

**GUIDEBOOK FOR THE AGENCY PROGRAM COORDINATOR
TO REVIEW THE
ARMY NAF GOVERNMENT PURCHASE CARD PROGRAM**



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TABLE OF CONTENTS

I. INTRODUCTION	3
1.1 Scope	
1.2 Applicability	
1.3 Purpose	
1.4 Objective of Reviews	
1.5 Background	
1.6 Training	
II. ROLES AND RESPONSIBILITIES	4
2.1 Agency Program Coordinator	
2.2 Billing Official	
2.3 Cardholder	
III. REVIEW AND REPORTING.	6
3.1 Review and Reporting Criteria	
3.2 Focus Areas	
3.3 Resources to Achieve a Successful Program	
3.4 Monthly Reviews	
3.5 Quarterly Reviews	
3.6 Semi-Annual Reviews	
3.7 Annual Reviews	
IV. REVIEW GUIDELINES AND CHECKLISTS	9
4.1 Purchase Card and Convenience Check Review	
4.2 Data Analysis to be Tracked and Documented	
4.3 Available Bank Reports	
4.4 Internal Control Checklists	
4.5 Annual Inspection Guidelines	
V. COMMON PROBLEMS WHEN CONDUCTING A GPC REVIEW	15
VI. RECOMMENDATIONS FOR DISCIPLINARY ACTIONS FOR GPC MISUSE AND ABUSE	16
VII. RECOMMENDED BEST PRACTICES	19
VIII. REVIEW GUIDELINES AND CHECKLISTS	21
IX. AGENCY PROGRAM COORDINATOR SURVEY	47

PART I – INTRODUCTION

1.1 SCOPE-OBJECTIVE OF THE GUIDEBOOK

The primary objective of this guidebook is to provide guidelines for the review and oversight of the Army NAF Government Purchase Card Program (GPC). This guidebook provides Agency Program Coordinator (APCs) with a basis for understanding the program operations, internal management controls, and program oversight. This guidebook will also provide practical guidelines in identifying potentially fraudulent, improper, and abusive purchase card transactions.

1.2 APPLICABILITY

This guidebook applies to all Army NAF APCs within the Army NAF GPC Program. It prescribes implementing procedures for the Army NAF APC to review and evaluate the Army NAF GPC Program.

This guidebook is written in accordance with the guidelines established by the General Services Administration (GSA), the Department of Defense (DoD), the DoD Purchase Card Joint Program Management Office (PMO), and the rewrite of the Army NAF Standing Operating Procedure for the Government Purchase Card Program.

The success of a GPC Program depends on cooperation, participation to include leadership, training, and communication.

1.3 PURPOSE

The purpose of this guidebook is to assist APCs in performing efficient oversight of their GPC programs. And, provide uniformity and consistency in review procedures and reporting requirements. This guidebook is also intended to provide standardized procedures for completing monthly, quarterly, semi-annual, and annual reviews of GPC Programs. This guidebook is not intended to supersede regulations or Agency Guidelines for the Army NAF GPC.

1.4 REVIEW OBJECTIVES

The overall objective of the APC oversight and review is to ensure that proper internal management control policies and procedures are maintained, prevent or detect significant fraudulent, improper, and abusive purchases. The operations and controls of the Army NAF GPC program can vary among organizations. However, the basic procedure or use of a purchase card is generic. All cardholders will use the card only to purchase goods and services within the guidance of the program. The lack of adherence can result in misuse of the card and significant financial loss to the NAFI. Information obtained from annual reviews will be housed on the MWR web-site.

1.5 BACKGROUND

GOVERNMENT PURCHASE CARD

The GPC allows non-procurement personnel the ability to purchase goods up to \$5,000; for constructions up to \$2,000; for services up to \$2,500. Use of the purchase card instead of purchase orders eliminates procurement lead-time, reduces procurement workload, facilitates payments quicker, and achieves NAFI-wide savings by reducing the administrative costs.

The Government Purchase Card program was introduced to save the NAFI money by avoiding costly paperwork and to speed the process of making purchases. Although the Government Purchase Card provides efficiency and savings to the NAFI, there are some high-risks involved.

The card has built-in safeguards and management controls to minimize misuse. The safeguards include a cycle and single purchase dollar limit assigned to the card. There are authorization codes that are established and encoded on the card by the APC. This restricts purchases from various types of merchants designated by a Merchant Category Code (MCCG) utilized by the cardholder to make a purchase.

CONVENIENCE CHECKS

Convenience checks are used to purchase goods and services when the merchant does not accept the government purchase card. Convenience checks are issued by the servicing bank to individuals authorized to use the checks to purchase goods and services. The convenience checks are used like a commercial checking account. There are banking rates and fees associated with use of the checks and potentially higher risks are associated with use of the checks.

Checkwriters are required to capture 1099 data for services thru DFAS 1099 Reporting System. Website: <https://dfas4dod.dfas.mil/systems/1099>

Convenience checks cannot be tied to an existing purchase card account. The only person authorized to sign a convenience check is the individual to whom it was issued. This signature requirement may not be delegated or transferred to another person. Checkwriters must not pre-sign checks. Convenience Checks are for official use only.

The amount of any single check will not exceed \$3,000. Checks must not be written to and/or for "Cash." The fee for check writing is 1.7% of the face value of the check written. Convenience check accounts have quarterly audit requirements and must be monitored more intensely than other purchase card accounts.

PART II - ROLES AND RESPONSIBILITIES

2.1 AGENCY PROGRAM COORDINATOR

The role of the APC is vital to the success of any GPC Program. The APC serves as the focal point for overseeing the program, establish guidelines, conducts compliance reviews, provides training for purchase card participants and acts as liaison between the purchase card merchant/vendor, and program participants. The APC shall take immediate action to address suspected fraud or misuse of the purchase card.

**ARMY NAF GOVERNMENT PURCHASE CARD PROGRAM - AGENCY PROGRAM COORDINATOR REVIEW GUIDEBOOK
PART II ROLES AND RESPONSIBILITIES_Continued**

2.1 AGENCY PROGRAM COORDINATOR

APCs must ensure management visibility into the GPC Program. Commanders, managers, and supervisors must recognize the importance of the program. It is the APCs responsibility to ensure that all program participants involved in the GPC program support the mission and its critical responsibilities. APCs must keep the lines of communication open with all key program participants. Distribute agency/organization policy changes, program information, and/or other GPC information.

There are many reports available through the bank's automated system that will assist APCs in the management and oversight of the GPC program. APCs should collect and maintain metrics that will be used to assess the performance of their program.

2.2 BILLING OFFICIAL

The billing official serves as a liaison between the finance office and the APC. The role of the billing official is to ensure that the cardholder purchases are in accordance with applicable policies and procedures for the GPC Program. The billing official shall insure that the prospective cardholder understands their purchase authority to acquire only items to support their program mission. The billing official is financially liable for erroneous purchases and payments resulting from negligence as it relates to their responsibilities. The billing official should be in the cardholder's change of command. A cardholder cannot be appointed his/her own billing official.

The billing official's financial responsibility is to coordinate with Financial Management Division to establish purchasing limits and availability of funds prior to establishing program limits. The billing official is the focal point to effectively review cardholder's monthly statements, track complete, accurate, and timely certification for payment to reduce delinquency and penalty interest; designate an alternate billing official to serve for temporary absence. Additionally, the billing official must report suspected fraudulent purchases and notify the APC.

2.3 CARDHOLDER

The cardholder is the NAFI employee to whom a government purchase card is issued. The card is embossed with the cardholder's name. The cardholder is responsible for making authorized mission related purchases, must maintain complete and accurate documentation, approve cardholder statement, and obtain prior written approval (as needed basis) of purchases.

The cardholder must verify purchased items are received and keep track of items not received. The cardholder must review, reconcile, and approve all transactions on monthly card statement. The cardholder must comply with assigned single and monthly purchase limits and ensure that purchases are not split to stay within the purchase limits and/or avoid competition.

The cardholder must dispute any unresolved invalid transactions with the merchant and/or the servicing bank within the required program policy to avoid invalid payment to the merchant. The cardholder must immediately report lost, stolen, compromised cards to the bank, billing official, and APC. Cardholder must notify the billing official and/or APC to terminate card upon reassignment to other duties and/or departure from the installation/activity.

ARMY NAF GOVERNMENT PURCHASE CARD PROGRAM - AGENCY PROGRAM COORDINATOR REVIEW GUIDEBOOK
PART II ROLES AND RESPONSIBILITIES_Continued

2.4 CHECKWRITER

The issuing bank through their online web based program will send an electronic monthly billing cycle statement to the billing official and checkwriter. The checkwriter must reconcile, reallocate, and approve each transaction for the cycle with all supporting documents. The billing cycle is reviewed, approved, and certified by the Billing Official for final payment through the Finance Office to the bank.

PART III - REVIEW AND REPORTING

3.1 REVIEW AND REPORTING CRITERIA

The primary objectives of a purchase card review are to verify and assess information pertaining to the following areas: (1) compliance with program guidelines and regulations, (2) efficiency of operations, and (3) adequacy of internal management controls to help prevent fraud, waste and abuse by program participants.

3.2 FOCUS AREAS

The review should be designed to focus on issues that, when confirmed to be in place, will assist to ensure that risk to the card program is minimized, compliance with applicable regulation(s) is achieved, and internal management controls are in place and functioning properly.

The information in the final report should be verified through cardholder/billing official interviews, review of supporting documents, and on-site observation.

3.3 RESOURCES TO ACHIEVE A SUCCESSFUL PROGRAM

Commit the required resources to achieve Success: Proper and effective oversight at the required levels is vital to the success of the program.

Be selective when issuing cards based on the need to purchase: Periodically assess the number and distribution of cardholders assigned to a billing official ensuring the needs and expenditures of the agency.

Maintain a record of actions taken on transaction reviews: Analyze the guidance, data, and previous report findings prior to an inspection. Ensure all documentations are retained for future use when required IAW program policy.

Develop knowledgeable program participants through training: Prior to using the card for purchase and/or establishing a managing account ensure that the Defense Acquisition University online Government Purchase Card Tutorial, Ethics Training, and Access Online is completed. It is critical that the APC assume a level of responsibility for understanding the program requirements. Remember, properly trained program participants ensure continuity that is required for a successful program.

Surveillance and oversight of the GPC is a shared responsibility: All program participants in the program, including APC, Billing Officials, Financial Managers, Property Book Officers, and local audit and oversight

3.3 RESOURCES TO ACHIEVE A SUCCESSFUL PROGRAM

organizations have a part in ensuring that the GPC is used in a proper manner. The Servicing Bank's automated system gives all APCs, Billing Officials, and Financial Managers the capability to electronically review and analyze cardholder transaction details on a daily basis. This tool must be used to maintain the highest level of visibility over the GPC Program.

3.4 MONTHLY REVIEWS

Level 4 APCs will review accounts on a monthly basis to verify that transactions are properly authorized, track past due accounts, inactive accounts, and monthly certification. Any suspicious activity identified shall be investigated and all deficiencies and violations found documented.

- a. All transactions should be reviewed and reallocated by the cardholder and available to the billing official for review, approval, and certification IAW program policy. Proper reallocation and reconciliation by the cardholder should occur on a monthly basis.
- b. The same individual cardholder cannot order and sign for receipt of goods and services purchased with the card. The ordering and receiving functions must be separated.
- c. Ensure that the number of cardholders assigned to each billing official is manageable. A billing official should review no more than seven cardholders depending on the number of purchase card transactions. A written justification must be maintained on file for billing officials that exceeds the span of control ratio of 7:1.
- d. Monitor card limits to ensure that the cardholder does not exceed their limits and split purchases to maintain purchasing limits.
- e. Review high risk transactions flagged through proper and effective data mining, such as unauthorized vendors, checks written to vendor that may accept the purchase card and percentage of delinquent accounts and on-time certification.
- f. Review accounts for unauthorized vendors and checks written to vendor that may accept the purchase card.
- g. Ensure that all accounts are properly closed when a program participant separates from the program and billing officials are properly replaced when required.

3.5 QUARTERLY REVIEWS

Level 4 APCs will review all accounts quarterly to ensure that there have been no changes to program participant's profile. This information is up dated as a management control to prevent or detect unauthorized and/or fraudulent purchases in a timely manner to protect the program. Quarterly reports must be prepared in a written report and address a summary of the program. The following should be reviewed:

- a. Identify accounts that have been inactive and/or no transactions during the previous six months. And, why the account should remain open.

3.5 QUARTERLY REVIEWS

- b. Identify number of waivers request for program policy exceptions.
- c. Identify number of ratification actions with the name, locations and activity of the individuals who committed to action.
- d. Identify the number of delinquent accounts and what corrective actions were taken.
- e. Identify exceptional level 5/cardholder activities.

3.6 SEMI-ANNUAL REVIEWS

Semi-Annual written reports are required to ensure that proper procedures are followed; procedures are listed below but not limited:

- a. The GPC may be used as a method of payment on a contractual document up to the warrant level of the contracting officer. The contract document must state that payment will be made by GPC and must comply with the provisions of the Prompt Payment Act.
- b. If the GPC is used and the purchase is above the competition threshold, all contracting principles associated with the dollar value of the purchase must apply.
- c. Ensure that sufficient funds have been committed to support the contract action.
- d. Ensure that all cardholder's regulated purchases are supported by a valid written approval; signed by the APC prior to all purchases, and documentation maintained with purchase card files (i.e., "Purchases for Gift Cards, Official Travel/Lodging Expenses, Third Party Payments, Special Program Clothing, and Computer and Telephone Equipment").
- e. Ensure that the GPC is not used for personal purchases. Intentional use of the purchase card for other than government business will be considered fraud. Accounts should be immediate cancelled and written disciplinary action is required. (See Reference in Guidebook).

3.7 ANNUAL REVIEWS

Level 4 APCs will review 100 percent of Billing Official accounts annually. Hands-on reviews are preferred because they allow the APC to see the actual files, documentation, approvals, receiving signatures, where files are kept, etc. Other alternative methods may be considered. This oversight responsibility may not be delegated.

APCs will review randomly selected transactions to verify that the cardholders are following program procedures and processes. The scope of the review is based on data mining techniques at a maximum of 6 months or a minimum of 3 months of account transactions. If this is the first program review, it is recommended that all cardholder's accounts be reviewed.

The Level 4 APC must prepare a written report on the results of the review. The process of the review should be documented. One cardholder's account review does not justify a finding when only one cardholder is assigned to a billing official. The final results of the annual review will be issued to the installation MWR, Director and/or billing official, in writing, within 5 business days of completion of the review. Working papers and the written report should be retained for a minimum of 2 years after the date of issuance.

ARMY NAF GOVERNMENT PURCHASE CARD PROGRAM - AGENCY PROGRAM COORDINATOR REVIEW GUIDEBOOK
PART IV – REVIEW GUIDELINES AND CHECKLISTS

4.1 PURCHASE CARD REVIEW AND CONVENIENCE CHECK REVIEW

The Level 4 APC will review and make recommendations and may provide on-site assistance and training during the review. The program inspection will focus on the following areas:

- Property accountability
- Authorized Use of the GPC
- Tax Exemption
- Accrual reports
- Training and Certification
- Delegations of authority
- Regulated Purchases
- Exceptional Activities
- Resourcing Issues
- Cost Management
- Contracting Principles
- Cancelling Accounts
- Price Fair and Reasonableness
- Convenience Checks and Foreign Drafts

4.2 DATA ANALYSIS TO BE TRACKED AND DOCUMENTED

The primary objective is to achieve accurate data in a wide range. And, improve resolving unusual and critical problems concerning the efficiency and effectiveness of the GPC program. In general, data mining will detect potential fraud, improper and abusive transactions and breakdown in internal controls. The approach to test the effectiveness of key control activities are listed below:

- Number of Active Accounts (Cardholder/Billing Official/Check)
- Number of New Accounts
- Account Spending Analysis
- Total Rebates Earned
- Number of Cases Reported For Possible Card Misuse and/or Abuse
- Number of Administrative and/or Disciplinary Actions Taken for Card Misuse
- Number of Cards with Single Purchase Limits exceeding \$5,000
- Ratio of Billing Officials to Purchase Cardholders (Span Of Control)
- Merchant Spending Analysis/Merchant List

ARMY NAF GOVERNMENT PURCHASE CARD PROGRAM - AGENCY PROGRAM COORDINATOR REVIEW GUIDEBOOK

- Delinquent Accounts
- Number of Waivers Received
- Declined Transaction Authorizations
- Monthly purchase card transaction per billing official

4.3 AVAILABLE BANK REPORTS

There are many reports available in the U.S. Bank Access Online system that should be utilized by APCs to improve management and oversight of their GPC program. They are located in the “Reporting” section of the servicing bank’s automated system. The reports are organized into the following categories:

- 1) **Program Management:** These reports will enable you to monitor compliance with your organization’s program policies and procedures. Reports in this category will provide you with an Account Listing and allow you to monitor such things as Transaction Approval Status, Declined Transactions, Account Suspensions, Past Due Accounts, Account Spending, and much more.
- 2) **Financial Management:** The reports in this category enable you to monitor expenditures, track variances, and manage account allocations.
- 3) **Supplier Management:** The reports in this category can be used to manage supplier spending, as well as, track spending by category.
- 4) **Tax and Compliance Management:** An APC can use the reports in this category to track spending for 1099 vendors.
- 5) **Scheduled Reports:** These reports are standard reports that can be set up to run on specific dates in the future.
- 6) **Flex Date Reports:** These are basic ad hoc reports.
- 7) **Shared/Custom Reports:** These are complex, highly customized ad hoc reports that are shared with other users.

4.4 INTERNAL CONTROL CHECKLISTS

The following is a list of questions that can be used in developing an APC surveillance checklist to be utilized during inspections. Review Checklists are provided at the end of this guide.

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 biennial refresher purchase card and annual refresher 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?

ARMY NAF GOVERNMENT PURCHASE CARD PROGRAM - AGENCY PROGRAM COORDINATOR REVIEW GUIDEBOOK

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 APC when a cardholder departs, retires, or otherwise no longer needs a card?
7. Has the Billing Official notified the APC 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 \$3,000?
10. Has the Billing Official notified the Installation APC of any cardholder/check writer account procedures violations discovered?
11. Does the Billing Official coordinate card dollar limits with the installation APC and installation Financial Manager when cardholder accounts are established?
12. Does the Billing Official maintain original supporting documentation for closed cardholder/check writer accounts?
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 Financial Manager to establish funding for all cardholders?
15. Has the Billing Official been formally appointed as a Certifying Officer?
16. How many cardholders under the Billing Official were reviewed by the APC as a part of this annual review?
17. Has an adequate Cardholder/Billing Official ratio been maintained?
18. What is the percent of randomly selected transactions that were reviewed of the total number of transactions for the review period?
19. Does the Billing Official ensure cardholders maintain the electronic Purchase Log (Full Transaction Detail Report)?

B. Review of Cardholder/Check Accounts

1. Does the Cardholder have a letter delegating specified procurement authority from the APC?

PART IV – REVIEW GUIDELINES AND CHECKLISTS-Continued

2. Has the cardholder received training on authorized purchases when using the Army NAF purchase card?
3. Has the cardholder participated in purchase card and ethics refresher training sessions or received refresher training material. And, certificates training of file?
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 orders properly created within 72 hours of the purchase and matched to transactions when item(s) are posted?
7. Does the Cardholder obtain all required pre-purchase approvals and authorizations according to program policy?
8. Are the cardholders monthly spending limits justified by their buying activity?
9. Were any unauthorized purchases made by the cardholder?
10. Did Cardholder reconcile all transactions 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 NAF GPC SOP?
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 the Cardholder reconcile transactions throughout the Billing Cycle?
17. Does cardholder follow the procedures for disputing transactions?
18. Has the Billing Official acted on behalf of the Cardholder during the review period?
19. Does the Cardholder use the reallocation feature properly?
20. Documentation in file explaining any unusual situations, such as a purchase, which appears to have been a “split” but wasn’t or pre-purchase justification on an item that may seem questionable.

C. Review of Convenience Checks Accounts

1. Have any checks been issued for more than \$3,000?

ARMY NAF GOVERNMENT PURCHASE CARD PROGRAM - AGENCY PROGRAM COORDINATOR REVIEW GUIDEBOOK

2. Does check writer capture all necessary 1099 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 regulated or prohibited purchases?
6. If Stop Payment actions were processed against any check, was the charge deducted from the funds available?
7. Does check writer account for checks written but not processed by the Bank when reconciling his/her accounts to assure adequate funds are available?
8. Has the check writer received training on the GPC procedures from the APC?
9. Are checks/files stored in locked containers when not in use?
10. Are checks posted in the 1099 System?

4.5 ANNUAL ON-SITE REVIEW PROCEDURES

Effective management internal controls over the use of the government purchase card are necessary to run an effective program. Support from management and employees must be maintained. Inspections are required to ensure that fraudulent, improper, and abusive purchases do not effect the normal operations of the program.

On going monitoring must be performed continually to ensure program policies and procedures are properly followed.

1. PROCEDURES. The following procedures are established standard methods for APCs to follow when conducting Annual On-Site Reviews.

a. Notification to Installation. The APC will notify the installation in writing at least 30 calendar days, prior to the date the review. This notification will include specific tasking to ensure a smooth and thorough review such as internet access and administrative assistance if required. The inspection may take not more than five business days. Program not in compliance with program policy and procedures will be provided on-site training. If the situation warrants, a separate training visit may be scheduled.

b. In-Brief. An entrance briefing can be presented to the MWR, Director, if requested. The date, time and location of this meeting should be determined before the APC arrives at the installation. Prior to conducting an in-briefing, the APC will provide the purpose and length of the visit, as well as, the areas to be reviewed, to the MWR, Director.

h. APC Preliminary Preparation. The APC must have an understanding on how the purchase card program operates; the flow of transactions from request to payment; the organizational level structure as

PART IV – REVIEW GUIDELINES AND CHECKLISTS-Continued

well as the organization’s mission and operation. Listed below is what an APC should do prior to conducting an annual inspection:

- Review NAF Government Purchase Card SOP
 - Review past evaluations on any site reviews
 - Analyze reports from servicing bank
 - Print out current listing of accounts
 - Coordinate training & agenda with installation
 - Identify accounts that are not inputting description of purchases made when creating an order
 - Identify account not Reconciling and Reallocating properly
 - Identify unresolved disputes
 - Identify billing officials not certifying account on time
 - Identify prohibited and split purchases, as well as, regulated purchases
 - Identify purchases exceeding the competition thresholds
 - Identify property that should be reported to the property book office
 - Evaluate spending limits to determine if they are properly set
 - Print out checklists and training documents needed for review
- i. Interviews:** APC should coordinate and/or interview program participants to gain an understanding of the program mission and objectives. Interviews with program participants can establish a starting point for the inspection. Interviews with cardholders, billing officials, property book personnel and financial managers will provide immediate data regarding program effectiveness. In some cases, the APC may need to talk to merchants. Developing an interview template for recording results in a consistent manner is a very useful tool.

e. Out-Briefs:

(1) On the final day of the review, an exit briefing will be presented by the APC to the MWR, Director and Division Chiefs, and others the Director may invite. At this time, a summary of the review and analysis of the GPC Program will be discussed. This session will also be used for the APC to share good ideas and to make recommendations for process improvements.

(2) Strengths and weaknesses will be defined and recommendations provided. In the event a problem is surfaced that demands immediate resolution, the APC will provide a recommended plan of action and establish a suspense date for completion.

(3) A final report of the observations, findings and/or recommendations will be provided to the MWR Director within 10 business days after the completion of the inspection. The outcome of the inspection should be submitted in a written report.

(4) If a response is required, the MWR, Director will be instructed to respond in writing within 30 calendar days after receipt of the report. Responses will address corrective action taken and/or the need to

ARMY NAF GOVERNMENT PURCHASE CARD PROGRAM - AGENCY PROGRAM COORDINATOR REVIEW GUIDEBOOK
PART IV – REVIEW GUIDELINES AND CHECKLISTS-Continued

further extend the suspense to allow time to complete the necessary action. If further training is required, it should be requested.

f. Report Format: The final report will provide the result of the APC's observations and findings that required corrective action. The report will discuss the effectiveness of key management controls. Such as management support, communication, training, span of control, purchasing and reviewing authority, control activities, and contracting principles.

g. Follow-Up: If a corrective action plan is issued, the APC will need to review it to see whether the actions proposed will resolve the problems found. If the plan appears responsive and adequate, follow up on implementation within the projected time frames. Allow sufficient time for the problems to be resolved; select records for use in conducting a similar review, but not necessarily as large as the first one. If, for example, the initial review revealed that statements had been received without the required billing official's signature, look at two or more sets of monthly statements to determine whether this is still the case.

PART V – COMMON PROBLEMS WHEN CONDUCTING A GPC REVIEW

1) **Inadequate review of purchases by Billing Officials:** The Billing Official's review is the most essential management element in the purchase card control system. The Billing Official is responsible for ensuring that all purchases made by the cardholder are appropriate and that the charges are accurate. Review of the purchase cardholder's official invoice and documentation should be completed and resolved in time for the cycle to be certified.

2) **Unmanageable span on control:** The number of cardholders and Billing Official reviews should be manageable. It is recommended that Billing Officials review no more than seven accounts, but in some cases this may be too many.

3) **Excessive number of purchase cardholders:** Too many cardholders greatly increase the government's financial exposure and make it difficult to maintain effective internal controls. The lack of card activity should warrant a management review of cardholder's need of a card.

4) **Exceeding authorized purchase limits:** Management should be aware of the charge limits of their cardholders and monitor card use to ensure that cardholders do not exceed their assigned purchase level. Managers also should exercise extreme caution when increasing purchase levels for cardholders.

5) **Lack of documentation/inadequate documentation:** The cardholder is responsible for documenting purchase receipt and acceptance of all acquired goods and services. Documentation should clearly identify what was purchased, from where and by whom.

6) **Inappropriate purchase methods:** Be on look out for goods and services such as equipment upgrades that should have been subject to purchase orders or negotiated contracts.

7) **Unrecorded accountable property:** Invoices for purchases such as computers and flat screen televisions should contain product serial numbers that should be entered into the appropriate control systems, which will allow you to match the invoice numbers with the equipment purchased. Proper recording and accounting of equipment is essential to ensure accountability for government property and prevent theft or misuse.

ARMY NAF GOVERNMENT PURCHASE CARD PROGRAM - AGENCY PROGRAM COORDINATOR REVIEW GUIDEBOOK

8) **Maintaining Training Certificates:** Training is essential to ensure that employees have the skills to carry out their responsibilities. Training should be comprehensive to ensure all cardholders and billing officials are adequately trained. Records should indicate training taken, when taken, and, if appropriate, when refresher training is due.

9) **Split Purchases:** Indicators of split purchases include sequential invoice numbers; receipts close in time - - for example, minutes apart or on the same day.

10) **Purchase card sharing or use by unauthorized individual:** Only the person assigned the purchase card may use that card. Corrective actions should be addressed immediately.

11) **Excessive and abusive purchases:** Review Army NAF purchases to determine whether they were for control mission use, from designated government sources, or obtained at excessive cost. For example, a flat screen monitor was purchased for \$2,500 when it is available from the GSA schedule for \$400.

12) **Lack of security for Government Purchase Card and files:** Cards and files should be locked and safeguarded with security measures.

PART VI – RECOMMENDATION FOR DISCIPLINARY ACTIONS FOR PURCHASE CARD MISUSE & ABUSE

Repeated violations to established Government Purchase Card regulations and procedures, will contribute to a weakening of the program. Prompt administrative and disciplinary *actions* (e.g., formal reprimand, additional training, suspension of card privileges for repeat offenders, cancellation of the cardholder’s account, and termination of employment) can be effective in reducing persistent lack of adherence to policies and procedures by cardholders and other program personnel. Purchase card misuse and abuse should not be tolerated. The purchase card is for official business only. Listed below are common Government Purchase Card offenses and corrective actions.

1. Unauthorized Personal Expenses

Corrective Action: Immediate termination of account and reimbursement to the Fund by the individual charged.

2. Split Purchases

Corrective Action:

1st Offense: APC shall issue a Deficiency Letter to Cardholder within 1 day of finding. Cardholder account shall be suspended for 30 days. Cardholder will also be required to complete refresher training and review the NAF GPC SOP.

2nd Offense: 90 day Suspension of Card

3rd Offense: Termination of CH Account.

3. Prohibited Purchases

Corrective Action:

1st Offense: APC shall issue a Deficiency Letter to Cardholder within 1 day of finding. Cardholders account shall be suspended for 30 days. Cardholder will also be required to complete refresher training and review the NAF GPC SOP.

2nd Offense: 90 day Suspension of Card

3rd Offense: Termination of CH account.

PART VI – RECOMMENDATION FOR DISCIPLINARY ACTIONS FOR PURCHASE CARD MISUSE & ABUSE

4. Exceeding Contracting Competition Threshold

Corrective Action:

- 1st Offense:** APC shall issue a Deficiency Letter to Cardholder within 1 day of finding. Cardholders account shall be suspended for 30 days. Cardholder will also be required to complete refresher training and review the NAF GPC SOP.
- 2nd Offense:** 90 day Suspension of Card
- 3rd Offense:** Termination of CH account.

5. Maintaining Card Files (Cardholder/Billing Official)

Corrective Action:

- 1st Offense:** APC shall issue a Deficiency Letter to Billing Official within 1 day of finding. Complete refresher training and review the NAF GPC SOP.
- 2nd Offense:** 30 day Suspension of Account

- 3rd Offense:** Termination of cardholder and/or managing account.

6. Billing Official Fails to Meet Training Requirements

Corrective Action:

- Note:** Refresher is required every two years and Ethics Training is required every year by all Billing Officials.
- 1st Offense:** APC shall issue a Deficiency Letter to Billing Official within 1 day of finding. Billing Official account shall be suspended *until all training* has been completed. This will automatically suspend Cardholder accounts.
- 2nd Offense:** If Billing Official does not complete the training within 30 days after receipt of the Deficiency Letter, the account will be terminated.

7. Cardholder Fails to Meet Training Requirements

Corrective Action:

- Note:** Refresher and Ethics Training are required each year by all Cardholders.
- 1st Offense:** APC shall issue a Deficiency Letter to Cardholder within 1 day of finding. Cardholder account shall be suspended until all training has been completed.
- 2nd Offense:** If Cardholder does not complete the training within 30 days after receipt of the Deficiency Letter, the account will be terminated.

8. Billing Official Certification of Improper, Illegal or Incorrect Amount

Corrective Action:

- 1st Offense:** APC shall issue a Deficiency Letter to Billing Official within 1 day of finding. Account is suspended for 30 days. This will automatically suspend Cardholder accounts.
- 2nd Offense:** Termination of BO account.

9. Cardholder Allows Someone Else to Use Their GPC

Corrective Action:

- 1st Offense:** APC shall issue a Deficiency Letter to Cardholder within 1 day of finding. Cardholder account will be suspended for 90 days. At the end of the 90 days the APC will determine if the account shall be reopened.
- 2nd Offense:** Termination of CH account

10. Late Approval/Certification of Monthly Billing Statement

- 1st Offense:** APC shall issue a Deficiency Letter to account holder within 1 day of finding with a reminder of the requirements for approving/certifying accounts. IAW to program certification policy.
- 2nd Offense:** 30 Day Suspension when account goes 15 days from cycle closing date.
- 3rd Offense:** Termination of Account.

11. Checkholder Writes Check Over Single Purchase Limit

Corrective Action:

- 1st Offense:** APC shall issue a Deficiency Letter to Checkholder within 1 day of finding. Account is suspended for 30 days. Checkholder is also required to complete refresher training and review the NAF GPC SOP.
- 2nd Offense:** Termination of Check Account.

12. Cardholder who are required to submit Accrual Reports to NAF Financial Services

Corrective

Action:

- 1st Offense:** APC shall issue a Deficiency Letter to Cardholder within 1 day of finding.
- 2nd Offense:** 30 Day Suspension.
- 3rd Offense:** 90 Day Suspension of CH Account. APC will determine if the account will be reopened.

13. Cardholder Misuse of Vendor Credit

Corrective Action:

- 1st Offense:** APC shall issue a Deficiency Letter to Cardholder within 1 day of finding. Account is suspended for 30 days. Cardholder will be required to take refresher training and review the NAF GPC SOP.
- 2nd Offense:** Termination of CH Account.

ARMY NAF GOVERNMENT PURCHASE CARD PROGRAM - AGENCY PROGRAM COORDINATOR REVIEW GUIDEBOOK
PART VII – RECOMMENDED BEST PRACTICES

- #1 ENSURE STRONG MANAGEMENT & SUPPORT OF CONTROLS:** An APC must provide and maintain an ethical tone for the GPC Program; provide guidance for proper behavior and discipline, and provide recommendations for corrective actions.
- #2 COMMIT THE RESOURCES TO ACHIEVE SUCCESS:** APC oversight can not be a function that falls to the wayside. Support and funding must be set aside for training and other program resources.
- #3 ENSURE THAT CARDS ARE ISSUED VIA SUPERVISOR’S WRITTEN NOTIFICATION**
- #4 ESTABLISH SPENDING LIMITS COMMENSURATE WITH NEEDS:** APC should strive to align cardholder limits with actual needs and to minimize the government’s total financial exposure.
- #5 IDENTIFY APPROPRIATE OVERSIGHT OFFICIALS AND CLEARLY STATE RESPONSIBILITIES:** APC must ensure that Billing Officials are knowledgeable in appropriate use of the purchase card and the procurement needs of the organization, and willing and able to take responsibility for performing the necessary oversight stipulated by the GPC program.
- #6 ENSURE SEPARATION OF DUTIES:** Responsibilities on cardholders, billing officials and alternate billing officials should not overlap. Care should be taken to avoid conflicts of interest. A single individual should not buy, receive and certify funds availability for purchases.
- #7 EDUCATE PARTICIPANTS IN THE PROPER EXECUTION OF THE PROGRAM:** The success of the program is based on knowing how to properly use it. Sometimes the lessons learned in training tend to fade over time. APC should offer reference tools, training sites & information to account holders on how to fulfill their role as cardholder, or billing official.
- #8 COMMUNICATE EFFECTIVELY WITH ALL CARDHOLDERS AND MANAING OFFICIALS:** It is the APCs responsibility to send out reminders, updates, training information, reference materials, etc. to all accounts they oversee.
- #9 USE THE BAD APPLES AS EXAMPLES:** Share the potential consequences, such as firing, jail time and garnished wages when regulations and procedures are not followed. Also, share with participants of the GPC Program that swift action is taken for those who improperly use the card.
- #10 KEEP CONTROLS REASONABLE:** GPC Programs with excessive controls can stagger and programs with lax controls can fail. Moderation is the key.

PART VIII – REVIEW GUIDELINES AND CHECKLISTS

- #1: Cardholder Account Review Checklist**
- #2: Cardholder Review Rating Standards**
- #3: Summary of Cardholder Card Review & Cardholder Checklist**
- #4: Billing Official Account Review Checklist**
- #5: Billing Official Review Rating Standards**
- #6: Summary of Billing Official Account Review**
- #7: Account Spending Analysis for Billing Official**
- #8: Convenience Check Account Review Checklist**
- #9: Convenience Check-Writer Account Review Rating Standards**
- #10: Quarterly Review Checklist for Convenience Checks**
- #11: Semi-Annual Review of In-Active Accounts Form**
- #12: Final Purchase Card Program Review Report**
- #13: Agency Program Coordinator Customer Survey**

CARDHOLDER ACCOUNT REVIEW CHECKLIST

Cardholder Name: _____ Rating: _____

Installation: _____ Date of Review: _____

CH Account No.: _____

Period of Review: _____

BO Name: _____

BO Company No.: _____

	A. DOCUMENTATION REQUIREMENTS	YES	NO	N/A
1. Critical	The CH inputs all pertinent information in ACCESS to include the following: a. Transaction Date b. Merchant c. Transaction Amount d. Requestor Name e. Item/Non-Personal Description in Comment Section COMMENTS:			
2. Critical	Are all pre-purchase approvals supported by a valid written authorization that describes what is to be purchased and signed by someone with authorized requisitioning authority approval? COMMENTS:			
3. Critical	Are CH's monthly Statements of Account supported by the following documentation? a. Purchase card receipt and/or itemized invoice to support each transaction. If these are not available, is there a statement indicating why receipt and/or itemized invoice are not available, i.e., telephone order? b. Proof of delivery or completion of performance; e.g. receiving report. c. Description on receipt and/or cash register tape of each item delivered. d. Disputed transactions are annotated in file e. Receipts and documentation are in an organized file. COMMENTS:			

ARMY NAF GOVERNMENT PURCHASE CARD PROGRAM - AGENCY PROGRAM COORDINATOR REVIEW GUIDEBOOK

#1 CARDHOLDER ACCOUNT REVIEW CHECKLIST

A. DOCUMENTATION REQUIREMENTS - Continued		YES	NO	N/A
4.	<p>Does the CH have on file at the time the inspection the following:</p> <p>DAU Initial Training Certificate</p> <p>Current DAU Refresher Training Certificate</p> <p>Appointment Letter</p> <p>Annual Ethics Training Certificate</p> <p>COMMENTS:</p>			
5. Critical	<p>Does the CH have a copy of his/her delegation of contracting authority for GPC use on file?</p> <p>COMMENTS:</p>			
B. CARD USAGE REQUIREMENTS		YES	NO	N/A
1. Critical	<p>Does the CH comply with the requirement to purchase items from mandatory sources? CH has properly justified purchases of office products from other than authorized merchants, Blanket Purchase Agreements (BPAs), and/or DoD EMALL.</p> <p>COMMENTS:</p>			
2. Critical	<p>Does the CH safeguard his/her card (for example, by not allowing others to use card or account number)?</p> <p>COMMENTS:</p>			
3. Critical	<p>Has the CH split purchases to circumvent the single purchase limit? (Look for repetitive orders during a short time period for the same goods or services.)</p> <p>COMMENTS:</p>			

ARMY NAF GOVERNMENT PURCHASE CARD PROGRAM - AGENCY PROGRAM COORDINATOR REVIEW GUIDEBOOK

#1 CARDHOLDER ACCOUNT REVIEW CHECKLIST

	B. CARD USAGE REQUIREMENTS - Continued	YES	NO	N/A
4.	Goods and services purchased over-the-counter or by telephone must be available for immediate delivery. Has back-ordering or partial delivery been permitted? COMMENTS:			
5.	Did the CH rotate sources when placing repeat orders? COMMENTS:			
6.	Does the CH know and comply with his/her monthly spending limit? Is the limit justified based on past history? (Note: Adjust the monthly limit as appropriate.) COMMENTS:			
7. Critical	CH should not pay any U.S. taxes. Is there any indication that U.S. taxes are being paid for purchases? COMMENTS:			
8. Critical	GPC is for Official U.S. Government use only. Are there instances of prohibited purchases? a. Cash advances (gift certificates, money orders, traveler checks) b. Advance payments except for subscriptions or publications c. Long term rental or lease of land or buildings d. Aircraft fuels e. Repair of leased GSA vehicles f. Major telecommunication systems g. Wire transfers h. Savings bonds i. Foreign currency j. Dating & escort services k. Betting, casino gaming, off-track betting l. Transactions with political organizations m. Fines n. Court costs, alimony, child support o. Bail & bond payments p. Tax payments	— —	— —	— —

ARMY NAF GOVERNMENT PURCHASE CARD PROGRAM - AGENCY PROGRAM COORDINATOR REVIEW GUIDEBOOK

B. CARD USAGE REQUIREMENTS - Continued		YES	NO	N/A
9.	Did the cardholder seek fair and reasonable price to be paid for goods and services? And, was exercise documented?			
10.	Does the CH document all transactions that posted to the statement of account but were not received, and use a tracking system to verify their subsequent delivery? COMMENTS:			
C. PROCESSING REQUIREMENTS		YES	NO	N/A
1. Critical	Has the CH provided the monthly Statement of Account and supporting documentation to the BO for review? COMMENTS:			
2. Critical	Does the CH reconcile all transactions within three (3) business days of end of billing cycle? COMMENTS:			
3.	Does the CH follow the appropriate procedures for disputing transactions? COMMENTS:			
4.	Has the BO acted on behalf of the CH during the review period? COMMENTS:			
5.	Does the CH use the reallocation feature properly? COMMENTS:			

ARMY NAF GOVERNMENT PURCHASE CARD PROGRAM - AGENCY PROGRAM COORDINATOR REVIEW GUIDEBOOK

#1 CARDHOLDER ACCOUNT REVIEW CHECKLIST				
D. MISCELLANEOUS REQUIREMENTS				
1. Critical	Has the CH complied with the installation and/or directorate policy on property accountability? Are items with a manufacturer’s serial number accounted for? COMMENTS:	YES	NO	N/A
2. Critical	Has the CH failed to notify the BO and APC of any lost, stolen, or compromised purchase cards within 5 calendar days of occurrence? COMMENTS:			
3.	Is there a separation of duties between the CH, BO, and FM? (Note: A single individual cannot buy, receive, and approve/certify funds availability for purchases.) COMMENTS:			
4.	Does the cardholder use electronic commerce tools, such as GSA eBuy, FedBid, and eMall to procure purchases COMMENTS:			
5.	Does the cardholder have a copy of the most recent army NAF SOP ? COMMENTS:			

ADDITIONAL NOTES:

#2 CARDHOLDER REVIEW RATING STANDARDS

EXCELLENT

- CH has properly justified purchases of office products from other than mandatory sources, Department of the Army Blanket Purchase Agreements (BPAs), and/or DoD EMALL.
- Repetitive purchases are justified with backup documentation.
- CH maintains ACCESS and file documentation with detailed information.
- CH reconciles all transactions in ACCESS consistently.
- The BO has not approved on behalf of the CH unless TDY or on leave.
- All bullets in "Satisfactory" were met or exceeded.
- All purchases have invoices and receiving reports.
- All required training (refresher/ethics) is current.
- There is evidence of Reporting Property and Accruals

SATISFACTORY

- CH consistently purchases office products from mandatory sources, BPAs, and/or DoD EMALL.
- CH has made no split purchases.
- CH is properly creating orders in ACCESS.
- CH's receipts and supporting documents are forwarded to BO within 3 days after cycle end.
- There are no instances of someone other than the BO/Alt BO instructing cardholder to make purchases.
- There are no instances of prohibited purchases
- Refresher training has been scheduled.
- CHs are attempting to reconcile transactions in ACCESS.
- BO has not approved transactions more than twice on behalf of the cardholder.
- CHs are currently within the BO's supervisory chain.
- All purchases have invoices and receiving reports.
- No deficient critical elements.

NEEDS IMPROVEMENT (IF ANY ONE OF THE FOLLOWING APPLY)

- Split purchases noted during the period reviewed. (Not considered split purchase if files are documented that CH was unaware of second need at the time of the original purchase.)
- CH file lacks documentation.
- Unexcused late approvals, 5 days or more on 2 occasions
- CH has consistently made unauthorized purchases without obtaining BO's approval/signature authorizing such purchases
- Insufficient information entered when creating orders in ACCESS.
- Refresher or ethics training is overdue.
- There are some invoices and receiving reports.
- One deficient critical element.

UNSATISFACTORY (IF ANY ONE OF THE FOLLOWING APPLY)

- Evidence indicates the CH permitted others to use his/card for purchases.
- Clear evidence of knowingly splitting purchases to circumvent regulation.
- Instances of unauthorized purchases, e.g., telephone service, or purchases for personal gain.
- CH habitually purchases office products from other than mandatory sources, BPAs, and/or DoD EMALL

#2 CARDHOLDER REVIEW RATING STANDARDS-Continued

- Unexcused late approval over 10 days or 3 or more occasions over 5 days.
- Evidence of fraud.
- CH does not know how to approve transactions.
- CH never notified APC of any lost, stolen, or compromised cards.
- No invoices or receiving reports are present.
- Any 5 of the items cited under “needs improvement” or “satisfactory”
- Two or more deficient critical elements.

NOTES:

1. A **“needs improvement” rating** will result in an initial warning and the account will be re-inspected within 90 calendar days. A “needs improvement” or “unsatisfactory” rating after the re-inspection will result in a 90-day suspension. After the 90-day suspension, the account will be reinstated and inspected again in 90 calendar days. If another “needs improvement” or “unsatisfactory” rating occurs, the account will be terminated.
2. An **“unsatisfactory” rating** will result in immediate 90-day suspension. Reinstatement will be at the discretion of the APC and will depend on the severity of the violation(s). After the 90-day suspension, the account will be reinstated and inspected again in 90 calendar days. If another “needs improvement” or “unsatisfactory” rating occurs, the account will be terminated.

SUMMARY OF CARDHOLDER ACCOUNT REVIEW & CARDHOLDER CHECKLIST

TO:	ACCOUNT NO:
INSTALLATION:	TYPE ACCOUNT: Cardholder
FROM: Jane Doe, Agency Organization Program Coordinator (APC)	
SUBJECT: Review of Government Purchase Card Account	

SPENDING ANALYSIS

FY__ Quarter 1 Total	FY__ Quarter 2 Total	FY__ Quarter 3 Total	FY__ Quarter 4 Total	FY__ Year Total	FY__ Monthly Avg
\$	\$	\$	\$	\$	\$

OBJECTIVE

The objective of the inspection was to determine the effectiveness and efficiency of the **Cardholder** and to evaluate their role in the Government Purchase Card Program.

METHODOLOGY

Goal was to review Purchase Card files, to include approvals, monthly statements, receipts and reports for **FY__** and to provide training on the Government Purchase Card Program and ACCESS.

AREAS COVERED DURING VISIT AND REVIEW OF GOVERNMENT PURCHASE CARD FILES

Appointment Letters: Copies of Appointment Letters are to be available for inspections.

Initial/Refresher Training: All new Cardholders, Billing Officials and Alternate Billing Officials must complete the initial online Government Purchase Card training. They must then complete the refresher training annually. Training Certificates are to be available for inspections.

Ethics Training: Ethics training must be completed prior to appointment and annually thereafter by all Cardholders, Billing Officials and Alternate Billing Officials. Proof of training is to be available for inspections.

NAF Government Purchase Card SOP: A hard copy of the NAF Government Purchase Card SOP or a saved copy on a computer should be available at inspections.

Single & Monthly Purchase Limits: Cardholders, Billing Officials and Alternate Billing Officials should know their current Single and Monthly Purchase Limits.

Sensitive/Accountable Property: Cardholders should include fixed asset & accountable property documentation in files.

Regulated/Prohibited/Split Purchases: During inspections, the APC will be looking for Regulated, Prohibited and Split Purchases. Reference the NAF GPC SOP for information on these purchases.

File Documentation: Government Purchase Card files should include monthly billing statements, invoices/receipts for all posted transactions, any necessary approvals, receiving signatures, proper accounting data, hand receipts for sensitive/accountable property, and end-of month reports. Files should be kept organized at all times. The retention time for GPC files is 6 years 3 months; therefore, all files falling in this timeframe should be available for review.

On-Site Training: Training was provided by the APC during visit. Training included file documentation requirements & retention time, property accountability, price fair and reasonableness, required reports, scams, cardholder and managing official responsibilities, training requirements, rebates, prohibited, regulated and split purchases.

BILLING OFFICIAL ACCOUNT REVIEW CHECKLIST

BO Name: _____ Rating: _____

BO Account No: _____ BO Company No.: _____

Installation: _____

Date of Review: _____

Period of Review: _____

	A. DOCUMENTATION REQUIREMENTS	YES	NO	N/A
1. Critical	Does the BO have a copy of Army NAF GPC SOP and readily available? COMMENTS:			
2. Critical	Does the BO have a copy of his/her training documentation (DAU Initial/Refresher Training)? Is the training current? COMMENTS:			
3. Critical	Has the BO taken or attended ethics training in the last year? COMMENTS:			
4. Critical	Does the BO have a signed copy of his/her Appointment Letter designating him/her as a BO? And, is it current? COMMENTS:			
5. Critical	Does BO have signed copy of Appointment Letter and training documentation for all Cardholders & Alternate Billing Official? COMMENTS:			

#4 BILLING OFFICIAL ACCOUNT REVIEW CHECKLIST

	B. PROCEDURES	YES	NO	N/A
1. Critical	Does the BO review each cardholder monthly transactions and supporting documentation prior to certifying the billing statement? COMMENTS:			
2. Critical	Does the BO review, approve, and certify the electronic billing statement within five (5) days of receipt? COMMENTS:			
3. Critical	Has the billing statement been delinquent 2 or more times during the review period? COMMENTS:			
4.	Does the BO promptly notify the APC when a cardholder departs, retires, or otherwise no longer needing a card? COMMENTS			
5. Critical	Has the BO notified the APC of any discovered cardholder/check-writer account procedure violations? COMMENTS:			
	B. PROCEDURES - Continued	YES	NO	N/A

ARMY NAF GOVERNMENT PURCHASE CARD PROGRAM - AGENCY PROGRAM COORDINATOR REVIEW GUIDEBOOK

<p>6. Critical</p>	<p>Has the BO notified the APC of any lost/stolen cards within five business days of the loss/theft? COMMENTS:</p>			
<p>7. Critical</p>	<p>Does the BO coordinate with Property Book Office to verify that all purchased accountable property has been properly documented? COMMENTS:</p>			
<p>8.</p>	<p>BO coordinates GPC dollar limits with the APC and FM on cardholder accounts? COMMENTS:</p>			
<p>9. Critical</p>	<p>Does the BO coordinate with the FM and APC to establish funding for all cardholders? COMMENTS:</p>			
<p>10.</p>	<p>Does the BO maintain original supporting documentation for closed cardholder/checkwriter accounts? COMMENTS:</p>			
	<p>B. PROCEDURES - Continued</p>	<p>YES</p>	<p>NO</p>	<p>N/A</p>

ARMY NAF GOVERNMENT PURCHASE CARD PROGRAM - AGENCY PROGRAM COORDINATOR REVIEW GUIDEBOOK

11.	What is the percent of randomly selected transactions that were reviewed, out of the total number of transactions for the review period? Is this an appropriate percentage? COMMENTS:			
C. MISCELLANEOUS REQUIREMENTS		YES	NO	N/A
1.	Number of cardholders under this BO reviewed as part of this annual review? COMMENTS:			
2. Critical	Does the BO ensure that cardholders maintain the electronic purchase log (Transaction Detail Report)? COMMENTS:			
3.	Is the BO's supervisor a cardholder in any of the BO's accounts? COMMENTS:			
4.	Has the BO notified the APC of any cardholder/checkwriter account procedures violations discovered? COMMENTS:			
5.	Does the BO know how to act on behalf of the cardholder to reconcile, reallocate and approve posted transactions in Access? COMMENTS:			

ARMY NAF GOVERNMENT PURCHASE CARD PROGRAM - AGENCY PROGRAM COORDINATOR REVIEW GUIDEBOOK

	C. MISCELLANEOUS REQUIREMENTS - <i>Continued</i>	YES	NO	N/A
6.	Has an adequate cardholder to BO ratio been maintained (7:1)? COMMENTS:			
7. Critical	Is there a trained alternate billing official; designated in the absence of the primary billing official? COMMENTS:			
8.	Does the BO have more than 3 unexcused instances of late certification during the review period? COMMENTS:			
9.	Does the BO approve transactions for cardholder during his/her presents? COMMENTS:			
10.	Does the billing official have his/her own government purchase card? COMMENTS:			

ADDITIONAL NOTES:

#5 BILLING OFFICIAL ACCOUNT REVIEW RATING STANDARDS

EXCELLENT

- BO has reconciled and certified statement in ACCESS within 5 business days of billing cycle date.
- The BO has not approved on behalf of the cardholder unless TDY or on leave.
- All original supporting documentation (receipts, logs, approvals) for all cardholders are maintained for 6 years, 3 months after final payment date.
- Copies of all certified billing statements are maintained for 6 years, 3 months.
- All bullets in "Satisfactory" were met or exceeded.
- All required training (refresher/ethics) is current.
- There is a trained alternate billing official designated.

SATISFACTORY

- BO has documented review of cardholder's purchases for each billing cycle.
- BO is certifying monthly statements on-line via ACCESS within 5 days after cycle end with no more than 3 unexcused instances of late certification and no unexcused instances over 10 days.
- Refresher training has been scheduled.
- BO notified the APC of any lost, stolen, or compromised purchase cards within 5 days of occurrence.
- BO has not approved transactions more than twice on behalf of the cardholder.
- The APC was notified prior to any BO, Alt BO, or cardholder departure.
- Cardholders are currently within the BO's supervisory chain.
- No deficient critical elements.

NEEDS IMPROVEMENT (IF ANY ONE OF THE FOLLOWING APPLY)

- Split purchases noted during the period reviewed. (Not considered split purchase if files are documented that cardholder was unaware of second need at the time of the original purchase.)
- Unexcused late certification, 5 days or more on 2 occasions.
- Refresher or ethics training is overdue.
- Lack of BO or Alt BO and no indication that a replacement is being considered.
- One deficient critical element.

UNSATISFACTORY (IF ANY ONE OF THE FOLLOWING APPLY)

- The account has been on delinquent list twice during the period being reviewed and this is due to negligence on the BO's part.
- BO has certified without reviewing receipts and cardholders statements.
- Unexcused late certification over 10 days or 3 or more occasions over 5 days.
- Evidence of fraud.
- BO does not know how to approve/certify transactions.
- BO never notified APC of any lost, stolen, or compromised cards.
- Lack of BO or Alt BO and failure to provide replacement within 30 calendar days after notification by APC.
- Any 5 of the items cited under "needs improvement" or "satisfactory".
- Two or more deficient critical elements.

#5 BILLING OFFICIAL ACCOUNT REVIEW RATING STANDARDS

NOTES:

1. A **“needs improvement” rating** will result in an initial warning and the account will be re-inspected within 90 calendar days. A “needs improvement” or “unsatisfactory” rating after the re-inspection will result in a 90-day suspension. After the 90-day suspension, the account will be reinstated and inspected again in 90 calendar days. If another “needs improvement” or “unsatisfactory” rating occurs, the account will be terminated.

2. An **“unsatisfactory” rating** will result in immediate 90-day suspension. Reinstatement will be at the discretion of the APC and will depend on the severity of the violation(s). After the 90-day suspension, the account will be reinstated and inspected again in 90 calendar days. If another “needs improvement” or “unsatisfactory” rating occurs, the account will be terminated.

ARMY NAF GOVERNMENT PURCHASE CARD PROGRAM - AGENCY PROGRAM COORDINATOR REVIEW GUIDEBOOK
SUMMARY OF BILLING OFFICIAL ACCOUNT REVIEW

TO:	ACCOUNT NO: 4716-3045-
INSTALLATION:	TYPE ACCOUNT: Billing Official
FROM: Jane Doe Agency Program Coordinator (APC) NAF Government Purchase Card Program	
SUBJECT: Review of Government Purchase Card Account	

OBJECTIVE: The objective of the inspection was to determine the effectiveness and efficiency of the **Billing Official** and to evaluate their role in the Government Purchase Card Program.

METHODOLOGY: Goal is to review Purchase Card files, to include approvals, monthly statements, receipts and reports for **FY07** and to provide training on the Government Purchase Card Program and ACCESS.

AREAS COVERED DURING VISIT AND REVIEW OF GOVERNMENT PURCHASE CARD FILES

Appointment Letters: Copies of Appointment Letters are to be available for inspections.

Initial/Refresher Training: All new Cardholders, Billing Officials and Alternate Billing Officials must complete the initial online Government Purchase Card training. They must then complete the refresher training annually. Training Certificates are to be available for inspections.

Ethics Training: Ethics training must be completed prior to appointment and annually thereafter by all Cardholders, Billing Officials and Alternate Billing Officials. Proof of training is to be available for inspections.

NAF Government Purchase Card SOP: A hard copy of the NAF Government Purchase Card SOP or a saved copy on a computer should be available at inspections.

Single & Monthly Purchase Limits: Cardholders, Billing Officials and Alternate Billing Officials should know their current Single and Monthly Purchase Limits.

Sensitive & Accountable Property: Cardholders should include fixed asset & accountable property documentation in files.

Regulated/Prohibited/Split Purchases: During inspections, the APC will be looking for Regulated, Prohibited and Split Purchases. Reference the NAF Government Purchase Card SOP for information on these purchases.

File Documentation: GPC files should include monthly billing statements, invoices/receipts for all posted transactions, any necessary approvals, receiving signatures, proper accounting data, hand receipts for sensitive/accountable property and end-of month reports. Files should be kept organized at all times. The retention time for GPC files is 6 years 3 months; therefore, all files falling in this timeframe should be available for review.

On-Site Training: Training was provided by the APC during visit. Training included file documentation requirements & retention time, property accountability, price fair and reasonableness, required reports, scams, cardholder and managing official responsibilities, training requirements, rebates, prohibited, regulated and split purchases.

#7

Account Spending Analysis for Billing Official

CARDHOLDER SPENDING LIMITS

Cardholder	Acct No (Last 4 Digits)	SPL	MPL

CARDHOLDER SPENDING TOTALS

Cardholder	Acct No (Last 4 Digits)	FY__ Q1	FY__ Q2	FY__ Q3	FY__ Q4	FY__ Grand Total	FY__ Monthly Avg
TOTALS:		\$	\$	\$	\$	\$	\$

APC COMMENTS ON SPENDING ANALYSIS:

CONVENIENCE CHECK ACCOUNT REVIEW CHECKLIST

Check-Writer Name: _____ Rating: _____

Installation: _____ Date of Review: _____

CH Account No.: _____

Period of Review: _____

BO Name: _____

BO Company No.: _____

		YES	NO	N/A
1. Critical	Are all pre-purchase approvals supported by a valid written authorization that describes what is to be purchased and signed by someone with authorized requisitioning authority approval? COMMENTS:			
2.	2. Does the check-writer have a copy of his/her training certificates (both local and DAU)? Is the training current? COMMENTS:			
3. Critical	Does the check-writer have a signed copy of his/her delegation of contracting authority for GPC use on file? COMMENTS:			
4. Critical	Has the check-writer attended ethics training in the last year? COMMENTS:			
5. Critical	Are checks stored in locked containers when not in use? COMMENTS:			

#8 CONVENIENCE CHECK-WRITER ACCOUNT REVIEW CHECKLIST				
		YES	NO	N/A
6. Critical	Has the check-writer split purchases to circumvent the single purchase limit? (Look for repetitive orders during a short time period for the same goods or services.) COMMENTS:			
7.	Have all checks been written for items to be delivered within 15 days? COMMENTS:			
8. Critical	Have all checks been issued for less than \$3,000? COMMENTS:			
9.	Have all checks been written by the checking account holder? COMMENTS:			
10. Critical	Does the check-writer capture all of the necessary 1099 data for reporting to the Internal Revenue Service (IRS) and input monthly? a. Check recipient’s legal name (the name by which their taxes are filed) b. Legal mailing address c. Tax identification number (SSN or EIN) d. Check number f. Date the check is written COMMENTS:			

ARMY NAF GOVERNMENT PURCHASE CARD PROGRAM - AGENCY PROGRAM COORDINATOR REVIEW GUIDEBOOK

#8 CONVENIENCE CHECK-WRITER ACCOUNT REVIEW CHECKLIST				
		YES	NO	N/A
11. Critical	Check-writer should not pay any U.S. taxes. Is there any indication that U.S. taxes are being paid for purchases? COMMENTS:			
12.	If stop payment actions were processed against any checks, were any applicable fees deducted from the funds available? COMMENTS:			
13.	Does the check-writer account for checks written but not processed by US Bank when reconciling his/her accounts, to ensure adequate funds are available? COMMENTS:			
14.	Has the check-writer date stamped receipt the monthly Statement of Account? COMMENTS:			
15. Critical	Are check-writer statements and backup documentation retained for 6 years, 3 months after date of final payment? COMMENTS:			
16. Critical	Has the check-writer complied with the installation and/or directorate policy on property accountability? Are items with a manufacturer's serial number accounted for? COMMENTS:			
17. Critical	Has the check-writer failed to notify the BO and APC of any lost, stolen, or compromised checks within 5 calendar days of occurrence? COMMENTS:			

#8 CONVENIENCE CHECK-WRITER ACCOUNT REVIEW CHECKLIST				
		YES	NO	N/A
<p>18. Critical</p>	<p>Checks are for Official U.S. Government use only. Are there instances of prohibited purchases?</p> <ul style="list-style-type: none"> a. Cash advances (gift certificates, money orders, traveler checks) b. Advance payments except for subscriptions or publications c. Long term rental or lease of land or buildings d. Aircraft fuels e. Repair of leased GSA vehicles f. Major telecommunication systems i. Wire transfers j. Savings bonds k. Foreign currency l. Dating & escort services m. Betting, casino gaming, off-track betting n. Transactions with political organizations o. Fines p. Court costs, alimony, child support q. Bail & bond payments r. Tax payments <p>COMMENTS:</p>			
<p>19.</p>	<p>Is there a separation of duties between the check-writer, BO, FM? (Note: A single individual cannot buy, receive, and approve/certify funds availability for purchases.)</p> <p>COMMENTS:</p>			
<p>20. Critical</p>	<p>Are invoices or receiving reports present for all purchases?</p> <p>COMMENTS:</p>			

ARMY NAF GOVERNMENT PURCHASE CARD PROGRAM - AGENCY PROGRAM COORDINATOR REVIEW GUIDEBOOK
#9 CONVENIENCE CHECK-WRITER ACCOUNT REVIEW RATING STANDARDS

EXCELLENT

- All bullets in “Satisfactory” were met or exceeded.
- All information for 1099 is present and reported monthly in the 1099 Tax Reporting Program.
- All purchases have invoices and receiving reports.
- All training (refresher and ethics) current.
- Evidence that the BO has reviewed invoices and receiving reports.

SATISFACTORY

- Check-writer has made no split purchases.
- Check-writer’s receipts/supporting documents are forwarded to BO within 3 days after cycle end.
- Original records are maintained for 6 years, 3 months after final payment date.
- There are no instances of prohibited purchases.
- Refresher/ethics training has been scheduled.
- Check-writers are currently within the BO’s supervisory chain.
- All information for 1099 is present.
- All purchases have invoices and receiving reports.
- No deficient critical elements.

NEEDS IMPROVEMENT (IF ANY ONE OF THE FOLLOWING APPLY)

- Split purchases noted during the period reviewed. (Not considered split purchase if files are documented that check-writer was unaware of second need at the time of the original purchase.)
- Check-writer file lacks documentation.
- Refresher or ethics training is overdue and not scheduled.
- There are some invoices and receiving reports.
- One deficient critical element.

UNSATISFACTORY (IF ANY ONE OF THE FOLLOWING APPLY)

- Clear evidence of knowingly splitting purchases to circumvent regulations.
- Instances of prohibited items or lack of required approval prior to purchase.
- Evidence of fraud.
- Check-writer never notified APC of any lost, stolen, or compromised cards.
- Any 5 of the items cited under “needs improvement” or “satisfactory”.
- No invoices and receiving reports are present.
- Two or more deficient critical elements.

NOTES:

1. A “needs improvement” rating will result in an initial warning and the account will be re-inspected within 90 calendar days. A “needs improvement” or “unsatisfactory” rating after the re-inspection will result in a 90-day suspension. After the 90-day suspension, the account will be reinstated and inspected again in 90 calendar days. If another “needs improvement” or “unsatisfactory” rating occurs, the account will be terminated.

2. An “unsatisfactory” rating will result in immediate 90-day suspension. Reinstatement will be at the discretion of the APC and will depend on the severity of the violation(s). After the 90-day suspension, the account will be reinstated and inspected again in 90 calendar days. If another “needs improvement” or “unsatisfactory” rating occurs, the account will be terminated.

**QUARTERLY REVIEW CHECKLIST
FOR
CONVENIENCE CHECKS QUARTERLY REVIEWS
*Convenience Check Account***

ACCOUNT NAME:	DATE REVIEWED:
ACCOUNT NO:	BILLING OFFICIAL:

		Y	N	N/A
1	Is the checking account maintained under a separate “cardless” account?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	Have any checks been written for more than \$3,000?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	Are the check administrative costs accounted for in the check writer’s purchase log?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	Are internal controls established to avoid duplicate payments for any checks, which are mailed?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	Does check writer capture all necessary 1099 data for IRS reporting?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6	Are checks stored in locked containers when not in use?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7	Have any checks been written by someone other than the checking account holder?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8	Have checks been written for items to be delivered beyond 15 days?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9	Were checks written for any Prohibited Purchases?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10	If Stop Payment actions were processed against any check, was the charge deducted from the funds documented?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11	Does check writer account for checks written, but not processed by the Bank when reconciling his/her accounts to assure adequate funds are available?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12	Does the Billing Official conduct quarterly surveillance reviews?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13	Does the Billing Official maintain original supporting documentation for closed cardholder/check writer accounts?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Checkholder’s Printed Name:	_____
Checkholder’s Signature:	_____ Date: _____
Account Number:	_____
Signature of Reviewer – APC:	_____ Date: _____
<p>Jane Doe Agency Organization Program Coordinator Phone: (254) 123-4567/Commercial 888-1234/DSN Fax: (254) 765-4321 Email: Jane.Doe@us.army.mil</p>	

SEMI-ANNUAL REVIEW OF INACTIVE ACCOUNTS

				Fiscal Year ____
Account Name	Account No.	Date Opened (ddmmyyyy)	Period of inactivity	Reason for Inactivity
				<input type="checkbox"/> Acct Closed Date: _____ <input type="checkbox"/> Justification documented to keep acct open
				<input type="checkbox"/> Acct Closed Date: _____ <input type="checkbox"/> Justification documented to keep acct open
				<input type="checkbox"/> Acct Closed Date: _____ <input type="checkbox"/> Justification documented to keep acct open
				<input type="checkbox"/> Acct Closed Date: _____ <input type="checkbox"/> Justification documented to keep acct open
				<input type="checkbox"/> Acct Closed Date: _____ <input type="checkbox"/> Justification documented to keep acct open
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				<input type="checkbox"/> Acct Closed Date: _____ <input type="checkbox"/> Justification documented to keep acct open
				<input type="checkbox"/> Acct Closed Date: _____ <input type="checkbox"/> Justification documented to keep acct open
				<input type="checkbox"/> Acct Closed Date: _____ <input type="checkbox"/> Justification documented to keep acct open
				<input type="checkbox"/> Acct Closed Date: _____ <input type="checkbox"/> Justification documented to keep acct open

FINAL PURCHASE CARD PROGRAM REVIEW REPORT

The Agency Program Coordinator will provide the program director and each billing official, following the review, a copy of the preliminary written report. The program director and/or billing official will be given the opportunity to comment, in writing, on the report. A response to the report is not mandatory.

The written report should present a qualitative descriptive finding and observation on the use of the purchase card and make recommendations to improve the performance of the program.

The potential audiences that view the report may vary; therefore, the report should be clearly written and describe all elements of the review. The report is not intended to be written to embarrass the program.

The primary purpose of the report is to communicate and document the results of the review in accordance with the Army NAF Purchase Card Program Policies and Procedures. The following information should be included when writing the report.

General Information

- Name of the Installation, Location, and Level 4
- Activities and/or facility personnel involved in the inspection, including their titles
- The date the review was conducted
- FY Statistical Summary regarding the installation structure:
 - Total dollar transaction purchases
 - Total purchase card transactions
 - Earned total rebate dollars
 - Total dollars when card was used as a vehicle for payment
 - Total Number of cardholders/billing officials with limits
 - Approved Regulated Purchases/Prohibited Purchases
 - Ratifications
 - Written Violations
- APC's name (with signature)
- Recipients name (with signature acknowledging receipt)

Purpose of the Review

The report should clearly state the reason or reasons for the review. This allows the reader to understand the purpose and scope of the review and what they should find in the report. An APC may conduct a review for the following reasons: Routine compliance, Follow-up/on-site review, Complaint, Emergency response and/or Installation, removal, or closure.

#12 FINAL PURCHASE CARD PROGRAM REVIEW REPORT-Continued

Program Evaluation Narrative

Provide a detailed written description on the purpose of the mission activity and/or operation. This will provide a better understanding of the program requirements.

- Provide relevant details regarding violation(s) noted and evidence obtained during the review. Include corrective action and compliance timeframes, and document compliance.
- Provide follow-up compliance measures that are clear and specific to understand exactly what should be done to become compliance. In some cases, some compliance may require another on-site review or signed documentation from the billing official/cardholder.
- Provide fully detailed observation/finding with recommendation. (**Observation and Recommendation; Finding and Recommendation**). Include areas where additional guidance and training is necessary.

All the above criteria's are important for the success of this review with a need for a common understanding of what constitutes "complete and appropriate" reporting within the Army NAF Purchase Card Program.

Remember, complete and appropriately written reporting of a finding and observation is essential for full, effective and consistent program implementation. A "Finding" must be "systemic" to the program.

Additionally, your report should be entirely objective. Be impartial, unbiased and unemotional. The intent of the report is based on quality, not quantity.

#13

AGENCY PROGRAM COORDINATOR SURVEY

AGENCY ORGANIZATION PROGRAM COORDINATOR SURVEY

Please rate your **Agency Organization Program Coordinator (APC)** on several factors. You will use a **0** to **10** scale where "**0**" means the statement does not at all describe your Account Coordinator and "**10**" means it completely describes your Account Coordinator. Completion of this form is optional. Your input would be greatly appreciated.

On a scale of 0 to 10, how would you rate your Account Coordinator on the statements below?

1. Provides helpful assistance on the U.S. Bank ACCESS system

0 1 2 3 4 5 6 7 8 9 10

2. Is respectful, dependable, professional & courteous

0 1 2 3 4 5 6 7 8 9 10

3. Provides useful training & resources necessary for you to fulfill your role as Cardholder or Managing Official

0 1 2 3 4 5 6 7 8 9 10

4. Communicates effectively to keep you informed of important reminders and issues pertaining to the Government Purchase Card Program (via email, phone, etc)

0 1 2 3 4 5 6 7 8 9 10

5. Is technically knowledgeable on the Government Purchase Card Program

0 1 2 3 4 5 6 7 8 9 10

6. Is responsive in providing guidance and support to your questions, concerns and requests

0 1 2 3 4 5 6 7 8 9 10

7. Is easily reached

0 1 2 3 4 5 6 7 8 9 10

8. During visit to the installation, provided valuable information on the Government Purchase Card Program as a whole, your responsibilities in the program and ACCESS

0 1 2 3 4 5 6 7 8 9 10

9. Responds to your calls/emails in a timely manner

0 1 2 3 4 5 6 7 8 9 10

10. Provides useful assistance to resolve issues

0 1 2 3 4 5 6 7 8 9 10

11. Satisfaction with Account Coordinator's Overall Performance

0 1 2 3 4 5 6 7 8 9 10

#13 AGENCY PROGRAM COORDINATOR SURVEY-Continued

What could your Account Coordinator do to serve you better? Your comments are extremely helpful; please be as detailed as possible, listing feedback specific to the person and/or to the overall role in general. Use additional paper is necessary.