

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

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

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

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

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

The previous version dated **October 2015** is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
2303	Added a purchase card internal controls section for clarity and consolidation of policy.	Addition
230301	Revised reference from Public Law 112-194 to Title 41, United States Code (U.S.C.), section 1909 (citing safeguards and internal controls for the purchase card program).	Revision
230307.B	Revised policy reference to Volume 1, Chapter 9, Figure 9-1, and 44 U.S.C. § 2909 for a change in retention requirements.	Revision
230408.B	Added language to the cardholder duties to perform a review of the monthly billing statement that is consistent with paragraph 230502.	Addition

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CHAPTER 23

PURCHASE CARD PAYMENTS

2301 GENERAL

230101. Purpose

This chapter describes Department of Defense (DoD) command, supervisory, and personal policy for financial management related activities within the purchase card program. This chapter supplements general payment policy and procedures described in other chapters, along with the [DoD Government Charge Card Guidebook](#) for Establishing and Managing Purchase, Travel, and Fuel Card Programs (hereafter referred to as the Guidebook), and [Office of Management and Budget \(OMB\) Circular A-123, Appendix B](#). The purpose of the Guidebook and the OMB Circular A-123, Appendix B is to assist DoD officials in establishing and managing purchase card programs.

230102. Authoritative Guidance

A. This chapter establishes policies based on the statutory and regulatory requirements spelled out in [Title 10, United States Code \(U.S.C.\), section 2784](#), 41 U.S.C. [§ 1909](#), the [Federal Acquisition Regulation \(FAR\), part 13](#), the Defense Federal Acquisition Regulation Supplement (DFARS), [part 213](#), the Guidebook, the current [General Services Administration \(GSA\)](#) master contract and applicable task order, and this Regulation.

B. The Office of the Under Secretary of Defense for Acquisition, Technology and Logistics (OUSD (AT&L)) is responsible for oversight of the purchase card program. The Program Development and Implementation (PDI) Directorate reporting to the Director, Defense Procurement and Acquisition Policy in OUSD (AT&L), is responsible for policy formulation, procedural guidance, and operational oversight of the purchase card program administered by DoD Components. Agency/Organization Program Coordinators (A/OPCs) serve as the Agency's functional representatives and have oversight to manage and ensure the integrity of the purchase card program.

2302 PURCHASE CARD POLICY

230201. General

A. Through task orders issued on the GSA master contract, the DoD uses third party card-issuing banks to support the purchase card program. The card-issuing banks provide a commercial purchase and payment service that replaces the paper based, time consuming purchase order process, thereby eliminating procurement lead time, providing transaction cost savings, reducing procurement office workload, and facilitating payment. The suite of services offered by the card-issuing banks also includes web-based electronic invoicing, statement review, approval, and certification processes. Cardholders use [purchase cards](#) to make and/or pay for authorized

government purchases, subject to established limitations on transaction amount, billing cycle amount, and Merchant Category Codes (MCCs) which are defined in Appendix I of the Guidebook.

B. A purchase card charge authorizes the card-issuing bank to make payment to the vendor or contractor consistent with the [GSA master contract and these](#) regulations. An authorized purchase is defined as a purchase that satisfies a bona fide need at a fair and reasonable price that meets all legal and regulatory requirements. Any misuse of the purchase card is subject to administrative and disciplinary actions, as described in the Guidebook and Component personnel policies and procedures.

230202. Audits

Pursuant to 10 U.S.C. § 2784(b)(14), the purchase card program is subject to periodic audits by the DoD Inspector General and the Military Services' audit agencies to determine whether the program complies with agency policy.

230203. Terminology for Unauthorized Transactions

The following terminology used in this chapter describes types of unauthorized purchase card transactions.

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

1. Fraudulent transactions only include those transactions for which there are facts to indicate the transactions were fraudulent at the onset. Those may include such facts as the identity of the purchaser (e.g., an unauthorized user), the nature of the items purchased (e.g., items that are personal in nature and not likely to be a government requirement: jewelry, furs, entertainment, or personal audio-visual items), or other facts (e.g., the address to which items were sent).

2. Transactions which are otherwise proper government purchases, but where the item or service was later stolen or converted to personal use, are not fraudulent transactions for purposes of this chapter.

B. Improper Transaction. An improper transaction is a transaction involving items or services intended for government use but are not for a purpose for which the funds are available. These transactions are not disputable with the card-issuing bank in cases of purchases made by a formally appointed cardholder. If the transaction is not disputable, then the matter must be annotated in the purchase card records and immediately investigated. When the ordering activity does not have funds available for the particular transaction, but available funds exist elsewhere in the DoD, the approving official will obtain assistance of the Resource Manager (RM) to secure necessary funds.

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

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

E. Reportable Transaction. The cardholder, approving official, certifying officer, A/OPC, and personnel at all levels will report an unauthorized transaction in accordance with the Guidebook, related Component policies, and bankcard agreements/contracts. A fraudulent transaction is to be reported to the bank by the cardholder, approving official, certifying officer, and/or A/OPC, as well as to the appropriate investigative authorities.

230204. Purchase Card Accountable Officials

Within DoD, purchase card accountable officials are military members or civilian employees who are appointed in writing as cardholders, approving officials, review officials, and certifying officers. Such appointments, made in accordance with Volume 5, Chapter 5 (10 U.S.C. § 2773a and 31 U.S.C. § 3528), are necessary to establish pecuniary liability under the law governing accountable officials other than those potentially liable under 10 U.S.C. § 2784(c). Accountable officials are responsible for providing information, data, or services to certifying or disbursing officers in support of the payment process.

A. A purchase card accountable official is responsible for attesting to the accuracy of information and data in support of a payment to the card-issuing bank.

B. Purchase card accountable officials will be accountable and may be held pecuniarily liable for any erroneous payments.

C. Foreign national employees cannot serve as purchase card accountable officials unless they are direct hire employees of the United States Government. However, prior to making such appointments, commanders must consider the potential consequences when the Status of Forces Agreements or other treaties do not subject direct hire local nationals to the same pecuniary liability as other DoD employees. If such appointments are necessary, commanders must consider implementing other management controls to compensate for the lack of pecuniary liability. Refer to Volume 5, Chapter 1 for policy regarding accountable officials and foreign national personnel.

230205. Submission of Billing Statements

Policies, standards, and controls concerning the electronic submission, receipt, and processing of billing statements and transactions are contained in Chapter 8.

230206. Delegation

As prescribed by [31 U.S.C. § 3325](#), the head of an executive agency may delegate the authority to assign personnel to perform the purchase card invoicing, reviewing, approving, and certifying responsibilities at the accountable official level. When authority is delegated, DoD Components will:

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

B. Delegate the authority to certify official purchase card billing statements in accordance with Volume 5, Chapters 1 and 5.

230207. Purchase Card Rebates

A. Timely payment of a purchase card billing statement is a rebate computation factor. Purchase card billing statement payments must occur as soon as administratively possible when the rebate offered is greater than the cost of funds as defined in Title 5, Code of Federal Regulations (CFR), [subpart 1315.8](#). The DoD will take advantage of the rebate offers only when it is economically justified and advantageous to the DoD. The DoD will follow the guidelines for taking discounts and rebates found in 5 CFR 1315, FAR, section [32.906\(e\)](#), and OMB Circular A-123, Appendix B, [Chapter 7](#). Billing statements will be paid for the amount certified.

B. Rebates attributable to the use of the purchase card may be credited to operation and maintenance; and research, development, test and evaluation accounts of the DoD which are current when the rebates are received ([10 U.S.C. § 2784](#)).

230208. Compromised Account Numbers

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

2303 INTERNAL CONTROLS**230301. General**

All DoD Component purchase card program implementing policies must ensure the inclusion of internal controls to prevent, detect, and report unauthorized purchase card transactions ([41 U.S.C. § 1909](#)). Refer to paragraph 230203 for a description of unauthorized transactions.

230302. Monthly Review

The monthly review checklist (refer to [Figure 23-1](#)) is intended as a reference tool for use in examining the cardholder purchase card statement from the card-issuing bank. Approving officials have fiduciary responsibility cited under Volume 5, Chapter 5, and will review each cardholder's billing statement every month to verify the cardholder was authorized to purchase the items. [The approving officials will confirm](#) the government has received the items and all accountable property (including pilferable items as defined by the DoD Component), and other qualifying items have been properly recorded in government property accountability records in accordance with local procedures. The capitalization threshold and accountability requirements for property, plant, and equipment purchased are available in Volume 4, Chapter 6. Refer to paragraph [230407](#) and [230503](#) for more information concerning approving official responsibilities.

230303. Separation of Duties

Managers at all levels will maintain the effective operation of internal controls within the purchase card program and ensure adequate separation of duties of participants under their control. The management accountability and internal control requirements prescribed by the PDI, along with those outlined in Chapters 1 and [8](#), will apply to the operation of a DoD Component purchase card program. Refer to the Guidebook for additional information on management and card program controls.

230304. Merchant Category Codes (MCCs)

MCCs are used to categorize each merchant according to the type of business in which the merchant is engaged and the kinds of supplies or services they provide. These codes are used to limit unauthorized transactions on a card account by blocking purchases from merchants identified by the PDI [as](#) inappropriate sources for government purchases. DoD policy involving MCCs [is](#) contained in the Guidebook.

230305. Data and System Access

Cardholder, approving [official](#), certifying officer, A/OPC, and RM access to government and card-issuing bank's purchase card data and processing systems will be limited to that necessary to accomplish required tasks while maintaining proper separation of duties. Refer to the Guidebook for specific responsibilities and requirements when such personnel transfer to other duties or depart from the organization.

230306. Penalties for Unauthorized Use of the Purchase Card

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

A. Military personnel who violate the specific prohibitions contained in this chapter **may** be prosecuted under Article 92 of the Uniform Code of Military Justice (UCMJ), [10 U.S.C. § 892](#), for failure to obey a lawful order or regulation, as well as any other article of the UCMJ based on the nature of the misconduct involved.

B. Civilian personnel who misuse, abuse, commit fraud, or otherwise are negligent with the purchase card will be subject to reimbursement of charges for unauthorized or erroneous purchases, in appropriate cases, and to disciplinary action up to and including removal from the federal service for a first offense (refer to 10 U.S.C. § 2784(c)(1)). Fraudulent use is subject to criminal prosecution.

C. In instances when an official directs a cardholder to purchase items or services that are subsequently determined to be fraudulent, improper, abusive, or questionable, the official who directs the purchase may be subject to reimbursing the government and to disciplinary action in accordance with OMB Circular A-123, Appendix B, Chapter 4, sections [4.8 and 4.9](#).

***230307. Documentation**

In accordance with 10 U.S.C. § 2784(b)(7), this Regulation, and the Guidebook, documentation, preferably electronic, will be maintained at all levels to support the integrity of the purchase card program and to facilitate the reconciliation and payment of purchase card transactions. Supporting documentation may include copies of cardholder statements, charge tickets, credit slips **and** receipts, the cardholder purchase log, invoices, delivery orders, approvals, requisitions, cross references to any related blanket purchase agreements, and telephone and mail order logs.

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

***** B. Volume 1, Chapter 9, [Figure 9-1](#) provides the policy regarding document retention requirements **for financial transaction records related to procuring goods and services, paying bills, collecting debts and accounting**. Refer to [44 U.S.C. § 2909](#) for authorization to retain records for a longer period than specified in disposal schedules.

1. On a case-by-case basis, **and** when determined the records are necessary to complete reconciliation of payment, collection discrepancies, audit readiness requirements, or for other necessary purposes, an extension beyond the record retention period may **be warranted**. This period also applies to the documentation related to the transaction types identified in paragraph 230202.

2. Refer to Volume 15, Chapter 6 for additional information on document retention for accountable official's records for Foreign Military Sales.

3. In the event of account termination for both the cardholder and approving official, management must ensure safeguards are in place to meet retention requirements.

2304 RESPONSIBILITIES

230401. General

The certification process for billing statements received from the card-issuing bank involves a coordinated responsibility between the cardholder, approving official, and the certifying officer. Every individual involved in the purchase card process must report suspected fraudulent, improper, abusive, or questionable use of the purchase card through the proper chain of command and in accordance with Component policies. Refer to paragraph 230203 for definitions of these transactions.

A. Commanders and supervisors at all levels have the authority and the responsibility to ensure that military and civilian personnel under their supervision do not abuse assigned purchase cards. Commanders and supervisors are responsible for addressing unauthorized use of the purchase card.

B. Purchase card disbursing and certifying officers are pecuniarily liable for illegal, improper, or erroneous payments, unless granted relief. Purchase card accountable officials may also be held pecuniarily liable. Policy concerning liability and relief of liability is available in Volume 5, Chapter 6.

230402. Head of DoD Component

The Heads of DoD Components (or their designees) may delegate their authority for the appointment, in writing, of cardholders, review officials, approving officials, and certifying officers. In addition, Heads of DoD Components are responsible for managing commanders, directors or other designated officials and their delegated authority for carrying out their duties and responsibilities as prescribed in the Guidebook.

230403. Commanding Officer or Director

A. The military officer in command or the civilian director in charge of an activity has overall responsibility for implementing the purchase card financial management policies of this chapter. They have disciplinary authority over cardholders and approving officials and must investigate all allegations of fraudulent, improper, abusive, or questionable transactions. The commanding officer or director will establish procedures for the activity that will permit rapid investigation and resolution of fraudulent, improper, abusive, or questionable purchase card transactions. They will convene or order an investigation in accordance with Volume 5, Chapter 6, and take all appropriate actions resulting from each investigation.

B. When authority [has been](#) delegated by the Head of the DoD Component, the commanding officer or director will appoint [accountable officials](#) in accordance with Volume 5, Chapter 5.

[230404.](#) Review Official

The [review official](#) is an individual appointed by the commanding officer or director to perform pre- and/or post-payment reviews of payments and perform other duties in accordance with Volume 5, Chapter 5. The A/OPC may not be appointed as the [review official](#).

[230405.](#) Agency/Organization Program Coordinator (A/OPC)

The A/OPC is the individual appointed, as identified in the Guidebook, with responsibilities associated with the management, administration, and day-to-day operation of the purchase card program. The A/OPC will jointly work with the RM in setting and maintaining cardholder spending limits based on estimates of purchase requirements for the period or a budgetary limit. They may also assist the RM in providing guidance to the cardholder on any legal or regulatory restrictions on the funds provided.

[230406.](#) Purchase Card Certifying Officer

The certifying officer is the individual responsible for the accuracy of payments, including designation of the proper appropriation(s) or other funds, certified to the disbursing office and disbursing officer. The certifying officer is liable for any illegal, improper, or incorrect payment processed by the DoD [resulting from](#) an inaccurate or misleading certification. The certifying officer's appointment must meet minimum qualifications and eligibility requirements as discussed in Volume 5, Chapter 5. While it is desirable to maintain the greatest separation of duties, [it is not always practical or possible](#). The certifying officer and approving official [duties](#) may be performed by the same appointed person [as discussed in Volume 5, Chapter 1](#). Purchase card certifying officers' responsibilities identified in the Guidebook include, but are not limited to [the following](#):

- A. Ensuring transactions meet the legal requirements for authorized purchase card purchases;
- B. Ensuring adequate documentation is available for individual transactions, and cardholders have reconciled all transactions with purchase log entries;
- C. Ensuring the facts presented in documents for payment are complete and accurate to include designation of the proper appropriation(s) or other funds;
- D. Verifying the line item detail on the invoices matches the amount certified for payment;
- E. Taking action to prevent submission of duplicate invoices for the same transaction;

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

G. Implementing dispute procedures when warranted. Refer to paragraph 230507 regarding disputed transactions;

H. Reviewing and certifying the billing statement (preferably electronic) and forwarding it to the designated entitlement and/or disbursing office for timely payment processing. [Figure 23-2](#) contains the language for the certifying officer's certification statement;

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

J. Ensuring the billing statement and all original supporting documentation (e.g., receipts, logs, invoices, delivery orders, and approvals) is retained, preferably in an electronic repository, to comply with the requirements for record retention. This retention must capture and leverage origination of electronic data contained in automated systems so that it may be shared across the DoD's various platforms.

[230407.](#) Approving Official

The approving official is the individual, appointed by the commanding officer, director or designee, with oversight responsibility for a number of cardholders to ensure that all purchase card transactions are necessary and for official government purposes only.

A. [Approving](#) officials are responsible for providing information and data to certifying or disbursing officers in support of the payment process. A purchase card [approving](#) official is responsible for attesting to the accuracy of information and data provided to a purchase card certifying officer in support of a payment to the card-issuing bank. Purchase card [approving](#) officials will be accountable and may be held pecuniarily liable for any erroneous payments that result from inaccurate information and data, including designation of the proper appropriation(s) or other funds provided to a purchase card certifying officer, if the erroneous payment is the result of negligence relative to the performance of assigned duties.

B. Approving officials have fiduciary responsibility cited under Volume 5, Chapter 5. [The approving official](#) will review each cardholder's billing statement every month to verify the cardholder was authorized to purchase the items; the government has received the items; and all accountable property (including pilferable items as defined by the DoD Component) have been properly recorded on government property accountability records in accordance with Component procedures. The capitalization threshold and accountability requirements for property, plant, and equipment purchased are available in Volume 4, Chapter 6. Each approving official will have a reasonable span of control over cardholders in accordance with the Guidebook. The approving official's responsibilities referenced in the Guidebook include, but are not limited to [the following](#):

1. Recommending purchase card dollar limits and MCC exclusions to the A/OPC for cardholders under their purview;
2. Ensuring each cardholder fulfills his or her responsibilities as identified in the Guidebook;
3. Reviewing/reconciling his or her cardholder's statements and approving the statement when the cardholder cannot perform this function. A purchase card checklist, included as [Figure 23-1](#), may be used as a tool by approving officials and certifying officers to [document](#) due diligence in billing statement reviews;
4. Verifying all transactions are necessary government purchases in accordance with the FAR, DFARS, and DoD policies and regulations;
5. [Forwarding](#) the billing statement and all original supporting documentation, preferably in an electronic repository (e.g., receipts, logs, invoices, delivery orders, and approvals), [to the certifying officer, who will be responsible for ensuring compliance with the requirements for record retention](#);
6. Tracking purchases paid for, but not received; along with monitoring related disputes cited in paragraph 230507 until the transaction [at](#) issue is resolved;
7. Signing and dating the billing statement (preferably electronic) and forwarding it to the certifying officer (if not the same as the approving official). [Figure 23-2](#) contains the language for the approving official's certification statement;
8. Resolving any questionable purchases with the cardholder;
9. Notifying the A/OPC to close the account of any cardholder who has transferred, terminated, retired, or is in absent-without-leave status and informing the certifying officer of these actions;
10. Notifying the A/OPC and certifying officer (if not the approving official) of any planned approving official reassignment to other duties or departure from the installation or activity;
11. Notifying the A/OPC and certifying officer (if not the approving official) of any lost/stolen cards (in addition to the cardholder notifying the card-issuing bank); and
12. Completing required initial and refresher training in accordance with the Guidebook and Volume 5, Chapter 5.

***230408.** Authorized Cardholder

The cardholder is the individual appointed in accordance with the policies contained in the Guidebook. The Guidebook also covers the responsibilities of cardholders, their required use of a purchase log, and responsibilities of others charged with cardholder and cardholder account management and oversight. From a financial management perspective:

A. A cardholder will ensure funds are available prior to making the purchase.

* B. A cardholder will perform a review of the monthly cardholder statement as described in paragraph 230502.

C. When a cardholder uses the card to make an unauthorized transaction, as defined in paragraph 230203, the cardholder may be liable for any illegal, improper, or incorrect payment resulting from those transactions, and be subject to adverse personnel actions including removal in cases as prescribed in paragraph 230306.

D. In cases where an erroneous charge is not disputed timely, the cardholder may also be held accountable.

230409. Convenience Check Account Holder

The convenience check account holder is a military member or civilian employee appointed as prescribed in the Guidebook. The convenience check account holder will be responsible for ordering, receiving, storing, inventorying, reconciling and disposing of check stock. Convenience check account financial management policy is addressed in section 2306. The convenience check account holder is required to obtain and report tax data to the responsible tax office so that an [Internal Revenue Service \(IRS\) Form 1099-MISC](#) can be issued to the convenience check payee. Data reporting requirements are set forth at paragraph 230603. The convenience check account holder will not perform the functions of approving officials or certifying officers. [The commanding officer, director or designee, with oversight responsibility will cancel the convenience check privileges of cardholders who improperly use convenience checks.](#)

230410. Resource Manager (RM)

The RM is the individual designated by an agency to record formal commitments and obligations into the accounting system. [The RM will establish commitments in advance in amounts no less than the periodic purchase limits authorized for commercial purchase cards or at the purchase requisition level. Advance reservations of funds are established by the RM \(or equivalent\), in conjunction with the assigned A/OPC, and must be considered when setting office, managing account, and/or cardholder purchase limits. The use of advance reservations of funds or commitments for purchase requisitions will also ensure positive funds control, precluding expenditures from exceeding obligations. Policy for recording obligations for the transactions in this chapter is contained in Volume 3, Chapter 8. The RM responsibilities associated with the purchase card program referenced in the Guidebook include, but are not limited to \[the following:\]\(#\)](#)

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

230411. Entitlement Office

For the purpose of this chapter, the term "entitlement office" is defined as the office that processes the card-issuing bank's payment request (i.e., billing statement) after certification by the certifying officer. Responsibilities of the entitlement office include, but are not limited to the following:

- A. Verifying the amount certified for payment on the invoice matches the amount certified per the certified disbursement voucher;
- B. Validating sufficient funds have been obligated in the accounting records;
- C. Notifying the installation A/OPC and RM within one business day of invoices rejected, including a detailed reason for the rejection. Upon resubmission of the rejected transactions, processing will include the Standard Document Number/contract number of the original transaction; and
- D. Computing late payment interest penalties in accordance with Chapter 7, and provisions of the card-issuing bank's contract, if applicable.

230412. Disbursing Office

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

2305 STATEMENT RECONCILIATION AND CERTIFICATION

230501. Receipt and Acceptance

The cardholder will ensure receipt and acceptance and perform proper documentation of all purchases made. Independent receipt and acceptance by an individual, other than the cardholder, is required for accountable property purchases, and self-initiated purchases (i.e., purchases lacking a documented requisition/request from someone other than the cardholder). Accountable property, as identified in the Guidebook, includes sensitive, classified, and pilferable property type items. Refer to the Guidebook for additional circumstances that may require independent receipt and acceptance and the use of [Invoicing, Receipt, Acceptance, and Property Transfer](#) (formerly Wide Area Workflow) when the purchase card is used as a method of payment against a contract.

A. To verify proof of delivery, record the date received, along with the signature (or electronic alternative when supported by internal controls), printed name, telephone number, and office designator or address of the receiving official on the sales invoice, packing slip, bill of lading, or other shipping or receiving document. Record the name of the independent individual confirming receipt in the cardholder purchase log.

B. Local procedures may specify additional circumstances (e.g., based on cost) requiring evidence of receipt by an individual other than the cardholder. The approving official will verify the existence of receipt and acceptance documentation (e.g., hand receipts for accountable property). The approving official also may physically verify receipt and acceptance. Cardholders must also timely notify the property accountability official of pilferable, sensitive, or high valued property obtained with the purchase card, in accordance with established property accountability policy.

230502. Cardholder Review

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

A. Each cardholder will reconcile his or her statement against supporting documentation and the purchase card log to ensure timely payments. The cardholder will review the statement for billing errors and unauthorized transactions, and dispute such transactions with the merchant.

1. The cardholder must report cases of fraud to the card-issuing bank under the billing discrepancy provisions of the GSA master contract, the A/OPC, the commanding

officer or director and the local procurement fraud investigative authority for investigation and adjudication, and comply with the bank's fraud reporting procedures.

2. Known or suspected fraudulent transactions not authorized by the cardholder **must** not be approved for payment. The electronic invoice **will** be "short paid" by the amount of the transaction(s) in question and then electronically certified for payment. Cardholders **must** identify the reason the transactions are deemed fraudulent and the date the fraudulent transactions were reported to the bank in the system. In all instances, the cardholder **will** attempt to review/reconcile all transactions during the billing cycle within which they occur so that these fraudulent transactions are never included in the corresponding billing statement.

B. If the cardholder cannot obtain a credit for a disputed item from the merchant, then the cardholder will officially dispute the transaction with the card-issuing bank following the procedures in paragraph 230507. The cardholder will annotate instances of non-receipt for recently ordered goods or services on each statement.

C. The cardholder will sign and date the billing statement (preferably electronic) and forward it, with the necessary supporting documentation, to the approving official for action. [Figure 23-2](#) contains the language for the cardholder's certification statement.

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

230503. Approving Official (as Accountable Official) Review

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

A. Known or suspected fraudulent transactions not authorized by the cardholder **will** not be certified for payment and will be reported to the card-issuing bank under billing discrepancy provisions of the GSA master contract, the A/OPC, commanding officer or director and the local fraud investigative authority for investigation and adjudication. The invoice **will** be "short paid" by the amount of the transaction(s) in question. Refer to paragraph 230502.A. for additional guidance. If not done so by the cardholder, the approving official should ensure **fraudulent** transactions are disputed in accordance with applicable card-issuing bank procedures, and reported as fraudulent in accordance with the card-issuing bank fraud reporting procedures, as well as those of the Component.

B. For improper and fraudulent transactions **made** by an authorized cardholder, the government is contractually obligated to pay the card-issuing bank. Every purchase made by an authorized cardholder using an authorized card creates a contractual obligation of the

government to pay the card-issuing bank. Report these types of fraudulent and improper transactions to the A/OPC, appropriate authorities, and/or management officials for investigation and corrective action in accordance with Component policies and procedures.

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

D. For questionable transactions, the approving official will determine as rapidly as possible whether there is potential fraud or whether the transaction is otherwise disputable. The mere lack of supporting documentation will not trigger a finding of fraud or impropriety unless the identity of the item or service or other facts would lead a reasonable person to believe that this was a fraudulent or unauthorized transaction. If the transaction is determined not to be fraudulent or otherwise disputable, then it **must be approved** for payment. The approving official **will** continue to perform follow-up work to obtain sufficient documentation to support that the transaction is no longer categorized as questionable. The follow-up work should involve the cardholder, appropriate management, and bank officials as necessary.

E. When the approving official is appointed collaterally as the certifying officer, he or she will also complete the requirements in paragraph 230504.

230504. Certifying Officer Review

The certified billing statement is the official invoice for payment purposes.

A. The certifying officer will review and certify the billing statement (preferably electronic) and forward it to the designated entitlement and/or disbursing office for timely payment processing. Figure 23-2 contains the language for the certifying officer's certification statement.

B. The certifying officer will not certify a known or suspected fraudulent transaction not authorized by the cardholder. **The certifier will not certify** payments if the card or the card number **applies to transactions generated** by an unauthorized user, such as a vendor entering the wrong card number, or the transaction **occurs** after reporting the card or card number lost or stolen. The certifying officer will follow agency procedures for addressing all fraudulent, improper, abusive, or questionable transactions.

C. Pursuant to 31 U.S.C. § 3528, a certifying officer certifying a voucher (purchase card billing statement) is responsible for the information, computation, and legality of a proposed payment under the appropriation or fund. A certifying officer will ensure all transactions are legal, proper, correct, and satisfy a bona fide need in accordance with government policies, rules, and regulations. Since payments are to the financial institution, the certifying officer is responsible for certifying the legality and accuracy of the information pertaining to the amount owed the financial institution.

230505. Payment without Receipt and Acceptance

In accordance with the Guidebook, the DoD is authorized to certify invoices for payment of micro-purchases prior to the verification that all items billed have been received and accepted. Each approving official is required to establish a system and related procedures to flag and track all transactions certified for payment without verification of receipt and acceptance. These procedures will ensure that all transactions that have been reconciled and approved for payment will have their receipt verified no later than 45 days after the invoice date. If there is no documented evidence verifying receipt and acceptance, the cardholder must protect the government's rights by disputing the transaction. The cardholder must file a formal dispute in accordance with paragraph 230507.

230506. Payment of the Certified Billing Statement

The designated entitlement office will pay purchase card invoices (preferably electronic) upon receipt of the certified billing statement. Attention must be paid to the prompt payment clock, which starts when the invoice is made available to the DoD on the card-issuing bank's website versus when invoices are transmitted to the entitlement office. The entitlement office will ensure that only the amount certified for payment by the certifying officer is processed for payment.

230507. Disputed Transactions

Disputable transactions include but are not limited to those related to cards reported lost or stolen, incidences of compromised card numbers, or transactions initiated by unauthorized third parties. These transactions must be placed into the dispute process and normally will not be paid while in dispute. The cardholder will dispute the transaction as soon as possible; in accordance with the timetable and provisions contained in the bank card contract, the Guidebook, and local procedures.

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

B. Approving officials will monitor cardholder items billed versus receipt discrepancies to ensure any remaining discrepancies are disputed.

230508. Summary Accounting

To reduce transaction processing fees, DoD activities will summarize accounting data, where systems capabilities are available to preclude any duplication of LOAs before submitting certified billing statements and accounting data to the designated entitlement office. Specifically, DoD activities will "roll up" disbursing data by LOA to eliminate duplicate LOAs on one certified billing statement.

A. Approving officials and certifying officers will ensure complete summarization of billing statements with no duplicate LOAs prior to certification and submission of the billing statements for payment. The level of appropriation data summarization will be consistent with the advance reservation of funds and the data for entry into the accounts payable, disbursing, and accounting systems in order to maintain positive funds control, match each planned disbursement with a recorded obligation (as described in Chapter 1 and Volume 3, Chapter 8), and prevent unmatched disbursements.

B. The following methods will be used to facilitate summary-level accounting:

1. Use the minimum number of LOAs per purchase card to satisfy mission requirements;
2. Develop approving official and cardholder relationships, to the maximum extent possible, which will support summary-level billing statements which are comprised of multiple purchase cards citing the same LOA; and
3. Use the object class that is most appropriate for the types of micro-purchases made with the card.

2306 CONVENIENCE CHECKS

230601. General

Use of convenience checks **must** be minimized and designated as a purchase instrument of last resort. They **will** only be used if the vendor offering the goods or services does not accept or does not have the ability to process the purchase card, no other vendor can reasonably be located, and it is not practical to pay for the items using the traditional procurement method.

A. A discrete account must be set up in order to issue convenience checks. Convenience check and normal purchase card accounts may be issued under a single managing account, but they must not be commingled. The transactions **reported during the billing cycle for the** convenience check and purchase card accounts **will** appear on the cardholder's account of the approving official's monthly billing statement.

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

C. Each Component will issue instructions concerning the use of convenience checks. Individuals delegated as convenience check account holders will be appointed in writing. At a minimum, the appointment letter **will** state the specific duties of the check writer, any limitations on the scope of authority (including dollar limitations), and an acknowledgement of the

check writer's duties and responsibilities. Convenience checks **will** not be used for employee reimbursements, cash advances, cash awards, travel-related transportation payments, meals, or payroll/salary payments. For additional information concerning convenience check requirements and restrictions on their use, refer to the Guidebook.

230602. Printed Convenience Checks and Issuing Bank Requirements

The GSA contract provides responsibilities of the issuing bank for convenience check accounts. The issuing bank **will** ensure convenience checks are sequentially pre-numbered duplex documents (one copy for the cardholder's records and the original for the merchant).

230603. IRS Form 1099 Requirements for Convenience Check Account Holders

A. The Defense Finance and Accounting Service (DFAS) has tax reporting responsibilities for the DoD, and thus is responsible for reporting to the IRS miscellaneous income paid to vendors/contractors.

B. DFAS created the 1099-MISC Tax Reporting Process that convenience check account holders **must** use to report payments for "services" and other reportable payments (i.e., rentals, maintenance fees, speakers and interpreters, royalties, attorneys, medical and health) to DFAS for subsequent reporting to the IRS. Convenience checks written for the purchase of products/goods and/or to tax exempt agencies such as state and local governments, state universities, and the United States Postal Service **do** not require reporting to DFAS. Refer to the [**DFAS 1099 Tax Reporting Program Convenience Check User's Manual**](#) for more detail regarding payment types that are and are not reportable to DFAS. Convenience check account holders will need to obtain from vendors, and report to DFAS, the following data via the [**DFAS 1099 Tax Reporting Program**](#):

1. Payee's name (merchant, vendor, individual) and legal name (the name by which taxes are filed);
2. Payee's business **if** classified as a Sole Proprietorship, then report the business (merchant) information and the Sole Proprietor's name must be provided;
3. Payee's legal mailing address (the address used to file their taxes);
4. **Employer** Tax Identification Number (Social Security Number or Employer Identification Number);
5. Check number;
6. Check amount;
7. Payment date (date the check is written, not the date the check is cashed);
8. A brief description of the purchase;

9. Telephone number of the merchant; and
10. Convenience check account number.

230604. Authorizing and Establishing Convenience Check Accounts

Requests to establish an account for convenience checks will be justified in writing and in accordance with the provisions established in the Guidebook. A specific individual must be designated as the account holder responsible for that account via [the proper](#) application forms and, when completed, those forms will be submitted through the DoD activity's existing purchase card hierarchical structure. Additional convenience check account(s) may be established following a written determination by the Commander that another account is necessary to meet mission requirements as prescribed by the Guidebook.

230605. Conditions for Using Convenience Check Accounts

With the exception of contingency or emergency operations, convenience checks must be at or below the micro-purchase threshold defined by the [FAR, Subpart 2.101](#). In the instance of a declared contingency or humanitarian aid operation, the OUSD (AT&L) will publish the temporary increase in the maximum micro-purchase threshold for those convenience check account holders who have been identified and authorized to support the particular contingency or humanitarian aid operation. Appointment letters must include the increased authorities. Refer to the Guidebook for further details regarding changes to these thresholds and convenience check use. In order to maintain effective internal controls, approving officials (also known as billing officials), [review](#) officials, and certifying officers will not perform the functions of convenience check custodian or cashier. Additional conditions on the use of convenience checks are as follows:

- A. Convenience checks will be issued for the exact payment amount, with a prohibition on splitting purchases, payments, or other amounts among more than one check in order to keep amounts below the micro-purchase threshold or other assigned limits.
- B. Convenience checks [will](#) be used for official government purposes only.
- C. Convenience checks [will](#) not be issued as an "exchange-for-cash" vehicle to establish cash funds.
- D. If convenience checks are mailed to payees, then local internal controls must be in place to avoid duplicate payments being made to them.
- E. The issuing activity is responsible for all administrative costs associated with the use of convenience checks. Fees associated with the use of convenience checks are specified in the GSA contract. At DoD Component election, the costs associated with the purchase of convenience checks may be expressed as a: (a) percentage; (b) number of basis points; or (c) fixed fee.

F. Convenience checks are negotiable instruments and will be stored in a locked container, such as a safe, where only the account holder has access. Checks will be accounted for by recording transactions as they occur in the check register and/or purchase log to maintain control of number sequence. Local policies and procedures **must** be implemented to provide safeguards to prevent physical loss, theft, or potential forgery.

230606. Reconciliation of Convenience Check Accounts

The convenience check account holder will reconcile the billing statement as part of the monthly billing cycle against his or her retained records of issuance in accordance with the standard payment practices established for the purchase card in section 2305.

A. Local policies and procedures **will** ensure an annual review of each convenience check account. This effort will include a sample of convenience check transactions, to include the review of all supporting documentation. It will also include examinations to determine the propriety of convenience checks written to individuals. Any suspected cases of fraudulent, abusive, improper, or questionable transactions will be reported to the appropriate management and investigative authorities in accordance with established policies.

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

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

2307 EMERGENCY AND CONTINGENCY OPERATIONS

Appendix B to the Guidebook provides the relevant regulatory and related Departmental policies regarding the use of purchase cards in support of emergency, contingency, or humanitarian aid operations. The financial management policies related to purchase cards as previously identified in this chapter, remain in place for emergency and contingency operations unless otherwise noted.

FIGURE 23-1 APPROVING OFFICIAL (AO) AND CERTIFYING OFFICER MONTHLY REVIEW CHECKLIST

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

Account Number: _____ Account Type: _____

Approving Official Name and Date: _____

Billing Statement Date: _____

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

FIGURE 23-2 PURCHASE CARD CERTIFICATION STATEMENTS

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

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

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

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

- The Approving Official (as Accountable Official) certification statement will read:

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

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

- The Purchase Card Certifying Officer certification statement will read:

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

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