

**WASHINGTON HEADQUARTERS SERVICES (WHS)  
ACQUISITION AND PROCUREMENT OFFICE (A&PO)  
OSD/WHS PURCHASE CARD PROGRAM**

**PURCHASE CARD ALERT NUMBER 51**

(Issue date: 08 SEPTEMBER 2008)

THIS ALERT IS APPLICABLE TO:

APPROVING OFFICIALS



CARDHOLDERS



SUBJECT: FY 2007 Electronic Review of the OSD/WHS Purchase Card Program

The purpose of this Purchase Card Alert is to summarize the subject review and to identify areas needing improvement under our Program.

The review revealed that most Purchase Card Program accountholders are doing an excellent job in adhering to rules and regulations governing the Program. Overall, our Purchase Card Program is in great shape. In addition to our internal reviews and physical audits, the DoD Procurement Management Review (PMR) team commended the Acquisition and Procurement Office (A&PO) for management of the Program.

For those accounts that were sent “Questioned Purchase” Inquiries, the majority of the findings revealed that card holders need to be more alert to vendors charging sales tax. If a vendor requests a tax exempt number, use the first four digits of the cardholder account number. If the vendor requests a tax exempt memo, please refer to our website (<http://www.whs.mil/APO/PurchaseCard/index.cfm>), print the memo from the particular state requesting it, and fax it to the vendor. Also, always verify your receipt at the point of sale for accuracy.

It was also determined that some cardholders’ do not equitably distribute purchases among qualified suppliers but rather repeatedly use the same vendors simply because “it is more convenient to the cardholder” or “the vendor already has access to the building”. Though these are certainly reasonable explanations for using the same vendors, unfortunately, it does not satisfy the Federal Acquisition Regulation (FAR) requirement to rotate vendors. Rotation of vendors does not apply to the “Priority Sources of Supplies” such as the Virginia Industry for the Blind” (VIB) because they are a required source. Should you have difficulty locating vendors, please contact your servicing contracting office for a listing.

Approving officials are responsible for ensuring that their cardholders return their purchase card to the Purchase Card Program office prior to departing the Agency. Additionally, approving officials that are departing must have a replacement in place prior to departure in order to relieve themselves from financial liability.

Substantial budget restraints should force accountholders to be more cautious of frivolous spending. It is the approving official's responsibility to ensure that purchases are necessary in order to support the mission and are approved in advance of purchase.

The following is extracted from a recent GAO Report, GAO-08-333, dated March 2008, "Government-wide Purchase Cards":

- Federal employees hold a position of public trust. The American people expect accountholders to maintain stewardship over federal funds at their disposal, and are expected to follow published acquisition regulations and exercise a standard of care in acquiring goods and services that are necessary and reasonable, not extravagant or excessive.
- Abusive purchases are those that are deficient and improper when compared with behavior that a prudent person would consider reasonable and necessary, for example, purchases that were made at excessive cost (wasteful) (i.e. high end retailers such as Franklin Covey by virtue of the types of products they market, would "more likely be selling unauthorized or personal items to federal employees) and were not needed by the government, or both.
- Improper purchases are those purchases that although are intended for government use, are not permitted by agency policy, by law or regulation.
- The cardholder is responsible for maintaining accountability of items that can easily be converted to personal use (such as flash drives and digital cameras) and notify property managers as applicable.

If you have any questions in reference to the electronic review conducted or its findings, please feel free to contact Tracy Nelson at (703) 695-8921.

Thank you for your hard work and diligence in adhering to the Program rules and policies. Your dedication has resulted in a very positive outcome for the FY-07 review.

We hope you will continue to tell us when we are doing a good job of satisfying your needs as well as when we need to improve our efforts. You may submit your comments through the ICE Program at [ICE Purchase Card Program](#) or send them directly to the Program Manager at [Claudia.colvin@whs.mil](mailto:Claudia.colvin@whs.mil).