



REPLY TO
ATTENTION OF

DEPARTMENT OF THE ARMY
US ARMY COMMUNITY AND FAMILY SUPPORT CENTER
4700 KING STREET
ALEXANDRIA VA 22302-4415

OCT 31 2001

CFSC-NCP

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Management Controls – NAF Purchase Card Program

1. A recent Congressional hearing and an on-going General Accounting Office (GAO) audit highlighted the need to ensure proper oversight of the purchase card program at all levels. The purpose of this memorandum is to request your assistance in ensuring that strict internal and management controls are in place for the purchase card program under your control. This memorandum reiterates information received from the DOD Army Purchase Card Program Office and Office of the Under Secretary of Defense. These memorandums may be viewed on the NAF Contracting Website at http://www.armymwr.com/mwr/naf_contracting/new/updates.html

2. The following management controls should be emphasized:

a. Billing officials/approving officials, hereinafter called billing officials, must review each cardholder's billing statement every month to verify the cardholder was authorized to buy the items on it, the items have been received by the NAFI and qualifying items have been properly recorded on property records.

b. Ideally, the billing official should be the cardholder's direct supervisor. Each billing official should have reasonable control of cardholders so the billing official can completely review the monthly billing statements within 5 days after receipt. As a rule of thumb, billing officials should not have more than 5-7 cardholders assigned to them for oversight. This ratio is subject to review if the billing official has one or more cardholders who make many purchases during the month. Sufficient time must be allowed for the billing official to approve the cardholders' statements. Billing officials, as certifying officials, are pecuniary liable and bear fiscal liability for certifying purchases later found improper or illegal.

c. The billing official may not be subordinate to the cardholder.

d. A cardholder shall not be his/her own billing official.

e. The same person should not buy and receive the item. If the same person performs both functions then diligent oversight is required.

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f. Only those persons with a continuing need to purchase goods or services as part of their job should be cardholders.

g. Not every cardholder needs to have the maximum transaction or monthly limit. Billing officials should set reasonable limits, based on what the person needs to buy as part of his/her job.

h. The agency program coordinator (APC) must also be allowed the time and resources to conduct his/her functions under the program. The APC should conduct reviews on billing officials and cardholders annually, more often if significant dollar limits have been established on accounts. The APCs should be allotted appropriate resources to perform cardholder and billing official training (initial and refresher), as well as the time necessary to conduct routine account setup and maintenance.

i. Finally, make sure you obtain any earned rebate.

3. I request you conduct an assessment of the NAF purchase card program management controls. I encourage you take any corrective action as necessary and to perform frequent spot checks, including using audit activities and the inspectors general assigned to your organizations as suggested in the Director of Defense Procurement Memorandum of August 13, 2001. A management control checklist is provided for APCs and billing officials on the NAF Contracting Website at http://www.armymwr.com/mwr/naf_contracting/new/updates.html

4. Thank you for your assistance and cooperation in maintaining a reliable NAF purchase card program. If you have any questions, please do not hesitate to contact Ms. Carol McKenzie, Army NAF Agency Program Coordinator at (703) 681-5307; DSN 761-5307; E-mail carol.mckenzie@cfsc.army.mil or Ms. Mary Keeney, Chief, Policy Division at (703) 681-5302; DSN 761-5302; E-mail mary.keeney@cfsc.army.mil.

FOR THE COMMANDER:



PETER H. MARTINI
LTC, IN
Chief of Staff

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