will contain the date the item or service was ordered, the merchant name, the dollar amount of the transaction, a description of the item or service ordered and an indication on whether or not the item was received. Agencies/organizations can add to this list of required entries as required. Cardholders should make their Log entries immediately after completing the purchase.

d. Billing Officials will ensure that cardholders have reconciled all transactions with the appropriate log entries before certifying the billing statement. The proper sequence to approve transactions in CARE is to reconcile first, then reallocate if appropriate.

e. Cardholders and Billing Officials will also utilize the Electronic Data Interchange (EDI) features of CARE to reconcile and approve cardholder statements and to approve and certify invoices. This method is mandatory for all Army GPC accounts unless a waiver is approved (Para 7.i.). See the US Bank training web site (<https://wbt.usbank.care>) for operational instructions.

f. The Army standard requires cardholders to complete their review and approval of their statements within three business days of the end of the billing cycle and Billing Officials will certify their statements within five business days of the end of the billing cycle.

g. Cards held at contracting offices that are used as a vehicle for payments against contracts cannot use CARE EDI. All other accounts shall utilize all the features of CARE. Each Level 3 A/OPC will submit a quarterly report to the Army Level 2 A/OPC that will:

(1) Identify all exempt and non-exempt managing accounts that have not yet implemented the CARE EDI,

(2) Provide the location of the account, (i.e., Ft. XYZ, DOL)

(3) Explain why the account has not been EDI enabled (provide a copy of the approved Waiver or advise why accounts are exempt),

(4) Provide the expected date as to when implementation will occur.

h. To assist in identifying which accounts have not implemented CARE EDI, the bank has developed a list on their Marketing and Training website (https://for_our_customers.usbank.com) which shows the CARE EDI status of all managing account by Level 3.

i. This report is due 15 business days following the end of each quarter of the fiscal year. Waivers to the mandatory use of CARE will be routed to the Army Acquisition Executive and the Army Chief Financial Officer for approval.

8. Property Accountability

a. All personnel who are entrusted with the acquisition of Government property are responsible for its proper custody, safekeeping, and accountability. Level 3 A/OPC shall develop MACOM specific procedures to ensure that accountable property purchased with the GPC is brought under appropriate control (see AR 735-5, Policies and Procedures for Property Accountability). In developing these procedures A/OPCs must remember that the GPC efficiencies are based on streamlining and reducing the number of required pre-purchase approvals. Procedures should emphasize documentation subsequent to purchase. Property Book Officers (PBO) will not be appointed as a GPC Cardholder or Billing Official.

b. Level 4 A/OPCs, in coordination with local PBOs, will provide installation specific guidance on property accountability procedures. PBOs (S-4, DOL, etc.) or their representatives should assist the A/OPC in their reviews of Billing Officials/Cardholders to ensure that property accountability procedures are being followed. Formal reports of non-compliance will be provided to the local commander. Abuse or repeated non-compliance with property accountability procedures will be grounds to suspend GPC accounts until assurances are obtained that property accountability documents are made current and established procedures will be followed in the future.

9. Surveillance

a. Surveillance and oversight of the GPC is a shared responsibility. All stakeholders in the program, including Resource Managers, Property Book Officer, local audit and oversight organizations, have a part in insuring that the Purchase Card is used in the proper manner and only authorized and necessary official purchases are made. CARE gives all A/OPCs and Resource Managers the capability to electronically review cardholder transaction details on a daily basis. This tool must be used to maintain the highest level of scrutiny over this program.

b. Level 3 A/OPCs will provide semi-annual reports (due 21 Jan and 21 July) to the Army A/OPC providing the results of the surveillance programs for their prospective organization. The report will list the number of Billing Official Accounts that were inspected in the two previous fiscal year quarters, the method of inspection (hands on or other), the total number of transactions that were reviewed, the number of formal reports issued to the Head of Activity of the Billing Official, a summary of significant findings (such as systemic problems, gross abuse by an individual, or fraud) that were included in these reports, a summary of adverse actions (type and number) against the individuals responsible for the significant findings. This report will also identify examples of cases highlighting exceptional programs or performance of the GPC by a customer.

c. Level 4 A/OPCs will inspect 100% of Billing Official accounts annually. Hands-on inspections are preferred, but alternative methods are allowable. As part of this procedure, they will review an adequate number of randomly selected transactions to verify that the cardholders are following correct procedures and processes. A/OPCs are encouraged to include participation from representatives of the local resource management office as well as other local oversight organizations in their surveillance programs. As a minimum, these reviews will address

compliance with formal GPC purchase and payment procedures, validation of spending limits, span of control, and property accountability. Sample review checklists are attached. In addition to the above, as specified by AFARS 5113.270(a), Convenience Check Accounts and Foreign Draft Accounts will be audited quarterly.

NOTE: The PC-PMO office is developing a random sampling guide to assist A/OPCs in determining how many transactions should be reviewed to reach a high level of confidence in the results of the review.

d. Commanders and activity directors shall conduct a formal management control evaluation of their organization's purchase card program at least once every five years. Certification that this evaluation has been completed must be prepared using DA Form 11-2-R, Management Control Evaluation Certification Statement, and signed by the commander or director. A copy must also be provided to the Director of Contracting. (See Appendix E for a sample checklist. Although a formal evaluation is required every five years, commanders and directors should conduct a program review as an assessment tool prior to signing annual assurance statements. Paragraph 3308, Volume 5, Chapter 33, of DoD 7000.14-R, Department of Defense Financial Management Regulation (DoD FMR), requires pre-payment and post-payment random reviews of certifying officer actions by the appointing authority (or his/her designated review official). When a review results in an allegation of an erroneous payment, the commander or director must convene or order an investigation in accordance with Chapter 33 of the DoD FMR. If the commander or director does not have authority to appoint an investigating official or board, a request for appointment shall be submitted through the chain of command to the appropriate level.

10. Suspected Abuse or Fraud

a. All Government employees must stop the needless loss of taxpayer money by preventing fraud, as well as the conditions that lead to it. An important factor to consider is that fraud is normally committed by or with the help of DoD employees. There have been instances of DoD employees creating or participating in the ownership of outside businesses for the purposes of committing fraud or abuse of the Purchase Card through their ability to make buys with the Purchase Card. All instances of suspected fraud or abuse must be reported. Various channels of reporting can be through the Chain of Command, the A/OPC, the command's procurement fraud advisor (JAG), the servicing Criminal Investigation Division (CID) office, General Accounting Office (GAO), Internal Review Organizations, and Inspector General's at all levels.

b. The following are potential problems and indicators of possible fraud:

- (1) Repetitive buys to the same commercial vendor.
- (2) Lack of documentation to make the purchase.
- (3) Purchase cards and account numbers are not safeguarded.

- (4) Cardholders/Billing Official authorizing someone else to use the card.
- (5) Inadequate oversight by billing officials and agencies.
- (6) Unauthorized purchases
- (7) Payments made for items not received.
- (8) Split purchases to avoid credit card limitations.
- (9) Lack of accounting of nonexpendable or sensitive items.
- (10) Forwarding invoices/billing statements late to DFAS incurring interest penalties.
- (11) Cardholder's statement of account approved by someone other than the cardholder or billing official (alternate).
- (12) Cardholders returning merchandise to vendors for store credit vouchers instead of having credits issued back to the Government purchase card account

11. Liability of Cardholders and Billing Officials

a. Intentional use of the Purchase Card for other than official Government business may be considered an attempt to commit fraud against the U.S. Government. Misuse may result in immediate cancellation of an individual's card, pecuniary liability, and negative administrative and/or disciplinary action against the cardholder and, if warranted, against the billing official.

b. The cardholder shall be held personally liable to the Government for any non-Government transactions.

(1) Under 18 U.S.C. § 287, misuse of the purchase card could result in a fine of not more than \$10,000 or imprisonment for not more than five years or both.

(2) A billing official is pecuniarily liable for improper payments resulting from misuse/abuse of the Purchase Card in accordance with provisions of 31 U.S.C. § 3528. The act of certifying the invoice (billing statement) for payment makes the billing official financially liable. Billing officials are liable for an illegal, improper, or incorrect payment due to an inaccurate or misleading certification. Consequently, billing officials that knowingly make a false certification could be asked to repay the Government for the items purchased. If a billing official is unsure about certification, the billing official should contact the supporting A/OPC for guidance and/or assistance.

c. The DoD Concept of Operations contains a list of possible administrative remedies for various misuses of the Government Purchase Card. This is not all inclusive, but it does provide a sample of possibilities.

d. The following are the authorities, which allow action against an individual who misuses the GPC:

For members of the military only - Uniform Code of Military Justice

Criminal Remedies:

- False Claims 18 U.S.C. § 287
 - False Statements 18 U.S.C. § 1001
 - Major Fraud Act 18 U.S.C. § 1031
 - Mail Fraud 18 U.S.C. § 1341
 - Wire Fraud 18 U.S.C. § 1343
 - Conspiracy to Defraud 18 U.S.C. § 371
 - Conflicts of Interest 18 U.S.C. § 208
 - Theft; Embezzlement 18 U.S.C. § 641
 - Destruction of Public Money, Property or Records
 - Uniform Code of Military Justice 10 U.S.C. §§
- Civil Remedies:

- False Claims Act 31 U.S.C. § 3729, et seq.
- Program Fraud Civil Remedies Act 31 U.S.C. § 3801, et seq.
- Anti-Kickback Act 41 U.S.C. § 51, et seq.

e. The following are Administrative Remedies authorized for civilian employees:

- Suspension of employment without pay
- Termination of employment

12. Roles and Responsibilities

a. Agency/Organization Program Coordinator (Level 2). Administers the Army Program. Establishes policies and guidelines for US Army implementation. Ensures effective surveillance is being conducted. Acts as interface with the Bank, GAO, GSA, and DoD for the Army. Develops and updates the internal control management checklist.

b. Agency/Organization Program Coordinator (Level 3). This individual is responsible for the administration and operations of the agency/organizations purchase card program. Establishes and implements organizational specific policy and guidelines to insure compliance with Army policy. Develops organization-wide surveillance plan. Develops their organizations internal management controls and reporting mechanisms. Reports to Level 2 A/OPC as required.

c. Agency/Organization Program Coordinator (Level 4). The A/OPC is the individual designated by the Chief of Contracting Office to be responsible for the management,

administration, and day-to-day operation of the purchase card program at the activity. The A/OPC's responsibilities include, but are not limited to:

(1) Processing purchase card applications; maintaining a current listing of all cardholders and approving officials under their jurisdiction; closing accounts upon abuse or misuse of card privileges, compromise of account information, card loss, or cardholder departure; and annually determining each cardholder's continuing need to maintain an account.

(2) Ensures letters of delegation are issued to cardholders.

(3) Issues letter of appointment to Billing Official.

(4) Manages purchase card account profiles to properly reflect transaction, line of accounting information and cycle spending limits, and merchant category code limitations.

(5) Develop and implement local procedures to include local command prohibited items.

(6) Conduct initial and bi-annual refresher training for cardholders and approving officials and maintain training records.

(7) Maintaining an appropriate span of control between approving officials and cardholders.

(8) Assisting cardholders and approving officials in efficiently fulfilling their responsibilities.

(9) Monitoring card issuing bank transaction reports during the billing cycle to disclose potential prohibited or improper use, and taking immediate action to address suspected legal or policy violations.

(10) Conduct an annual review of each assigned Billing Official.

(11) Review convenience check transactions to ensure that program officials are complying with governing financial management and acquisition regulations.

(12) Process requests for CARE userids and passwords

(13) Obtain and forward completed DD Form 577 (signature card) and appointment letters to supporting DFAS Operating Location.

(14) Work with resource managers to correct and process rejected EDI billing invoices.

d. Billing Official (Level 5) The Billing Official is nominated by the HA and is usually in the cardholder's supervisory chain. They have oversight responsibility for a number of cardholders to ensure that transactions are necessary and for official government purposes only. The Billing Official is also formally appointed as the Certifying Officer. (Sample appointment

letter see Attachment H) The certifying officer minimum qualifications and eligibility are discussed in DoD FMR. Volume 5, Chapter 33. Certifying officers are responsible for the accuracy of payments, including designation of the proper appropriations(s) or other funds, certified to the paying office and disbursing officer. Certifying officers are pecuniarily liable for any illegal, improper, or incorrect payment processed by the Department as a result of an inaccurate or misleading certification. The Billing Official's (Certifying Officer) responsibilities include, but are not limited to:

(1) Recommending purchase card dollar limits to the A/OPC for cardholders under their purview.

(2) Ensuring each cardholder fulfills his or her responsibilities.

(3) Reviewing assigned cardholder's statements (Approving the statements in the absence of the cardholder).

(4) Verifying all transactions were necessary Government purchases in accordance with GPC policy and guidance, and all other Government agency policy and procedures.

(5) Retaining a copy of the billing statement and maintaining all original supporting documentation (e.g., receipts, logs, invoices, delivery orders, and approvals, etc.).

(6) Notifying the Property Book Officer of all accountable property acquired

(7) Reporting suspected cases of fraudulent, improper, abusive, or questionable purchases to the A/OPC.

(8) Notifying the A/OPC as soon as possible (in most cases prior to the event) to close any cardholder accounts for individuals that have transferred, terminated, are in AWOL status, or retired.

(9) Notifying the A/OPC of any lost/stolen cards (in addition to cardholder notifying the Bank). Submit a report to the A/OPC within five business days detail the circumstances of the lost or stolen card.

(10) Resolving any questionable purchases with the cardholder.

(11) Notifying the A/OPC to terminate or reassign the Billing Official Account prior to reassignment to other duties and/or departure from the installation/activity.

(12) Certifying and forwarding, to the paying office for payment, the official invoice.

(13) Ensure designation of the proper appropriation is made.

NOTE: Alternate Billing Officials shall be established for all accounts.

e. Cardholder (Level 6). An individual who is designated by an activity/organization to be a cardholder and/or convenience check account holder. The convenience check account holder, also referred to as cardholder, shall be any DoD military or civilian personnel who is appointed by the HA or his designee to inscribe (print), sign, and issue checks. The convenience check account holder shall also be responsible for requesting, receiving, storing, inventorying, reconciling and disposing of check stock. The purchase card account bears the individual's name and can be used by that individual to make official purchases. A cardholder's responsibility includes, but is not limited to:

(1) Complete required initial and refresher training in accordance with DoD Component requirements.

(2) Screen for mandatory sources (i.e. JWOD) and rotate vendors.

(3) Obtain all required pre-purchase approvals.

(4) Use the card to purchase and/or pay for official supplies and services in support of agency's mission. Assure that no items bought are for personal use.

(5) Maintain the CARE purchase log.

(6) Verify receipt/acceptance of goods or services.

(7) Maintain receipts and other supporting documentation.

(8) Review and reconcile all transactions and approved statement within three business days of receipt.

(9) Resolve invalid transactions with vendors and track any purchases billed but not received.

(10) Dispute unresolved invalid transactions or transactions on which charges occurred during the prior billing cycle(s) but the items have not been received. Disputes must be filed within 60 days of the date of the invoice. Track disputes to completion.

(11) Notify or review unusual/questionable requests and disputable transactions with the Billing Official.

(12) Maintain physical security of the card to preclude compromise. The card should never be surrendered unless it is going to be cancelled. Additionally, the account numbers should not be released to other than the vendor processing the transaction. All compromised accounts must be closed and new accounts established.

(13) Report lost, stolen, or compromised cards immediately to the bank. Notify Billing Officials within one business day. Billing Officials are required to submit a report to the Level 4 A/OPC within five business days.

(14) Notify the A/OPC to terminate the card upon reassignment to other duties and/or departure from the installation/activity.

(15) Maintain purchase log in CARE throughout the billing cycle, reconcile all transactions, and approve statement within three business days of end of the billing cycle.

(16) Ensure funds are available to pay for the purchase prior to making the buy.

(17) Ensure purchased items are received by the requiring activity. Document receipt of items considered pilferable, sensitive, or controlled

f. Resource Managers. In lieu of creating and citing unique accounting classifications for each purchase card purchase, resource managers will fund Government Purchase Card purchases using the “bulk” method. This method requires a periodic (monthly, bimonthly, quarterly) fund reservation (obligation or formal commitment) equal to the anticipated purchases for that period. Bulk funds may be assigned as a single line of accounting to each cardholder account to cover anticipated purchase card purchases for a specified period. See Federal Acquisition Regulation (FAR) 13.101(b)(4). The resource manager is responsible for:

(1) Coordinate funding and spending limits with billing official and A/OPC.

(2) Establishing bulk funding for each account, either at the cardholder or billing official level.

(3) Provide Billing Official/Cardholders official notification of funding.

(4) Assigning default and alternate lines of accounting as appropriate and in coordination with the A/OPC, entering them into CARE

(5) If responsible for non-CARE EDI accounts ensuring that obligations are posted prior to submittal of invoice

(6) Receive and correct CARE rejects with the AOPC’s assistance.

(7) Assist with resolving accounts in a delinquent status and provide payment information when requested.

(8) Assist A/OPC in surveillance of assigned accounts.

g. DFAS – Operating Locations

(1) Maintain DD Form 577 and appointment letters

(2) Receive and process 821 files (Obligations)

(3) Receive and process 810 files (Invoices) and notify installation when corresponding files are not received.

(4) Notify installation of rejects within one day

(5) Notify installation of interest penalties assess to individual accounts.

(6) Establish a contract number for each account in CAPS

(7) Receive and process request for manual payments, for example CARE rejects or Non-EDI accounts.

13. Separation of Duties.

Proper separation of duties creates a situation that should preclude errors and attempts at fraud or improper usage of the GPC. Key duties such as making purchases (Cardholder), authorizing payments (Billing Official), certification of funding (Resource Managers), reviewing and auditing functions (A/OPC and Property Book Officers) will be assigned to different individuals to minimize the risk of loss to the Government to the greatest extent possible. If a cardholder is also a hand receipt holder, they should not be allowed to make purchases for themselves. The exception to this policy is where valid, long-standing separation of duties cannot be achieved. The A/OPC and the HA of the effected activity/organization should be aware of these situations and recognize that internal controls are weakened. Every effort to compensate for loss of the internal controls inherent with separation of duties must be made. In these cases the HA will request a waiver through the A/OPC to the Director of Contracting. If approved a copy of this waiver will be forwarded to the applicable Assessable Unit Manager for that organization (AR 11-2). The status of these situations will be reviewed by the A/OPC during their annual inspections.

14. Training Requirements

a. In accordance with AFARS 5113.270 individuals must attend and complete orientation and training on the purchase card program prior to being delegated authority. Each Agency/Organization Program Coordinator (A/OPC) is responsible for providing training to cardholders and billing officials. There will be no exceptions or substitutions for this type of training. As a minimum training for cardholders and Billing Officials will cover the following:

(1) Army Purchase Card program policies and procedures

(2) Cardholder and billing official duties and responsibilities

(3) Cardholder and billing official guides developed by the U.S. Bank

(4) Procedures and techniques for utilization of CARE

(5) Funding, billing, payment, and file documentation requirements

- (6) Property accountability procedures
- (7) Ethics
- (8) Mandatory sources of supply
- (9) FAR/AFARS coverage of simplified acquisition procedures
- (10) Record retention requirements
- (11) Prohibited items and items that required pre-approvals
- (12) Disputes
- (13) Cancellation, lost or stolen cards procedures

NOTE: Additional training is required for cardholders who will be given authority to make purchases above \$2,500 against an existing contracts and for OCONUS cardholders who will have a Single Purchase Limit in excess of \$2,500 (DFARS 213.3).

b. A/OPCs should notify all participants in the GPC program of changes as they occur through the most efficient means, email, newsletters, etc. Refresher training provided by the A/OPC is required for all cardholders and billing officials every two years. This training should cover the changes that have taken place, which affect the GPC program and well as special requests or needs of the group being trained.

c. Attendance at the annual GSA Smart Pay Conference is mandatory for all A/OPCs. It is strongly recommended that Alternate A/OPCs attend this training also. For information pertaining to this conference go to the GSA website as WWW.GSA.GOV. This conference is the most encompassing advanced training available on the GPC program and normally will provide 20-22 CLP points against the continuous learning requirement.

15. Establishing Purchase Card Accounts

a. A purchase card shall be issued only to DoD personnel as mission requirements warrant. Only those personnel with a continuing need to use the purchase card shall be made cardholders. Billing Officials will advise the A/OPC when cardholders will transfer to other duties or organizations, retire, or leave government service. They (billing officials) will confirm that the actual cards assigned to these individuals were returned/destroyed. The Billing Official should verify the destruction of the cards. During of the annual review of all Billing Officials Accounts, the Billing Official will advise/recommend to the A/OPC, that based on mission requirements and purchase history, a continuing need for the purchase card is justified for each assigned cardholder.

b. The A/OPC, in coordination with the resource manager and Billing Official, shall set and maintain each cardholder's spending and merchant codes based on a reasonable estimation of what that cardholder needs to buy as part of the activity mission and function. Both the single purchase limits and monthly limits should be set at a level that is commensurate with the buying history of the activity or organization. They will also establish the default lines of accounting and alternate lines of accounting for proper designation of appropriation

16. Utilization of the Government Purchase Card.

a. The purchase card may be used to purchase authorized supplies, equipment, and non-personal services up to the micro-purchase threshold (currently \$2,500, except for construction requirements, which is \$2,000). Overseas cardholders who receive authorization and training from their A/OPC may use the Government Purchase Card to make commercial purchases up to \$25,000 if the purchase is made outside the United States for use outside the United States in accordance with DFARS 213. 301. The single purchase limit for Non-Appropriated Fund accounts is \$5,000. Purchases under \$2,500 are exempt from the laws and required clauses of the Competition in Contracting Act, Buy American Act/Economy Act, Service Contract Act, and the Small Business Set-Aside Program. Normally, if the requirement is for on-going repetitive services that exceed \$2,500 a year, the best solution is to obtain contractual coverage for the service through the Contracting office. A requirement cannot be reduced into smaller parts to avoid formal contracting procedures. Splitting requirements solely to keep them under the micro-purchase threshold is prohibited.

b. Contracting Officers and other designated contracting personnel may use the purchase card as a method of payment on a contractual document up to the warrant limit of the Contracting Officer. Cardholders in contracting organizations must comply with the requirement of this instruction for establishing, funding, reconciling, and approving card purchases even when the card is used as a payment method on a contractual document. Purchases greater than \$2,500 must incorporate required clauses and data or processes mandated by statute, executive order, policy, or regulation and comply with all FAR competition, documentation and reporting requirements. The requirement to submit a DD Form 1057/DD Form 350 for orders between \$2,500 and \$25,000 applies to all orders where the GPC is used.

c. If authorized to make purchases above \$2,500, cardholders not in contracting organizations will use the Government Purchase Card only to obtain items from pre-priced contracts and agreements (e.g., Federal Supply Schedule (FSS), BPAs, Indefinite Delivery/Indefinite Quantity contracts etc.). Training requirements and special delegations to receive this authorization are identified in AFARS 5113. The requirement to submit a DD Form 1057/DD Form 350 for orders between \$2,500 and \$25,000 applies to all orders placed with the GPC. Procedures must be established at the local level to ensure cardholders placing orders over \$2,500 provide report information to the contracting office. A DD Form 350 is also required for all orders exceeding \$25,000 (it is recommended at this time that buyers who are not assigned to a Contracting organization attempt to limit purchases to below \$25,000 as a result of the requirement to accomplish a DD Form 350.)

d. Using the purchase card to pay for training up to \$25,000. The Government Purchase Card is the authorized method of payment for all commercial training requests using the DD Form 1556 (Request, Authorization, Agreement, Certification of Training and Reimbursement) or equivalent valued at or below \$25,000. This guidance can be found at <http://cpol.army.mil/permis>

e. On-Line via the Internet. Cardholders may place orders on-line via the Internet if authorized by their internal agency procedures. Cardholders shall take appropriate measures to safeguard their account number at all times. Cardholders shall ensure that they are purchasing on a secure website. Secure websites are identified by a closed padlock or key icon on the bottom left or right corner of the computer screen. These websites can also be identified by the URL prefix <https://>.

f. Only DoD Employees may be issued a Government Purchase Card or be a Billing Official. DoD contractors are not authorized to be issued a card under the Army hierarchy. OCONUS, local national employees of the Army (DoD), Host Government direct hires, for OCONUS agencies/organizations, whose salary is re-imbursed by the Army, are not considered DoD contractors and may be cardholders and billing officials.

Note: Some organizations have both appropriated and non-appropriated funds available for use. Separate cardholder accounts must be established to segregate these fund types.

17. Pay and Confirm.

The Army has adopted the policy of certifying invoices for payment before all items submitted for payment may have been received. This procedure has been called “Pay and Confirm”. Each Billing Official shall establish a system to flag and track all transactions that have been certified for payment without proof of receipt and acceptance. This procedure will ensure that all transactions that have been reconciled and approved for payment will have receipt verified no later than 45 days after the date of the original invoice. If receipt and acceptance cannot be verified, then the cardholder shall protect the Government's rights by disputing the transaction. The formal dispute must be filed prior to 60 days after the date of the billing statement.

18. Prohibited Items, Items Requiring Special Approvals, Merchant Category Code Blocks

a. Each cardholder is authorized to buy supplies and services that support the agency mission, provided there is adequate funding and the item is purchased at a fair and reasonable price. While some requirements are clearly permitted and others are obviously prohibited, there are some items that fall within gray areas. In those cases, consult with either your fiscal law attorney, resource manager, or A/OPC for guidance. At Appendix D are general rules, which should in most cases allow you to determine whether a particular buy is appropriate. This list is not all-inclusive and should be supplemented by MACOM and installation A/OPCs as necessary. Cardholders are responsible for ensuring that these purchases are properly documented, and necessary approvals are obtained prior to making the purchase.

b. In addition to the items listed in Appendix D, cardholders should obtain pre-purchase approval and documentation for requirements that appear to be outside of normal needs of the requesting organization. We must use common sense to support what may appear to be questionable purchases with tax dollars. This documentation must address the bona fide need of the item that is being acquired.

c. As well as prohibiting certain items, various classes of merchants have been blocked from doing business with the Army through the GPC. These merchants have identified themselves with VISA as specializing in certain products or services that are not authorized for official purchases with the GPC. These merchant codes are:

4829 – Wire Transfer-Money Orders	6211 – Security Brokers/Dealers
5932 – Antique Shops	6760 – Savings Bonds
5933 – Pawn Shops	7012 – Timeshares
5937 – Antique Reproductions	7995 – Betting, Casino Gaming Chips, Off-Track Betting
5944 – Jewelry Stores	7273 – Dating and Escort Services
5960 – Direct marketing insurance	8651 – Political Organizations
6010 – Financial Institutions Manual Cash Advance	9211 – Court Costs, Alimony, Child Support
6011 – Financial Institutions Automatic Cash Advance	9222 – Fines
6051 – Non-Financial Institutions	9223 – Bail and Bond Payments
Foreign Currency, Money Orders, Travelers Checks	9311 – Tax Payments
	9700 – Automated Referral Service
	6012 – Financial Institutions Merchandise and Services

d. A merchant that has been blocked may still sell items that are authorized for purchase with the GPC. If a cardholder determines that they must make a purchase from a source that has been blocked because of their Merchant Category Codes (MCC) the following procedures will apply.

(1) The request to override DOD blocked MCC limiting purchases from merchants coded in restricted categories must be prepared by the Billing Official of the cardholder wanting to make the purchase. It must contain the name and masked account number of the cardholder, a description of the item(s), to be purchased, vendor's exact name and address, estimated dollar amount of the purchase, estimated date of the purchase, efforts to locate a source other than vendor with blocked Merchant Category Code, specify the need for this particular requirement (i.e., "a special magnifying glass to assist in detail circuit card wiring bought from a jewelry store.), and the vendors MCC that must be overridden.

(2) These requests will be routed through the appropriate Level 4 and 3 A/OPC to the Army Level 2 A/OPC for approval. If approved, the Level 2 will contact the Bank to have this specific transaction approved from the restricted vendor. (Approvals will be granted on a transaction-by-transaction basis. This process will not open a restricted merchant.) After approval, the cardholder will have five days to make the purchase. Cardholders will advise the

vendor at time of purchase that they will have to call the US Bank Customer Service Department (1-888-994-6722) and provide the following information:

- (a) Purchase card number, cardholder name and billing address,
- (b) Purchase card expiration date
- (c) Amount of the purchase
- (d) Advise that this transaction has been coordinated through the Army A/OPC.

19. File Retention.

In accordance with the DoD FMR, Volume 1, certified billing statements and supporting documents will be retained for six years and three months after final payment. The Billing Official shall maintain these records until they are transferred to a records holding area. Cardholder statements can be disposed of three years after final payment in accordance with FAR 4.805.

20. GPC Procedures in Contingency Operation

Units deploying in support of contingency operations should take their locally issued Government Purchase Cards with them to use while deployed. The following actions will be taken prior to deployment:

- a. Coordinate with the Contracting Activity that has contracting authority in the contingency area to see if there are special requirements for using the GPC while deployed.
- b. Make sure EDI flags and routers have been enabled.
- c. Set the default line of accounting for the cards with the appropriation data provided to support the contingency.
- d. Set reallocation option to none.
- e. Determine what additional information must be entered in the CARE purchase card log.
- f. Establish alternate billing official (if necessary).
- g. If, after coordination with the contracting authority for the deployed area, it is determined that the deploying units will not take their cards, these accounts should be temporarily suspended during the period of deployment.

21. Convenience Checks

Convenience checks provide an alternative only when the use of the purchase card is not feasible. DOD activities have the flexibility to issue low volume, low dollar payments for products and services at the activity level. The convenience checks will be pre-numbered and additional control will be maintained in using a separate convenience check purchase log for each account.

a. Authority: DOD Financial Management Regulation 7000.14-R, Vol. 5, paragraphs 0210 through 021008, Interim Change Authority 9-97, 21 Nov 97 and DOD Purchase Card Reengineering Implementation Memorandum #5: Accommodation Checks.

b. Requirements: Convenience checks must be considered advantageous to the DOD activity, after evaluating all alternatives. Checks should not be used to avoid the normal card payment process. Before a check is issued, the paying agency must make every effort to use the purchase card. Maximum efforts shall be made to find and use vendors that accept the purchase card. The authority to maintain a checkbook shall be justified on an individual organization basis and controlled and monitored by the organization commander/director. The number of checkbooks per installation must be kept to a minimum. Billing Officials are responsible for the implementation of appropriate internal controls.

c. Convenience checkbook accounts are only available to organizations that maintain an active purchase account in good standing. A convenience checkbook holder may have a purchase card account and a separate convenience checkbook account.

d. Convenience checks shall not be issued for more than \$2,500 per check and shall be issued for the exact payment amount. "Splitting" amounts across more than one check to keep below the \$2,500 limit is prohibited. They shall not be issued as an "exchange-for-cash" vehicle to establish cash funds. If vendors issue credit check or refunds by cash or check, funds must be immediately credited back to the account on which it was original made.

e. The issuing organization is responsible for all administrative cost associated with the use of these checks. The total purchase amount plus the program fee must be accounted for in the check writer's log and deducted from the funding document balance on the log sheet.

f. Convenience checks may be mailed as long as internal controls, including the use of the check purchase log, are in place to avoid duplicate payments to payees. If checks are lost or stolen, it is the responsibility of the check writer to immediately notify the bank, their Billing Official, and the Level 4 Agency/Organization Program Coordinator (A/OPC).

g. Check writers are responsible for obtaining 1099 data for services paid by convenience check. Required information which must be forwarded to the agency's servicing DFAS consists of:

- (1) Payee's full name and social security number or tax identification number
- (2) Complete mailing address and phone number
- (3) Amount(s) and date(s) paid, with total paid in the reporting period

h. Checks are negotiable instruments and must be stored in a locked container, such as a safe or locking filing cabinet. Checks will be accounted for appropriately to prevent loss, theft or potential forgery. Convenience Checking Accounts must be audited at least quarterly. Checks will be reconciled just as other purchase card transactions as a part of the Monthly Statement billing cycle. Copies of checks must be retained as a part of the account holder's original documentation files.

i. Authorization of Accounts

(1) The agency's billing official may be any individual who is appointed by management to authorize and certify the issuance of convenience checks. This official shall receive and certify payment of the invoice (billing statement) to the appropriate paying activity. To maintain effective internal controls, the activity's billing official shall be held accountable and pecuniary liable for authorized purchases and accuracy of the payments.

(2) The check writer may be any individual who is appointed by management to order, receive, store, reconcile and dispose of the check stock. Only the named person designated as the convenience check writer will have the authority to sign and issue convenience checks.

j. Establishing Convenience Check Accounts

(1) A request to establish convenience check accounts must be justified in writing by the organization's commander/director and forwarded to the Level 4 A/OPC. Delegations of authority to maintain and use convenience checks will be granted in writing by an agency's commander/director. Required information must consist of the following:

- (a) Reason for requesting checks
- (b) Check writers complete name, office name, address, Email, phone and fax number
- (c) Single and monthly purchase limits
- (d) Types of vendors check will be written to

(2) Approximate dollar amount checks intended to be written within a 12-month period.

k. Use of Convenience Check Accounts

(1) Convenience checks may be used for small purchases, when supplies or service are available for delivery within 30 days whether at the contractor's place of business or at destination. Purchases made with the check must not require detailed specifications or an inspection report.

(2) Convenience checks may be used for purposes not related to small purchases when such expenditures are authorized by other regulations such as:

- (a) Delivery charges associated with the purchases made with a convenience check when the contractor is requesting to arrange delivery. These charges include local delivery, parcel post including cash on delivery (C.O.D.) postal charges, and line haul or inter-city transportation charges, provided the charges are determined in the best interest of the Government.
- (b) C.O. D. charges for supplies ordered for payment with a convenience check upon delivery
- (c) Metro transportation passes or tokens

I. Prohibited Purchases.

- (1) Payment of salaries and wages
- (2) Travel advances or any other advances
- (3) Payment of travel claims
- (4) Purchase from contractors or contractor's agents who are military personnel or civilian employees of the Government
- (5) Repetitive purchases from the same contractor when another method of purchase, such as a purchase card or blanket purchase agreement, would be appropriate.
- (6) Payment of on-the-spot cash awards

m. Disputes. The normal dispute associated with the purchase card process is not available with convenience checks. Any concerns over a purchase made with a check must be resolved directly with the merchant. The check writer is solely responsible for securing credit or disputing purchases. The Cardholder's Statement of Questioned Items (CSQI) forms will not be accepted by the bank for purchases made with a check. Each organization is responsible for all checks written on an account, unless it is determined fraud is involved. In some cases, payment can be stopped on a convenience check that has been written if the check has not yet been posted to an account. To stop payment on a check, call U.S. Bank Customer Service to receive instructions on processing the action. The stop payment will be in place for 6 months and the bank will charge a fee. (The check writer must account for the fee on his/her purchase log.) If the check has already posted to the account, a request to stop payment cannot be honored.

22. Foreign Draft Checks

a. General. Foreign Draft Checks (FDC) provide an alternative only when the purchase card cannot be used for payment, or when vendors/merchants do not accept the GPC. They provide activities the flexibility to issue low volume, low dollar payments for supplies and services in foreign currencies. There are administrative costs associated with the Foreign Draft Checks and requiring activities will be responsible for funding and paying these costs. Foreign Draft checks must be safeguarded by the activity when not in use. Lost or stolen checks must be immediately reported to the bank, the Billing Official, and the Level 4 A/OPC. Issuance of a Foreign Draft Check must be the most advantageous purchase method after evaluating all alternatives. Checks should not be used to avoid the normal card payment process.

b. Authority. Office of the Assistant Secretary of the Army Financial Management and Comptroller OUSD(C) memorandum dated February 4, 1998.

c. FDCC accounts are located in the contracting office. Customer activities desiring accounts outside the contracting office must justify in writing to the Chief of the Contracting Office why an account is necessary. Accounts will be authorized when appropriate and necessary to support mission requirements.

d. Foreign Draft Convenience checks shall not be written for more than the foreign currency equivalent of \$2,500 per check for the exact purchase amount inclusive of the administrative processing fee.

e. "Splitting" payment amounts across more than one check to keep below the \$2,500 limit is prohibited. Foreign draft checks shall not be issued as an "exchange-for-cash" or any other hard currency.

f. Billing/Certifying Officials for Foreign Drafts Accounts accept pecuniary liability for payments made using the checking account.

g. Selection and Appointment of Duties. Commanders or activity directors shall appoint personnel as billing officials, cashiers (check writers), and custodians. Any U.S. Government employee, military or civilian including local national employees, may be selected for appointment. Check cashiers, custodians, and billing officials must receive standard purchase card training prior to being issued an active foreign drafts checking account.

(1) The check cashier is the only person who has authority to issue and sign foreign drafts checks. He/she may hold a purchase card account as long as separate accounts are maintained.

(2) The check custodian orders, receives, stores, issues, inventories, reconciles and disposes of check stock. He/she shall not be responsible for approving and processing requirements for check writing.

(3). The Billing Official authorizes and certifies the issuance foreign drafts checks written by the cashier. In order to maintain effective internal controls, the approving official may not perform check-writing functions of the custodian or cashier.

h. Foreign draft checks are negotiable instruments and must be stored in a locked container, such as a safe or metal filing cabinet. Checks will be accounted for appropriately to prevent loss, theft, or potential forgery.

i. All foreign draft checks must be reconciled in a similar manner as purchase card accounts as a part of the monthly billing statement at the end of the billing cycle.

j. Security. Commanders and activity directors are required to ensure that foreign draft checks are safeguarded against theft or loss. Foreign draft convenience checking accounts must be audited at least quarterly. The foreign drafts checks are pre-numbered and additional controls will be maintained by the check writer by using a separate purchase log for recording written checks (i.e. check register) in addition to the purchase card log. Automated reports are available from the Bank to assist checking oversight.

23. Metrics

a. There are many reports available through CARE that will assist A/OPCs in management and oversight of the GPC Program. At Appendix I is a list of reports that are available both on line and on paper and should be used by the A/OPC on a recurring basis. In addition to these reports, there are certain metrics that should be collected and maintained by A/OPCs at all levels which will be used to assess the performance of their program. These include:

(1) The number of open cardholders assigned to a billing official.

(2) The number and dollar amount of transactions.

(3) The number of accounts inactive (accounts with no transactions posted) for more than 6 months.

(4) The average file turn time (the number of days from the date of purchase to payment posting at the Bank) for Billing Officials. The optimum file turn time is 23 days. The Army standard is 28 days. The Bank provides a quarterly report on average file turn by Level 4 A/OPC. Level 4 A/OPCs who's average file turn exceeds 28 days two consecutive quarters should report to the Level 3 A/OPC what corrective actions they have taken to accelerate their file turn to meet the Army standard.

(5) The percentage of delinquent (over 30 days past due) billing official accounts of all open accounts. The Army goal is all accounts will be paid on time. Level 4 A/OPC that have a history of more than 5% of billing official accounts delinquent during at least four billing cycles in the reporting period, shall report on a semi-annual basis to the Level 3 A/OPC what

corrective actions they have taken to improve payments. Also, delinquencies as a percentage of outstanding balance due should be tracked.

(6) Percentage of billing official accounts that are EDI enabled. The Army goal is 100% of non-exempt accounts process GPC certifications through CARE EDI.

(7) Percentage of billing official Accounts that have been reviewed within the previous six months. 100% of Billing reviewed annually is the Army requirement.

b. Formal reporting requirements to the Army Level 2 A/OPC are listed at Appendix J.

APPENDIX A

DEFINITIONS

The following definitions are for terms commonly used in these procedures. Other definitions that are not detailed below are contained in the training manuals provided by the U.S. Bank

Agency/Organization Program Coordinator (A/OPC). A Government employee responsible for the overall administration of the activity/organization's purchase card program, to include developing and implementing policy, establishing and making changes to accounts, as well as training for cardholders and billing officials. This individual shall have overall responsibility for the card program within their agency/organization. Multiple levels of Agency/Organization Program Coordinators exist at different hierarchical levels within the program for each agency/organization.

Billing Official (Approving Official) A Government employee, who has been nominated by their activity/organization and appointed by the A/OPC, to have oversight responsibility over the cardholders assigned to their managing account. Reviews transactions and certifies monthly invoices (billing statements) for payment processing. Is also appointed as the Certifying Official. This is the Level 5 (Para 3.b) and is sometimes referred to by the Bank as the Managing Account

Billing Invoice. The billing invoice identifies all of the purchase card transactions, made by cardholders assigned to a particular Billing Official, which posted during a billing cycle. The invoice can be paper based or presented through the Electronic Access System of the issuing bank.

Bulk Funding Method. The bulk funding method requires posting specific funds to the official accounting records prior to payment of a cardholder's account. Bulk funding may be made as appropriate to the funding environment of the activity.

Cardholder. An individual designated by an agency/organization to be issued a card. The card bears the individual's name and can only be used by that individual for official purchases in compliance with agency internal procedures. This term also applies to check writers on convenience check accounts.

Cardholder Statement of Account. The statement of charges provided to a cardholder detailing all of the transactions posted to their account during a billing cycle.

Customer Automation and Reporting Environment (CARE). The U.S. Bank's electronic access system, which allows review of transactions and electronic payment.

Convenience Checks. Third party drafts issued using the Government-wide purchase card account. Third party drafts may be used to acquire and to pay for supplies or services. Policies and regulations concerning the establishment of and accounting for third party drafts, including

the responsibilities of designated cashiers and alternates, are contained in Part IV of the Treasury Financial Manual for Guidance of Departments and Agencies, Title 7 of the General Accounting Office Policy and Procedures Manual for Guidance of Federal Agencies, and the agency implementing regulations. FAR 13.305 applies and the Department of Defense guidance is contained in the DoD Financial Management Regulation, Volume 5, Chapter 2, paragraph 0210.

Delegation of Authority Letter. A document issued by the Chief of Contracting Office that gives an individual the authority to make purchases with the GPC. This delegation of authority will specify the single purchase and monthly purchase limitations unique to that cardholder.

Electronic Access System (EAS). A web-based computer system required by the task order with the issuing bank for account set-up, maintenance, reporting and electronic bill presentment and certification.

Electronic Data Interchange (EDI) The automated, paperless bill paying features in CARE.

File Turn Time.

Fraud. Any intentional deception designed to deprive the Government unlawfully of something of value or to secure from the Government for an individual a benefit, privilege, allowance, or consideration to which he or she is not entitled.

Head of Activity (HA). The military officer in command or the civilian executive in charge of the mission of a command or activity. This individual has disciplinary authority over cardholders and billing officials in his/her organization.

Head of Contracting Activity (HCA): The official who has overall responsibility for managing the contracting activity including use of the purchase card by personnel under his/her contracting cognizance. (FAR 2.101) "Contracting activity" for DoD also means an element of a defense agency designated by the director of that defense agency which has been delegated contracting authority through its agency charter. (FAR 2.101)

International Merchant Purchase Authorization Card (IMPAC). A registered trademark of the US Bank used by them to identify the Army's VISA purchase card program. All purchase cards issued throughout DoD are referred to as GSA Smart Pay, Government Purchase Cards.

Javits-Wagner-O'Day (JWOD). A law, which establishes mandatory sources for supplies and services, administered by the Committee for Purchase from People Who Are Blind or Severely Disabled. Two national, independent organizations, National Industries for the Blind (NIB) and National Industries for the Severely Handicapped (NISH), help state and private nonprofit agencies participate in the JWOD Program.

Merchant Category Code (MCC). A code used by the issuing bank to categorize each merchant according to the type of business the merchant is engaged in and the kinds of goods and services provided. These codes are used as an authorized transaction type code on a card/account to identify those types of businesses who provide goods and/or services that are authorized. The

DoD Purchase Card Program Management Office will maintain the list of DoD wide blocked codes. It will be the responsibility of the Army Level A/OPCs to administer and record any waiver requests to these blocks.

Pre-Purchase Approval. When required and identified by Army or local procedures, documentation showing authority has been obtained to purchase special use items (hazardous material, Information Technology, etc.).

Prompt Payment Act. Public Law 97-177 (96 Stat 85, 31 USC 1801) requires prompt Payment of invoices (billing statement) within 30 days of receipt (FAR Clause 52.232-25 Prompt Payment (May 1997)). An automatic interest penalty is required if payment is not timely.

Required or Mandatory Sources of Supply. The priority of sources is dictated by the Federal Acquisition Regulation (FAR) Part 8, Required Sources of Supplies and Services, Subpart 8.001, Priorities for Use of Government Supply Sources and DFAR Part 208. Mandatory sources must be considered first before an open market source can be considered.

Split Purchase. Separating a requirement that exceeds a cardholder's single purchase limit or threshold into two or more buys.

APPENDIX B

REFERENCES

FAR Part 8, DFARS Part 208

FAR Part 13, DFARS Part 213, AFARS Part 5113.270

AR 11-2, Management Controls

AR 37-47, Representation Funds of the Secretary of the Army

AR 710-2, Inventory Management Below the Wholesale Level

AR 725-50, Requisition, Receipt, and Issue System

AR 735-5, Policies and Procedures for Property Accountability

Treasury Financial Manual, VOL 1, Part 4, Ch 4500 – Government Purchase Cards

DoD FMR, VOL 5, Disbursing Policy and Procedures, Chapter 33 (Accountable Officials and Certifying Officers),

DoD FMR, VOL 10 (Contract Payment Policy and Procedures), Chapter 9 (Credit Cards), (currently in draft)

DoD Directive 7000.15 DOD Accountable Officials and Certifying Officers

APPENDIX C

Resource Material

Defense Acquisition University (DAU). <http://www.acq.osd.mil/dau/train.html>

DoD Purchase Card Program Management Office web site
<http://purchasecard.saalt.army.mil>.

Ethics training is available on-line at
http://www.defenselink.mil/dodgc/defense_ethics/2001ethics_training.

Federal Supply Schedules Home Page <http://www.fss.gsa.gov/schedules>

GSA Advantage <http://www.gsaadvantage.gov>

Javits-Wagner-O'Day (JWOD) Program - <http://www.jwod.com>

DOD EMAIL: <http://dodemall.dla.mil/>

UNICOR-Federal Prison Industry (FPI) - <http://www.unicor.gov/unicor>

U.S. Bank Training and Marketing http://www.usbank.com/impac/train_mktg_material.

APPENDIX D

Prohibited Items and Items Requiring Pre-Purchase Approval

This list identifies the most common categories of requirements that are prohibited or require some form of pre-purchase approvals. It is not all-inclusive. Cardholders should contact local authorities prior to purchasing any items that seems questionable or may have the appearance of being inappropriate. Prior to making a purchase that could cause one to question the appropriate expenditure of taxpayers' money, cardholders will obtain pre-purchase approval from the appropriate authority.

Prohibited Items

Cash Advances	Money orders, traveler checks, and gift certificates are also considered to be cash advances and shall not be purchased by cardholders to obtain items from merchants who do not accept the GPC.
Travel Related Purchases	This includes rental/lease of motor vehicles associated with Travel or temporary duty supported by travel orders (purchase of airline, bus, and train tickets), purchase of meals, drinks, lodging, or other travel or subsistence costs associated with official Government travel that will be reimbursed on a travel voucher.
Rental or Lease of Land And buildings.	The GSA SmartPay master contract provides, in section CC. 8., Authorization Controls for the Purchase Card Program, that the Purchase card "shall not be used for the long-term rental or lease of land or buildings." While the term "long-term rental or lease" is not defined in the contract, GSA has historically interpreted this language to permit use of the purchase card as a payment mechanism in the case of space acquired for a month or several weeks, for example where a unit is deployed and requires space for such a time period. Additionally, GSA considers appropriate use of the purchase card to include use in payment in renting a facility for a conference or meeting on a short-term basis (where a centrally billed travel card/account would not be appropriate) as well as use as the payment mechanism in agency acquisition of space for several weeks in case of emergency, such as responding to natural disaster or act of terrorism.
Fuel	Aviation, diesel, gasoline fuel or oil for aircraft.
Repair of Leased Vehicles	Repairs on leased or GSA fleet operated vehicles.

Gifts/mementoes	The purchase of gifts/mementoes for individuals.
Telecommunication Systems	Major telecommunications systems such as FTS or DSN
Construction Services over \$2,000	
Wire Transfers	
Savings Bonds	
Foreign Currency	
Dating & Escort Services	
Betting, Casino Gaming Chips, Off-Track Betting	
Transactions with Political Organizations	
Court Costs, Alimony, Child Support	
Fines	
Bail and Bond Payments	
Tax Payments	
Untreated Wood	Wood used for packaging and crating cannot be procured after 1 Oct 02 unless it is treated for parasites.

Items Requiring Pre-Purchase Approval

Printing	<p>FAR 8.802 prohibits directly contacting commercial sources. Defense Automated Printing Service (DAPS) is the mandatory source for all printing/ reproduction services.</p> <p>Limited exception: Cardholders may request a waiver from DAPS to allow buying of commercial printing services, we recommend that you coordinate with the following agency points of contact: Army IMCEN – (703) 695--3804 OSD – (703-693-4313 or (703) 693-4314 Navy - (703) 695651 Air Force (703) 614-0996</p>
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Hazardous Material Purchases of hazardous/dangerous materials must be approved by the local authority.

Advertising Approval in accordance with local procedures.

Video Information (VI) Approval in accordance with local procedures
Equipment and Materiel

Any requirement purchased with representational funds (AR 37-47)

Ergonomic Related and Low-vision Equipment

Injury should be verified by medical documentation and supervisor's approval must be obtained before purchasing. Before using agency funds, we recommend that the Computer/Electronic Accommodations Program (CAP) office first be considered as they may approve, and thus fund, the purchase. CAP is a centrally funded program and provides ergonomic equipment related and low vision equipment for all DoD employees. The point of contact is Ms. Dinah Cohen. Email address: Dinah.Cohen@tma.osd.mil. Website: <http://www.tricare.osd.mil/cap/> (also see Medical Items)

Food Appropriated funds are not available to pay for food or refreshments.

Limited Exceptions: An event may qualify for appropriated funding if certain requirements are satisfied and documented.

(1) Sponsoring agency may serve light refreshments on breaks at Government-sponsored Conferences where 51% of attendees are in travel status.

(2) Sponsoring agency may serve meals at Formal Meetings and Conferences attended by some percentage of non-government employees.

(3) Sponsoring agency may serve refreshments/meals at Training Meetings where actual training is conducted and not just discussions or open forums relating to problems and day-to-day operations of the agency.

(4) Sponsoring agency may serve light refreshments at Award Ceremonies honoring individuals recognized under the Civilian Employee's Incentive Award Program.

(5) Formal Ethics Awareness Program where food samples relating to the particular ethnicity are served as part of an education program.

(6) Food and/or refreshments served using Official Representational Funds.

Personal Purchases

Cardholders are prohibited from purchasing items for personal convenience/not for official Government use with the purchase card. This includes all appliances, handheld/portable electronic devices, clothing, and seasonal decorations. These items should be purchased through employee collections and/or personal funds.

Limited Exception: If an otherwise “personal” purchase is deemed proper by the respective agency official, usually an O-6 or above, as mission essential and a necessary expense of operating a facility, this may be considered an exception. These mission essential items must be documented and secured in the office at the end of the day for use during the work and duty day.

Bottled Water Services

Cardholders are prohibited from purchasing bottled water service with their purchase card.

Limited Exception: If an agency has a report, from an outside water-testing agency, determining that the drinking water is harmful if consumed.

Motor Vehicle, Long-Term Rental or Lease

Cardholders are prohibited from entering into contracts for rental/lease of motor vehicles.

Limited Exception: Authorization may be granted for official nonrecurring Government functions for no more than 30 days.

Trophies, Awards, Plaques, and Mementos as give away items for hails & farewells and Other Occasions

Cardholders are prohibited from purchasing give-away items.

Limited Exception: The purchase of give-away items in support of employee recognition programs or by recruiters may be authorized if accomplished within authorizing regulation or an approved awards program.

Business Cards

Cardholders are not authorized to purchase business cards.

Limited Exception: A DoD memo dated August 28th, 1998 authorizes the printing of business cards using existing software and agency-purchase card stock for use in connection with official activities.

APPENDIX E

REVIEW GUIDELINES AND CHECKLISTS.

The A/OPC will ensure that all billing official accounts are reviewed on an annual basis throughout the fiscal year. Agencies/organizations will perform an annual review of billing official accounts, document any deficiencies, and have a copy of the review available for external review. An agency/organization must be able to provide assurance that procedures, controls, and operations are adequate and in compliance with Army Policy. An agency/organization is in compliance by having:

1. Written procedures outlining such areas as property accountability for non-expendable items and coordination with the agency Information Management Officer when buying information technology items.
2. Written guidance to cardholders advising of office limits and when and how funding will be managed for each purchase card account.
3. Adequate separation of duties.
4. Records in good shape and easy to track billings with purchases.
5. Documentation in file explaining any unusual situations, such as a buy, which appears to have been a “split” but wasn’t or pre-purchase justification on an item that may seem questionable.
6. Utilization of required/mandatory sources consistent with Part 8 of the FAR.

The following is a list of sample questions that can be used in developing local A/OPC surveillance checklists.

A. Review of Billing Official Account

1. Does the Billing Official have a Letter of Appointment which designates him/her as a billing official?
2. Has the Billing Official received purchase card and ethics training.
3. Is the Billing Official’s supervisor(s) a cardholder in any of the billing official’s accounts?
4. Does the Billing Official review each of their cardholder’s statements each month?
5. Does the Billing Official certify and process the monthly billing statement within five business days of receipt?

6. Does the Billing Official promptly notify the A/OPC when a cardholder departs, retires, or otherwise no longer needs a card?
7. Has the Billing Official notified the A/OPC of any lost/stolen cards within five business days of the loss/theft?
8. If Billing Official also manages a Convenience Check accounts are quarterly surveillance reviews conducted?
9. Have any Convenience checks, on accounts under the billing official, been written for more than \$2,500?
10. Has the Billing Official notified the Installation A/OPC of any cardholder/check writer account procedures violations discovered?
11. Does the Billing Official coordinate card dollar limits with the installation A/OPC and installation RM when cardholder accounts are established?
12. Does the Billing Official maintain original supporting documentation for closed cardholder/check writer accounts IAW FAR 4.805?
13. Does the Billing Official coordinate with the Property Book Office to verify that all purchased accountable property has been properly documented?
14. Does the Billing Official coordinate with the Resource Manager to establish funding for all cardholders?
15. Has the Billing Official been formally appointed as a Certifying Officer?
16. Did Billing Office comply with procedures covering deployment of cardholders?
17. How many cardholders under the Billing Official were reviewed by the A/OPC as a part of this annual review?
18. Has an adequate Cardholder: Billing Official ratio been maintained?
19. What is the percent of randomly selected transactions that were reviewed of the total number of transactions for the review period?
20. Does the Billing Official insure cardholders maintain the Purchase Log in CARE?

B. Review of Cardholder/Check Writer Accounts - Government Purchase Card Program

1. Does the Cardholder have a letter delegating specified procurement authority from the Chief of the Contracting Office?
2. Has the cardholder received training on Army procedures for using the purchase card?
3. Has the cardholder participated in re-fresher training sessions or received refresher training material?
4. Does the cardholder know and comply with their monthly spending limits?

5. If the cardholder is required to use both appropriated and non-appropriated funds, does he/she have separate cards for each type of funds?
6. Are all purchases entered in the CARE purchase log?
7. Does the Cardholder obtain all required pre-purchase approvals and authorizations?
8. Are the cardholders monthly spending limits justified by their buying activity?
9. Were any unauthorized purchases made by the cardholder? (If answer is Yes, describe in "Comments" at the end of this review.)
10. Did Cardholder reconcile all transactions in CARE within three business days of end of cycle?
11. Did the cardholder allow others to use his/her card?
12. Did cardholder comply with requirements to purchase items IAW FAR Part 8?
13. Did cardholder rotate sources when placing repeat orders?
14. Did the cardholder document all transactions that posted to the Billing Statement but were not received and utilize a tracking system to verify subsequent delivery?
15. Does cardholder maintain supporting documentation?
16. Does cardholder reconcile all transactions and approve the Statement of Account within three business days of receipt?
17. Does the Cardholder reconcile transactions throughout the Billing Cycle?
18. Does cardholder follow the procedures for disputing transactions?
19. Has the Billing Official acted on behalf of the Cardholder during the review period?
20. Does the Cardholder use the reallocation feature of CARE properly?

C. Review of Convenience Checks Accounts:

1. Have any checks been issued for more than \$2,500?
2. Does check writer capture all necessary TD1099 data for IRS reporting?
3. Have any checks been written by someone other than the checking account holder?
4. Have checks been written for items to be delivered beyond 15 days?
5. Were checks written for any of the prohibited purchases?
6. If Stop Payment actions were processed against any check, was the \$25 charge deducted from the funds available?

7. Does check writer account for checks written but not processed by the Bank when reconciling his/her account to assure adequate funds are available?
8. Has the check writer received training on the GPC procedures from the A/OPC?
9. Are checks stored in locked containers when not in use?

APPENDIX F

Sample Appointment Letter for a Billing Official

MEMORANDUM FOR: (name, office symbol)

Date

SUBJECT: Appointment of Government Purchase Card Billing Official

1. You are hereby appointed as a Government Purchase Card Billing Official under the administration of (Name), the Agency/Organization Program Coordinator (A/OPC). Your appointment is effective as of the above date and shall remain in effect until:

- a. You are reassigned,
- b. Your employment is terminated,
- c. Your appointment is otherwise canceled or revoked.

2. Authority, Limitations, and Requirements.

- a. You are responsible for the verification that only authorized official purchases are made by Government Purchase Card cardholder(s) assigned to you.
- b. You shall verify that all Cardholders followed regulations and policies applicable to the Government Purchase Card Program.
- c. You shall certify and process the GPC invoice within five business days of receipt.
- d. You will insure that all accountable property purchased with the GPC is identified to the Property Book Officer.
- e. Your monthly office spending limit is (\$_____).

3. Government Ethics Training and Acquisition Reporting Requirements.

- a. You must receive yearly, Government Ethics training in accordance with Regulation 5 C.F.R. 2638 and certify that such training has taken place, in accordance with local policy and guidance.
- b. You shall furnish information required for acquisition reporting purposes in the manner and time specified in accordance with local guidance.

- c. You will report to the A/OPC when any Cardholder assigned to you departs or otherwise no longer needs their card.

4. As someone involved in certifying the spending of public funds, you are held to high standards of responsibility and accountability. In accordance with FMR Vol 5, Chapter 33, you are cautioned that you may be held pecuniarily liable for improper purchases that you have nevertheless certified for payment. Misuse of certification may also lead to negative actions, to include a reduction in your office limit to termination of federal employment, and criminal prosecution, depending on the circumstances.

5. Termination of Appointment.

- a. Your appointment may be revoked at any time by the undersigned authority or successor.
- b. Should you be reassigned from your present position or should your employment be terminated while this appointment is in effect, you shall promptly notify the A/OPC in writing so that your appointment may be canceled.

6. Acknowledgment. The undersigned will acknowledge acceptance of this appointment by returning a signed copy of this memorandum to (fill-in name of AOPC and office symbol).

Johnny B. Goode
Director of Contracting

Acknowledgment of Acceptance:

_____ Date _____

APPENDIX G

Sample Letter of Delegation of Procurement Authority

MEMORANDUM FOR (Cardholder's Name and Title)

FROM: (Name and Title of HCA designee)

SUBJECT: Delegation of Contracting Authority for Government Purchase Card Use

You are hereby designated as a Government Purchase Card Program cardholder. You have successfully completed the mandatory Government Purchase Card training program and are authorized to obtain supplies and non-personal services and using the Government Purchase Card. Your single purchase limit has been established at _____, and your total monthly spending limit is _____. You cannot exceed either of these limits without approval of the A/OPC. Your Billing Official is _____.

The supplies and non-personal services you obtain with the purchase card must be for official Government requirements and be consistent with your assigned responsibilities and your card purchase limits, including commodity restrictions. This authorization does not exempt you from the requirement to obtain certain supplies from required sources of supply listed in Federal Acquisition Regulation (FAR) Part 8, or from other organizations which have been given exclusive contracting authority for that commodity or service.

You are required to obtain any pre-purchase approval required by Army or this organization's policy and also to insure that all accountable property is reported to the Property Book Officer. You are responsible for all transactions made with this card. You alone are authorized to use this card. This delegation is valid until it is formally modified, suspended, or cancelled. This delegation of authority cannot be re-delegated.

You must notify your Billing Official when you separate from (insert name of activity), through dismissal, retirement, transfer, or for any other reason. If it is determined that you no longer will be required to use the card, this delegation will be terminated and the purchase card must be destroyed.

Dan Smith
Chief of Contracting

I HAVE REVIEWED THE ABOVE AND UNDERSTAND AND CONCUR WITH MY RESPONSIBILITES IN CONNECTION WITH THE GOVERNMENT PURCHASE CARD PROGRAM

(SIGNATURE)

(DATE)

APPENDIX H

Sample Appointment as a Certifying Officer

(Use appropriate letterhead)

MEMORANDUM FOR (Insert Certifying Officer's Name and Unit)

SUBJECT: Appointment as Certifying Official

You occupy a position where your duties include the functions of payment Certifying Officer for Government Purchase Card invoices. This memorandum is formal notification that you are hereby appointed a Certifying Officer to (Insert the location and address of the disbursing officer to whom your certification will be made).

As Certifying Officer, you will be responsible for certifying vouchers and documents for payment. Certifying Officers have pecuniary liability for any illegal, improper, or incorrect payment processed by the Department as a result of any payment that is found to be illegal, improper, or incorrect. You must become thoroughly familiar with your responsibilities and accountability. By your signature below, you acknowledge this appointment and affirm that you have read and understand your responsibilities as described in the following references:

Title 31, US Code, Sec. 3325	http://www4.law.cornell.edu/uscode/31/3323.html
Title 31, US Code, Sec. 3528	http://www4.law.cornell.edu/uscode/31/3528.html
DoD Directive 7000.15	http://www.dtic.mil/whs/directives/
DODFMR Vol 5, Ch 33	http://www.dtic.mil/comptroller/fmr/

In addition you must complete a DD Form 577, Signature Card. After completion of the acknowledgement below and the Signature Card, keep a copy and forward the originals to the Agency/Organization Program Coordinator with a copy of this appointment letter. The signature card will then be forwarded to the appropriate payment office.

(Appointing Official's Signature)

ACKNOWLEDGEMENT

By signature hereon, I acknowledge my appointment as a Certifying Officer. I have read and understand my responsibilities and accountability. I understand my right to request relief of liability for any payment I certify that is determined to be illegal, improper, or incorrect. I further understand that this appointment will remain in effect until revoked in writing by the appointing Official or successor.

Attached is the completed DD Form 577 (Signature Card).

(Certifying Officer's Name and Signature)

APPENDIX I

Available Reports from the Bank

The following reports are available on-line in CARE and should be used to improve management and oversight of the GPC program. They are located in the REPORTS section of CARE. Upon request, the Bank can also furnish them on paper.

- Members List
- Delinquent Accounts
- Pre-Suspension, Pre-Cancellation
- Declined Authorizations
- Disputed Transactions
- Unusual Spending Activity
- Merchant Category Summary
- Merchant Spending Summary
- Merchant Transaction Summary
- Vendor Analysis Summary
- CAR Allocation
- Managing Account Certification Status

APPENDIX J

Formal Reporting Requirements

Quarterly Requirements. The following report will be prepared by each Level 3 A/OPC and provided to the Army Level 2 A/OPC no later than 15 October, 15 January, 15 April and 15 July and identify data collected during the previous quarter of the fiscal year.

A listing of all Billing Official Accounts that have not been EDI enabled. See Paragraph 7.g, 7.h, & 7.i.

Semi-Annual Requirements. The following report will be prepared by each Level 3 A/OPC and provided to the Army Level 2 A/OPC no later than 21 January and 21 July and identify data collected during the two previous quarters of the fiscal year.

Surveillance Program Results. See Paragraph 9.b.

Span of Control. A list of the number of waivers to the Army Standard Span of Control (Paragraph 5) that have been requested (broken down to cardholder:billing official, 300 accounts per Level 4 A/OPC, etc.), and the disposition of these requests.

Inactive Accounts. Level 3 A/OPC will identify the status of each open account that has been inactive during the previous six months. They will list the masked account number and advise the disposition of the account, i.e. has it been closed or provide the reason it needs to remain open.

Delinquencies. Level 3 A/OPCs will submit a summary of the corrective actions taken by the Level 4 A/OPC to reduce the number of delinquent accounts. In subsequent reports, the A/OPC will advise the results of the corrective actions. See Paragraph 23.b.