

VOLUME 10, CHAPTER 23: “PURCHASE CARD PAYMENTS”**SUMMARY OF MAJOR CHANGES**

All changes are denoted by **blue font**.

Substantive revisions are denoted by an * symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by **bold, italic, blue, and underlined font**.

This is a new chapter, thus there is no previous version archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
All	This is a new chapter, which incorporates information from the Department of Defense Government Charge Card Guidebook for Establishing and Managing Purchase Card Programs and consolidates purchase card financial management policy previously written in various chapters of Volume 10.	Consolidation
Annex 1	Incorporated	Add
Annex 2	Incorporated	Add

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CHAPTER 23*PURCHASE CARD PAYMENTS****2301 OVERVIEW****230101. Purpose**

This chapter describes command, supervisory, and personal responsibilities within the Department of Defense (DoD) for financial management of the government purchase card program. This chapter supplements general payment policy and procedures described in other chapters of this volume, along with the *Department of Defense (DoD) Government Charge Card Guidebook* and *Office of Management and Budget (OMB) Circular A-123, Appendix B*. The purpose of the guidebook and the OMB Circular A-123, Appendix B is to assist DoD officials to establish and manage charge card programs.

230102. General

Through task orders issued on the General Services Administration (GSA) master contract, the Department uses third party card-issuing banks to support the purchase card program. The card-issuing banks provide a commercial purchase and payment service that replaces the paper-based, time-consuming purchase order process, thereby eliminating procurement lead time, providing transaction cost savings, reducing procurement office workload, and facilitating payment. The suite of services offered by the card-issuing banks also includes web based electronic invoicing, statement review, approval, and certification processes. Purchase cards are used by cardholders to make and/or pay for authorized government purchases, subject to established limitations on transaction amount, billing cycle amount, and merchant category codes (MCCs) which are defined in *Department of Defense Government Charge Card Guidebook, Appendix I*. A purchase card charge authorizes the card-issuing bank to make payment to the vendor or contractor consistent with the applicable card associated regulations. An authorized purchase is defined as a purchase that satisfies a bona fide need at a fair and reasonable price that meets all legal and regulatory requirements. Any misuse of the government purchase card is subject to administrative and disciplinary actions, as described in the DoD Government Charge Card Guidebook and applicable Component personnel policies and procedures.

230103. Oversight

The Office of the Under Secretary of Defense for Acquisition, Technology and Logistics (OUSD(AT&L)) is responsible for oversight of the purchase card program. The Purchase Card Program Management Office (PCPMO) reports to the Director of Defense Procurement and Acquisition Policy in OUSD (AT&L) and is responsible for policy formulation, procedural guidance, and operational oversight of the purchase card program administered by DoD Components. Agency/Organization Program Coordinators (A/OPC) serve as the Agency's functional representative and have oversight to manage and ensure the integrity of the purchase card program.

230104. Audits

The DoD purchase card program is subject to periodic audits pursuant to [Title 10 United States Code \(USC\), section 2784\(b\)\(8\)](#) by the Department of Defense Inspector General (DoDIG) and the Military Services' audit agencies, to determine whether the program is in compliance with applicable policy.

230105. Terminology

The following terminology is used in this chapter to describe types of unauthorized purchase card related transactions.

A. Fraudulent Transaction. A fraudulent transaction is a transaction made either by an unauthorized individual or an authorized individual (i.e. cardholder) that is intended for personal use. Fraudulent transactions can be classified as either internally or externally committed, depending on whether a DoD representative commits fraud (internal) or a third party commits fraud (external).

1. Fraudulent transactions only include those transactions for which there are facts to indicate that the transactions were fraudulent at the onset. Those may include such facts as the identity of the purchaser (e.g., an unauthorized user), the nature of the items purchased (e.g., items that are personal in nature and not likely to be a government requirement: jewelry, furs, entertainment, or personal audio-visual items), or other facts (e.g., the address to which items were sent). Transactions which are otherwise proper government purchases, but where the item or service was later stolen or converted to personal use, are not fraudulent transactions for purposes of this chapter.

2. Known or suspected fraudulent transaction(s) shall not be certified for payment; however, they will be reported to the card-issuing bank under billing discrepancies provisions of the GSA master contract and will be reported to the A/OPC, the commanding officer or director and local procurement fraud authority for investigation and adjudication. The bank and approving official/A/OPC must be notified immediately and the cardholder shall comply with the bank's and his/her agency's fraud reporting procedures. Prior to allowing certification of a short paid invoice, the system shall require cardholders to identify the reason the transaction(s) is/are deemed fraudulent and the date the fraudulent transaction(s) was/were reported to the bank. In all instances, the cardholder shall attempt to review/reconcile all transactions during the billing cycle within which they occur so that these fraudulent transactions are never included in the corresponding billing statement.

B. Improper Transaction. An improper transaction is a transaction involving items or services intended for government use, but are not for a purpose for which the funds are available. These transactions are not disputable with the card-issuing bank in cases of purchases made by a formally appointed cardholder. If the transaction is not disputable, then the matter

should be annotated appropriately in the purchase card records and immediately investigated. When the ordering activity does not have funds available for the particular transaction, but available funds exist elsewhere in the DoD, the approving official will obtain assistance of the Resources Manager (RM) to secure appropriate funds.

C. Abusive Transaction. An abusive transaction is a transaction that was authorized, but is either carried out for an excessive cost or for a questionable government need. Examples include items or services that are centrally managed for which approval for the local purchase has not been obtained; items or services purchased for legitimate government requirements but which exceed those requirements (“gold plated” items); or items or services that the cardholder was not authorized to purchase, but could have been purchased by an authorized contracting officer.

D. Questionable Transaction. A questionable transaction is a transaction for which there was insufficient documentation to determine whether it was in support of a valid requirement or otherwise proper.

E. The cardholder, approving and/or certifying official, A/OPC, and personnel at all levels will report unauthorized transactions in accordance with applicable DoD and Government Charge Card component policies and related bankcard agreements. Fraudulent transactions should be reported to the bank by the cardholder, approving and/or certifying officials, and/or A/OPC as well as to the appropriate investigative authorities.

2302 PURCHASE CARD POLICY

230201. Background

All cardholders will use the purchase card for authorized purchases in accordance with *Federal Acquisition Regulation (FAR), Part 13, Defense Federal Acquisition Regulation Supplement (DFARS), Part 213*, the current GSA contract and applicable task order, and this Regulation. Relevant acquisition guidance can also be found in the DoD Government Charge Card Guidebook.

230202. Internal Controls

All DoD Component purchase card program implementing policies should ensure the inclusion of appropriate internal controls to prevent, detect, and report unauthorized purchase card transactions. Refer to paragraph 230105 for a description of unauthorized transactions.

230203. Separation of Duties

Managers at all levels will maintain the effective operation of internal controls within the purchase card program and ensure adequate separation of duties of participants under their control in the purchase card program. The management accountability and internal control requirements

prescribed by the PCPMO, along with those outlined in Chapters 1 and 17, will apply to the operation of a DoD Component purchase card program. Refer to DoD Government Charge Card Guidebook for additional information on management and card program controls.

230204. Data and System Access

Cardholder, approving and/or certifying official, A/OPC, and RM access to government and card-issuing bank purchase card data and processing systems will be limited to that necessary to accomplish required tasks. Upon transfer of such personnel to other duties or departure from the organization, the card-issuing bank and disbursing office will be notified and all access rights terminated.

230205. Merchant Category Codes (MCC)

MCC is a code used by the issuing bank to categorize each merchant according to the type of business in which the merchant is engaged and the kinds of supplies or services they provide. These codes are used to limit unauthorized transactions on a card account by blocking purchases from merchants identified by the PCPMO deemed to be inappropriate sources for government purchases. A list of MCCs can be found in the *Revenue Procedure 2004-43* (Title 26 of the Code of Federal Regulation (CFR) 1.6041-1) (Merchant Category Codes to Determine Reportable Payment Card Transactions). The A/OPC will further tailor cardholder MCC limitations as necessary to enhance control procedures.

230206. Purchase Card Accountable Officials

Within DoD, purchase card accountable officials are military members or civilian employees who are appointed in writing as a Departmental accountable official. Such appointments, made in accordance with Volume 5 Chapter 33, are necessary to establish pecuniary accountability under the law. Accountable officials are responsible for providing information and data to certifying or disbursing officials in support of the payment process. A purchase card accountable official is responsible for attesting to the accuracy of information and data provided to a purchase card certifying official in support of a payment to the card-issuing bank. Purchase card accountable officials will be accountable and pecuniarily liable for any erroneous payments that result from inaccurate information and data, including designation of the proper appropriation(s) or other funds provided to a purchase card certifying official, if the erroneous payment is the result of negligence relative to the performance of assigned duties. Foreign national employees cannot serve as purchase card accountable officials unless they are direct hire employees of the United States Government. However, prior to making such appointments, Commanders should consider the potential consequences when the Status of Forces Agreements (SOFAs) or other treaties do not subject direct hire local nationals to the same pecuniary liability as other DoD employees. If such appointments are necessary, Commanders should consider implementing other mitigating controls to compensate for the lack of pecuniary liability.

230207. Monthly Review

The monthly review (Annex 2) is intended as a reference tool for use in examining the cardholder purchase card statement from the card-issuing bank. Approving officials have fiduciary responsibility cited under Volume 5, Chapter 33, and will review each cardholder's billing statement every month to verify that the cardholder was authorized to purchase the items; the government has received the items; and all accountable property (including pilferable items as defined by the DoD Component), and other qualifying items have been properly recorded on government property accountability records in accordance with local procedures. The capitalization threshold and accountability requirements for property, plant, and equipment purchased are available in Volume 4 Chapter 6. See paragraph 230403 for more information concerning approving official responsibilities.

230208. Penalties for Unauthorized Use of the Purchase Card

Commanders and supervisors at all levels will ensure compliance with this chapter. Military and civilian personnel who violate the provisions of this chapter, the DoD Government Charge Card Guidebook, or misuse the purchase card are subject to administrative and disciplinary action. The misuse of the purchase card could be an offense that is punishable by a fine, imprisonment, or both.

A. Military personnel who violate the specific prohibitions contained in this chapter can be prosecuted under Article 92 of the Uniform Code of Military Justice (UCMJ), 10 USC 892, for failure to obey a lawful order or regulation, as well as any other applicable article of the UCMJ based on the nature of the misconduct involved.

B. Civilian personnel who misuse, abuse, commit fraud, or otherwise are negligent with the government purchase card may be subject to disciplinary action up to and including removal from the federal service for a first offense. Fraudulent use is subject to criminal prosecution.

230209. Certification of Billing Statements

The certification process for billing statements received from the card issuing bank involves a coordinated responsibility between the cardholder, approving official, and the certifying official as covered in section 2304 chapter. Policy, standards and controls used when electronically receiving and processing purchase card transactions are contained in Volume 10 Chapter 17.

230210. Delegation

To affect purchase card invoicing at the departmental accountable official level, DoD Components will:

A. Designate each billing office and applicable approving official within the Component's activities to receive the official purchase card billing statements.

B. Delegate the authority to certify official purchase card billing statements pursuant to 31 USC 3325 and Volume 5, Chapter 33.

230211. Documentation

In accordance with 10 USC 2784(b)(6), this Regulation, and as noted in the DoD Government Charge Card Guidebook, appropriate documentation, paper or electronic, will be maintained at all levels to support the integrity of the purchase card program and to facilitate the reconciliation and payment of purchase card transactions. Supporting documentation may include copies of cardholder statements, charge tickets, credit slips, receipts, the cardholder purchase log, invoices, delivery orders, approvals, requisitions, cross references to any related blanket purchase agreements, and telephone and mail order logs.

A. Cardholders will establish clear audit trails for purchase card transactions by maintaining a purchase log and other documentation, paper or electronic, to support each purchase and will make cardholder statements and supporting documentation available to the approving official and certifying official.

B. The approving or certifying official will maintain certified billing statements and supporting documents for 6 years and 3 months in accordance with National Archives and Records Administration (NARA), General Records Schedule (GRS) 6, "Accountable Officers' Accounts Records". This time period also applies to the documentation related to the transaction types identified in paragraph 230105. See Volume 15, Chapter 6 for additional information on document retention for accountable officers' records (10 years from the date of case closure for Foreign Military Sales). If both the cardholder and approving official accounts are terminated, ensure record retention requirements are met in place or forward records to the agency centralized storage facility as required. Cardholder statements, logs, and receipts may be disposed of three years after final payment if the applicable purchases are within the micro purchase threshold (cited under FAR 2.1) in accordance with FAR 4.805. For acquisitions of supplies or services in support of contingency operations, the policy is defined in FAR 13.2.

C. The card-issuing bank will store cleared convenience checks and related transaction records in accordance with the FAR 4.703 and terms of the contract between the card-issuing bank and GSA. By contract, the card-issuing bank is the document repository as it relates to all transactions. The card-issuing bank maintains electronic records of all transactions that exceed the micro purchase threshold for 6 years and 3 months after final payment and for all transactions less than the micro purchase threshold for 3 years after final payment as cited in FAR 2.1.

230212. Purchase Card Rebates

Timely payment is a purchase card rebate computation factor. Purchase card billing statements should be paid as soon as administratively possible when the rebate offered is greater than the cost of funds as defined in 5 CFR 1315.8. Billing statements will be paid for the amount certified. Pursuant to permanent authority enacted in the Fiscal Year 2008 DoD

Appropriation Act, *Public Law 110-116, Section 8067*, rebates attributable to the use of the Government purchase card may be credited to operation and maintenance, and research, development, test and evaluation accounts of the Department of Defense which are current when the rebates are received.

230213. Compromised Account Numbers

If an account number is compromised or if a card has been lost or stolen, then the cardholder, approving official, or A/OPC will notify the card-issuing bank to close the account immediately.

2303 RESPONSIBILITIES

230301. General

Every individual involved in the purchase card process will report suspected fraudulent, improper, abusive, or questionable use of the purchase card through the proper chain of command and in accordance with applicable Component policies. See paragraph 230105 for definitions of these transactions. Commanders and supervisors at all levels have the authority and the responsibility to ensure that military personnel and civilian employees under their supervision do not misuse assigned purchase cards. Commanders and supervisors are responsible for addressing improper use of the purchase card. Purchase card disbursing and certifying officials are pecuniarily liable for illegal, improper, or erroneous payments, unless granted relief. Purchase card accountable officials may also be held pecuniarily liable. Policy and procedures concerning liability and relief of liability are available in Volume 5, Chapter 6 and the DoD Charge Card Guidebook.

230302. Head of DoD Component

The Heads of DoD Components (or their designees) may delegate their authority for the appointment, in writing, of certifying officials, department accountable officials, and review officials. Also, Heads of DoD Components are responsible for managing commanders, directors or other designated officials and their delegated authority for carrying out their duties and responsibilities as prescribed in the DoD Government Charge Card Guidebook.

230303. Commanding Officer or Director

The military officer in command or the civilian executive in charge of an activity has overall responsibility for implementing the purchase card financial management policies of this chapter. They have disciplinary authority over cardholders and approving officials and will investigate all allegations of fraudulent, improper, abusive, or questionable transactions. The commanding officer or director will establish procedures for the activity that will permit rapid investigation and resolution, of fraudulent, improper, abusive, or questionable purchase card transactions. They will convene or order an investigation in accordance with Volume 5, Chapter 6 and will take all appropriate actions as a result of each investigation. When delegated authority by the Head of the DoD Component, the commanding officer or director will appoint a knowledgeable and independent Review Official (RO), approving official and certifying official in accordance with

Volume 5, Chapter 33.

230304. Review Official

The RO is the individual appointed by the commanding officer or director to perform post payment reviews of payments certified by the certifying official and perform other duties in accordance with Volume 5, Chapter 33. The A/OPC may not be appointed as the RO. The RO will not serve concurrently as an accountable, certifying, or disbursing official. For payments made suspected of not being in compliance with agency policy the RO will:

- A. Issue an inquiry to the certifying official.
- B. Maintain a file of all inquiries from the review process or received from other sources.
- C. Ensure that all inquiries are resolved within 30 calendar days. Based on data received, coordinate as necessary with the installation or activity financial manager, fiscal attorney, and/or the supporting DFAS site to render a decision.
- D. Refer any determination of financial irregularities in accordance with the procedures in Volume 5, Chapter 33.
- E. Initiate charges against the certifying, disbursing, and applicable accountable officials for financial irregularities. Refer to Volume 5, Chapter 33.
- F. Forward copies of final reports with findings to the Head of the DoD Component, the DoD Component Purchase Card Program Coordinator, and to the DoD Component senior financial manager.

230305. Agency/Organization Program Coordinator

The A/OPC is the individual appointed by the appropriate contracting official to be responsible for the management, administration, and day-to-day operation of the purchase card program. The A/OPC's responsibilities are identified in the DoD Government Charge Card Guidebook.

A. The A/OPC, in coordination with the RM, will set and maintain each cardholder's spending limits based on estimates of purchase requirements for the period or a budgetary limit. A/OPCs and RMs also will provide guidance to the cardholder on any legal or regulatory restrictions on the funds provided as prescribed by *Treasury Financial Manual, Volume 1, Section 4.*

B. The A/OPC will perform an annual review in accordance with 10 USC 2784(b)(7) to determine whether each cardholder has a continuing need for the purchase card. Dormant accounts with no account activity over a period of six months will be reviewed by the

A/OPC at least annually to determine whether the account will be cancelled, unless the supervisor submits an acceptable justification to the A/OPC.

230306. Purchase Card Certifying Official

The certifying official is the individual responsible for the accuracy of payments, including designation of the proper appropriation(s) or other funds, certified to the disbursing office and disbursing officer. The certifying official is liable for any illegal, improper, or incorrect payment processed by the Department as a result of an inaccurate or misleading certification. The certifying official's appointment must meet minimum qualifications and eligibility requirements as discussed in Volume 5, Chapter 33. Unless OUSD(AT&L) approves an exception, certifying officials also will be approving officials and perform the duties defined in paragraph 230307, and in the DoD Government Charge Card Guidebook. Purchase card certifying officials' responsibilities are identified in the DoD Government Charge Card Guidebook and include but not limited to:

A. Ensuring that transactions meet the legal requirements for authorized purchase card purchases.

B. Ensuring that adequate documentation is available for individual transactions, and cardholders have reconciled all transactions with purchase log entries.

C. Ensuring the facts presented in documents for payment are complete and accurate to include designation of the proper appropriation(s) or other funds.

D. Verifying that the line item detail on the invoices matches the amount certified for payment.

E. Taking appropriate action to prevent submission of duplicate invoices for the same transaction.

F. Ensuring that all items and services have been received, and that procedures are in place to ensure that transactions for items or services not received by the next billing cycle are disputed within the designated dispute timeline.

G. Implementing dispute procedures when warranted. See paragraph 230407 for further details.

H. Certifying and forwarding the official invoice (including the written certifying official's certification statement found in Annex 1) to the entitlement and/or disbursing office for timely payment processing.

I. Ensuring billing statement invoice transactions are reallocated to other accounting classifications, if necessary, prior to the actual certification of the invoice.

230307. Approving Official

The approving official is the individual, appointed by the commanding officer, director or designee, with oversight responsibility for a number of cardholders to ensure that all purchase transactions are necessary and for official government purposes only. The approving official will serve as accountable official when not appointed as the purchase card certifying official. Unless OUSD(AT&L) approves an exception, the approving official will also perform the duties as the certifying official defined in paragraph 230306 as well as both functions as stated in paragraphs 230403 and 230404. Approving officials have fiduciary responsibility cited under Volume 5, Chapter 33, and will review each cardholder's billing statement every month to verify that the cardholder was authorized to purchase the items; the government has received the items; and all accountable property (including pilferable items as defined by the DoD Component) have been properly recorded on government property accountability records in accordance with Component procedures. The capitalization threshold and accountability requirements for property, plant, and equipment purchased are available in Volume 4, Chapter 6. Each approving official will have a reasonable span of control over cardholders so that he or she can review completely and reconcile the cardholder statements to the monthly billing statement within 5 days of receipt. Approving Officials should not be responsible for more than 7 cardholders (total in all accounts) in accordance with DoD Government Charge Card Guidebook. The approving official's responsibilities are referenced in the DoD Government Purchase Card Guidebook and include, but are not limited to:

- A. Recommending purchase card dollar limits and merchant category code exclusions to the A/OPC for cardholders under their purview.
- B. Ensuring that each cardholder fulfills his or her responsibilities.
- C. Reviewing/reconciling his or her cardholder's statements and approving the statement when the cardholder cannot perform this function. A Government Purchase Card (GPC) Checklist (Annex 2) will be used as a tool by approving officials and certifying officials to exercise due diligence in billing statement reviews.
- D. Verifying that all transactions are necessary government purchases in accordance with the FAR, DFARS, and applicable Department policies and regulations.
- E. Signing the approving official Certification Statement (Annex 1) and forwarding the certification statement to the purchase card certifying official for appropriate action.
- F. Retaining a copy of the billing statement and maintaining all original supporting documentation (e.g., receipts, logs, invoices, delivery orders, approvals).
- G. Tracking purchases paid for, but not received, along with monitoring related disputes cited in paragraph 230407, until the transaction issue is resolved.

H. Signing and dating the billing statement and forwarding it to the certifying official (if not the same as the approving official).

I. Resolving any questionable purchases with the cardholder.

J. Notifying the A/OPC to close the account of any cardholder who has transferred, terminated, retired, or is in absent-without-leave status and informing the certifying official of these actions.

K. Notifying the A/OPC and certifying official (if not the approving official) of any planned approving official reassignment to other duties or departure from the installation or activity.

L. Notifying the A/OPC and certifying official (if not the approving official) of any lost/stolen cards (in addition to the cardholder notifying the card-issuing bank).

M. Completing required initial and refresher training in accordance with Program Management Office (PMO) requirements.

230308. Authorized Cardholder

The cardholder is the individual appointed by the commanding officer or director to be a purchase cardholder or convenience check account holder, who is subsequently validated by the A/OPC to perform this duty. This individual has limited authority to contract on behalf of the United States. Purchase cards will be issued to DoD personnel only as mission requirements warrant. Only those personnel with a continuing need to use the purchase card will be cardholders. Cardholders who transfer to other duties or organizations, retire, or leave government service will return assigned cards to the approving official or A/OPC, who will ensure that those card accounts are closed. The card bears the individual's name and can be used by that individual to pay for official purchases in compliance with agency internal procedures. A cardholder will ensure funds are available prior to making the purchase. Each cardholder will maintain a purchase log (electronic or paper) and make log entries immediately after completing a purchase. A cardholder's responsibilities are detailed in the DoD Purchase Card Guidebook.

230309. Convenience Check Account Holder

The convenience check account holder is a military member or civilian employee appointed by the commanding officer, director or designee to inscribe or print, sign, and issue checks. The convenience check account holder will be responsible for ordering, receiving, storing, inventorying, reconciling and disposing of check stock. Convenience check policy is addressed in section 2305. The convenience check account holder is required to obtain and report tax data to the responsible tax office so that an **IRS Form 1099-MISC** can be issued to the appropriate convenience check payee. Data reporting requirements are set forth at paragraph 230503. The convenience check account holder will not perform the functions of approving officials or certifying officials. The convenience check privileges of cardholders who improperly use convenience checks should be canceled.

230310. Resource Manager (RM)

The RM is the individual designated by an agency to record formal commitments and obligations into the accounting system. Standards for recording obligations for the transactions in this chapter are available in Volume 3, Chapter 8. The RM responsibilities are referenced in the DoD Government Charge Card Guidebook, and include but not limited to:

- A. Coordinating funding and spending limits with approving officials and A/OPCs, to include providing advice on legal or regulatory constraints on the use of funds.
- B. Providing approving officials and cardholders official notification of funding.
- C. Assigning default and alternate lines of accounting as appropriate, and in coordination with the A/OPC entering them in the card-issuing bank's system for electronic invoicing, receipt, and processing.
- D. Providing reallocation authority to cardholders. The process of reallocation, which gives the cardholder the capability to select different lines of accounting for a transaction rather than the default line, is set up by the cardholder's supporting RM.
- E. Receiving and correcting invoice rejects with the A/OPC's assistance.
- F. Assisting with resolving accounts in a delinquent status and providing payment information when requested.
- G. Coordinating with the accountable official to ensure unrecorded purchases are recorded in the period which they occur and the miscellaneous obligation is reversed timely as referenced in Volume 3, Chapter 8.

230311. Entitlement Office

For the purpose of this chapter, the term "entitlement office" is defined as the office that processes the purchase card company's payment request after it has been certified by the certifying official. Responsibilities of the entitlement office may include:

- A. Verifying that the amount certified for payment on the invoice matches the amount certified per the certified disbursement voucher.
- B. Re-validating sufficient funds have been obligated in the accounting records.
- C. Notifying the installation A/OPC and RM within one business day of invoices that are rejected, including a detailed reason for the rejection. Rejected transactions will be processed using the Standard Document Number/contract number of the original transaction, as applicable.

D. Computing interest penalties for late payments in accordance with standards in Volume 10, Chapter 7.

230312. Disbursing Office

The disbursing office receives the certifying official Appointment/Termination Record (DD 577 Form) for file retention and disburses payments to the card-issuing bank. The disbursing office will not replicate the reconciliation process before making payment on certified purchase card billing statements. The disbursing office makes an advice of payment available to the bank.

2304 STATEMENT RECONCILIATION AND CERTIFICATION

230401. Receipt and Acceptance

The cardholder will ensure receipt and acceptance of services and accountable (to include sensitive, classified, and pilferable) property purchased, as identified in the DoD Government Charge Card Guidebook, is properly performed and confirmed through proper documentation by an individual other than the cardholder. The date received, along with the signature (or electronic alternative when supported by appropriate internal controls), printed name, telephone number, and office designator or address of the receiving official will be recorded on the sales invoice, packing slip, bill of lading, or other shipping or receiving document as confirmation of receipt. The name of the independent individual confirming receipt will also be recorded in the cardholder purchase log. Local procedures may require additional items (e.g., based on cost) to require evidence of receipt by an individual other than the cardholder. The approving official will verify the existence of receipt and acceptance documentation (e.g., hand receipts for accountable property). The approving official also may physically verify receipt and acceptance. Cardholders also need to timely notify the property accountability official of pilferable, sensitive, or high valued property obtained with the purchase card, in accordance with established property accountability policy.

230402. Cardholder Review

The cardholder's statement from the card-issuing bank details all the transactions posted against his or her account through the end of the billing cycle.

A. Each cardholder will reconcile his or her statement against supporting documentation and the purchase card log to ensure timely payments. The cardholder will review the statement for billing errors and unauthorized transactions, and dispute such transactions with the merchant. The cardholder must report cases of fraud to the card-issuing bank under the billing discrepancies of the GSA master contract, the A/OPC, the commanding officer or director and the local procurement fraud investigative authority for investigation and adjudication, and comply with the bank's fraud reporting procedures. Known or suspected fraudulent transactions shall not be approved for payment. The electronic invoice shall be "short paid" by the amount of the transaction(s) in question and then electronically certified for payment. Cardholders shall identify the reason the transactions are deemed fraudulent and the date the fraudulent

transactions were reported to the bank in the system. In all instances, the cardholder shall attempt to review/reconcile all transactions during the billing cycle within which they occur so that these fraudulent transactions are never included in the corresponding billing statement.

B. If the cardholder cannot obtain a credit for a disputed item from the merchant, then the cardholder will officially dispute the transaction with the card-issuing bank following the procedures in paragraph 230407. The cardholder will annotate instances of non-receipt for recently ordered goods or services on each statement.

C. The cardholder will sign or execute, if electronic, the cardholder certification statement in Annex 1 and forward the cardholder statement, supporting documentation, and the cardholder certification statement to the approving official for appropriate action.

D. If the cardholder cannot review the statement upon receipt (e.g., due to leave or business travel), then he or she will make his or her cardholder statement and supporting documentation available to the approving official or certifying official for timely review.

230403. Approving Official (as Accountable Official) Review

The approving official will review each transaction made by cardholders under their managing account to ensure all supporting documentation is obtained and correct, ensure cardholders reviews have been completed properly and disputed as necessary, ensure receipt of all accountable property has been properly documented, verify all transactions were necessary government purchases, and perform any other administrative function required by the Government Purchase Card program and other Component policies and procedures.

A. Known or suspected fraudulent transaction(s) shall not be certified for payment and will be reported to the card-issuing bank under billing discrepancies provisions of the GSA master contract, the A/OPC, commanding officer or director and the local fraud investigative authority for investigation and adjudication. The electronic invoice shall be “short paid” by the amount of the transaction(s) in question. Refer to paragraph 230402A above for additional guidance. If not done so by the cardholder, the approving official should ensure these transactions are disputed in accordance with applicable card-bank procedures and reported as fraudulent in accordance with the card-bank fraud reporting procedures as well as those of the Component.

B. For improper transactions placed by an authorized cardholder the government is contractually obligated to pay the card-issuing bank. Every purchase made by an authorized cardholder using an authorized card creates a contractual obligation of the government to pay the card-issuing bank. Improper transactions should be reported to the A/OPC and/or appropriate authorities and/or management officials for investigation in accordance with Component policies and procedures.

C. For abusive transactions, the approving official will authorize payment for any items that cannot be returned and pursue corrective action by reporting the matter to the A/OPC and management officials in accordance with Component policies and procedures.

D. For questionable transactions, the approving official will determine as rapidly as possible whether there is potential fraud or whether the transaction is otherwise disputable. The mere lack of supporting documentation will not trigger a finding of fraud or impropriety unless the identity of the item or service or other facts would lead a reasonable person to believe that this was a fraudulent or unauthorized transaction. If the transaction is determined to not be fraudulent or otherwise disputable, then it should be authorized for payment.

E. When the approving official is appointed collaterally as the certifying official, he or she will also complete the procedures in paragraph 230404.

230404. Certifying Official Review

The certifying official's billing statement is the official invoice for payment purposes.

A. The certifying official will review, certify (either manually or by electronic signature using the statement in Annex 1) authorized transactions, and forward the billing statement to the designated disbursing office.

B. The certifying official will not certify a known or suspected fraudulent transaction. Payment need not be made if the card or the card number is used by an unauthorized user, such as a vendor entering the wrong card number, or if the transaction was made after the card or card number was reported to be lost or stolen. The certifying official will follow applicable agency procedures for addressing all fraudulent, improper, abusive, or questionable transactions.

C. Pursuant to 31 USC 3528, a certifying official certifying a voucher (purchase card billing statement) is responsible for the information, computation, and legality of a proposed payment under the appropriation or fund. As a general proposition, a certifying official will ensure all transactions are legal, proper, correct, and satisfy a bona fide need in accordance with government policies, rules, and regulations. Since payments are to the financial institution, the certifying officer is responsible for certifying the legality and accuracy of the information pertaining to the amount owed the financial institution. Certifying official liability for erroneous payments will not be assessed, in most cases, when (1) the obligation was incurred in good faith, (2) no law specifically prohibited the payment; and (3) the government received value for payment.

230405. Payment Without Receipt and Acceptance

Allowances have been made to allow certification of invoices for payment prior to the verification that all items billed have been received and accepted. Each approving official is required to establish a system and related procedures to flag and track all transactions that have been certified for payment without verification of receipt and acceptance. These procedures will ensure that all transactions that have been reconciled and approved for payment will have their receipt verified no later than 45 days after the invoice date. If receipt and acceptance cannot be verified, the card holder shall protect the government's rights by disputing the transaction. A

formal dispute must be filed in accordance with paragraph 230407. Further details regarding this process can be found in the DoD Government Purchase Card Guidebook.

230406. Payment of the Certified Billing Statement

The designated disbursing office will pay purchase card invoices upon receipt of the certified billing statement. Attention should be paid to the prompt payment clock which starts when the invoice is made available to the DoD on the bank card's website versus other practices when invoices are transmitted to the disbursing office.

A. The disbursing office will receive an annotated and signed copy of each approving official's billing statement or the certified payment voucher in the approved electronic format.

B. The disbursing office will ensure that only the amount certified for payment by the certifying official is processed for payment.

230407. Disputed Transactions

Disputable transactions include but are not limited to those related to reported lost or stolen cards, incidences of compromised card numbers, or transactions initiated by unauthorized third parties. These transactions must be placed into the disputes process and normally will not be paid while in dispute. The cardholder will dispute the transaction as soon as possible, but not later than 90 calendars days from the date that the transaction was processed as provided under the GSA government purchase card master contract. The cardholder will follow the dispute process as per their agency and card-issuing bank procedures. The approving official will monitor and track the disputed transactions by the cardholder until resolution.

A. For instances where items appear on the billing statement, but have not been received, the cardholder will contact the vendor to validate that shipment has been made. For cases of non-shipment, items will be disputed officially only if the merchant fails to credit the account in the next billing cycle or the items are ultimately received.

B. Approving officials will monitor cardholder items billed versus receipt discrepancies to ensure any remaining discrepancies are disputed within the 90 calendars day of the date that the transaction was processed.

230408. Summary Accounting

To reduce transaction processing fees, DoD activities will summarize accounting data to preclude any duplication of lines of accounting (LOAs) before submitting certified billing statements and accounting data to the designated entitlement office. Specifically, DoD activities will "roll up" disbursing data by LOA to eliminate duplicate LOAs on one certified billing statement. Approving officials will ensure complete summarization of billing statements with no duplicate LOAs prior to certification and submission of the billing statements for payment. The level of appropriation data summarization will be consistent with the advance reservation of funds

and the data for entry into the accounts payable, disbursing, and accounting systems in order to maintain positive funds control and prevent unmatched disbursements. Match each planned disbursement with a recorded obligation before payment is made, as described in Volume 3, Chapter 8. The following methods will be used to facilitate summary-level accounting:

A. Use the minimum number of LOAs per purchase card to satisfy mission requirements.

B. Develop approving official and cardholder relationships, to the maximum extent possible, which will support summary level billing statements which are comprised of multiple purchase cards citing the same LOA.

C. Use the object class that is most appropriate for the types of micro purchases made with the card.

2305 CONVENIENCE CHECKS

230501. General

Convenience checks issued on the purchase card accounts should be minimized. They should only be used if the vendor offering the goods or services does not accept or does not have the ability to process the purchase card, no other vendor can reasonably be located, and it is not practical to pay for the items using the traditional procurement method.

A. The convenience check account appears on the account holder's statement of the approving official's monthly billing statement as if it were a purchase card account. In order to hold a convenience check account, it must be separate from the purchase card account. A convenience check account holder must have a separate purchase card account.

B. Convenience check accounts are provided by the card-issuing bank in accordance with the terms of the contract. The card-issuing banks operate a convenience check writing system that allows DoD activities, including overseas locations, to make selected minor purchases and payments using checks to replace cash for official expenses when card products and other alternatives have been determined unusable. The check providers offer "help desk" assistance and reporting capabilities with a variety of reporting media and frequencies to assist with performing oversight activities.

C. Each Component will issue instructions concerning the use of convenience checks. For additional information concerning convenience checks and requirements for their use, refer to the DoD Government Charge Card Guidebook.

230502. Printed Convenience Checks and Issuing Bank Requirements

The GSA contract provides responsibilities of the issuing bank for Convenience Check Accounts. The issuing bank shall ensure that convenience checks are sequentially pre-numbered duplex documents (one copy for the cardholder's records and the original for the merchant).

230503. IRS Form 1099 Requirements

The cognizant tax reporting office will be responsible for reporting miscellaneous income. Convenience check account holders will forward the following data to their cognizant tax reporting office: payee name; payee tax identification number; payee address; payment amount; payment date; check number; and the name of the issuing activity.

230504. Authorizing and Establishing Convenience Check Accounts

Requests to establish an account for convenience checks will be justified (in writing) by the approving official to the A/OPC.

A. All organizations authorized to maintain purchase card convenience checks will hold an active (in good standing) purchase card account before a purchase card convenience checking account is requested, authorized, and granted.

B. The number of convenience check accounts will be kept to a minimum and should, in most cases, be limited to no more than one checkbook per activity. The approving official will provide a written justification to the A/OPC to establish an additional convenience check account.

C. In order for a convenience check account to be established, a specific individual must be designated as the account holder responsible for that account. Appropriate application forms are available from the A/OPC and, when completed, will be submitted through the DoD activity's existing purchase card hierarchical structure, including the Approving Official and A/OPC. A separate convenience checking account holder and approving official will be identified for each purchase card convenience checking account.

230505. Conditions for Using Convenience Check Accounts

With the exception of contingency or emergency operations, convenience checks shall not be written over \$3,000 for supplies, \$2,500 for services, and \$2,000 for construction. Refer to the DoD Government Charge Card Guidebook for further details regarding changes to these thresholds and convenience check use. In order to maintain effective internal controls, approving officials (also known as billing officials), accountable officials and certifying officials will not perform the functions of convenience check custodian or cashier.

A. Convenience checks will be issued for the exact payment amount, with a prohibition on splitting purchases, payments, or other amounts among more than one check in order to keep amounts below micro purchase threshold or other assigned limits.

B. Convenience checks will be used for official government purposes only. The checks may be used for purposes not related to small purchases when FAR Part 13, DFARS Part 213, the current contract, and this Regulation authorize such expenditures.

C. Convenience checks will not be issued as an “exchange-for-cash” vehicle to establish cash funds.

D. Convenience checks may be mailed as appropriate. Internal controls must be in place to avoid duplicate payments to payees.

E. The issuing activity is responsible for all administrative costs associated with the use of convenience checks. Fees associated with the use of convenience checks are specified in the GSA contract. At DoD Component election, the costs associated with the purchase of convenience checks may be: (a) accounted for as part of the purchase price; or (b) treated separately as an administrative cost of the issuing activity.

F. Convenience checks are negotiable instruments and will be stored in a locked container, such as a safe, where only the account holder has access. Checks will be accounted for appropriately to prevent loss, theft, or potential forgery.

230506. Reconciliation of Convenience Check Accounts

The convenience check account holder will reconcile the billing statement as part of the monthly billing cycle against his or her retained records of issuance in accordance with the standard payment practices established for the purchase card in paragraph 230402.

A. The A/OPC annually will audit each convenience checking account. Each audit will include a sample of convenience check transactions, to include the review of all supporting documentation. The audit will include a spot examination to determine the propriety of convenience checks written to individuals. The A/OPC will report suspected cases of fraudulent, abusive, improper, or questionable transactions to the appropriate management and investigative authorities in accordance with established policies.

B. Disputes. The dispute process is not available for convenience checks. Any concerns over a purchase made with a check will be resolved directly with the merchant. The account holder is solely responsible for securing restitution and/or credit on disputed purchases.

C. Stop Payment. Stop payments may have an effect on convenience checks, provided the convenience checks have not been posted to the account. The card-issuing bank will provide the ability to stop payment on a convenience check within 24 hours, as requested by the A/OPC. The stop payment fee will be charged directly to the account.

ANNEX 1

PURCHASE CARD CERTIFICATION STATEMENTS

A. The Cardholder (as Accountable Official) certification statement will read:

“I certify that, except as may be noted herein or on supporting documents, the purchases and amounts listed on this account statement:

- (1) Are correct and required to fulfill mission requirements of my organization.
- (2) Do not exceed spending limits approved by the Resource Manager (RM).
- (3) Are not for my personal use or the personal use of the receiving individual.
- (4) Are not items that have been specifically prohibited by statute, by regulation, by contract, or by my organization.
- (5) Have not been split into smaller segments to avoid dollar limitations.”

Authorized Cardholder Signature and Date
(or GAO approved electronic signature)

B. The AO (as an Accountable Official) certification statement will read:

“I certify that the items listed herein are correct and proper for payment from the appropriation(s) or other funds designated thereon or on supporting vouchers, and that the payment is legal, proper, and correct, except as may be noted herein or on supporting documents.”

Authorized Approving Official Signature and Date
(or GAO approved electronic signature)

C. The Purchase Card certifying officer certification statement will read:

“Pursuant to authority vested in me, I certify that this invoice (billing statement) is correct and proper for payment, except as may be noted herein or on supporting documents.”

Authorized Certifying Officer Signature and Date
(or GAO approved electronic signature)

ANNEX 2

APPROVING OFFICIAL (AO) AND CERTIFYING OFFICIAL MONTHLY REVIEW CHECKLIST

This checklist is for Approving Official and Certifying Official use in completing the cardholder billing statement reconciliation, receipt and acceptance, and dispute procedures prior to certification. The checklist is intended as a reference tool for use in examining the cardholder's purchase card statement received from the card-issuing bank.

Account Number: _____ Account Type: _____

Approving Official Name and Date: _____

Billing Statement Date: _____

<u>Review Steps</u>	<u>Date Completed</u>
1. Obtain the cardholder statement, supporting documentation, and certification from the cardholder.	
2. Review purchases for each cardholder to determine whether all transactions were authorized government purchases in accordance with the FAR, DFARS, and all other government agency policy and procedures as applicable.	
3. Reconcile supporting documentation with details on the billing statement. Also, review for adequacy the purchase log entries for those transactions.	
4. Resolve any questionable purchases with the cardholder and, if necessary, advise the cardholder to dispute transactions with the card-issuing bank. Annotate disputed transactions on the billing statement.	
5. Review past transactions that were certified for payment without proof of receipt and acceptance to confirm acceptance and receipt with the cardholder. If receipt cannot be confirmed, then direct the cardholder to dispute the transaction.	
6. Annotate suspected cases of improper, abusive, or questionable purchases on the billing statement and report such matters to the Agency/Organization Program Coordinator so the transaction can be disputed or investigated as appropriate, and in cases of suspected fraud report the matter to the appropriate investigative office.	
7. In the case of suspected fraud by government personnel (e.g. cardholder/receiver) document the suspected fraud and notify the appropriate investigative office and the Agency/Organization Program Coordinator so the transaction(s) can be investigated.	
8. Retain a copy of the billing statement and originals of supporting documentation (e.g., approvals, receipts, logs, invoices, and delivery orders).	
9. Sign or execute electronically the AO and certifying officer certification statements, and forward the certified statements to the payment office.	