

**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 [April 2017](#) is archived.

<b>PARAGRAPH</b>	<b>EXPLANATION OF CHANGE/REVISION</b>	<b>PURPOSE</b>
230201.C	Added a section to provide policy references to the Federal Acquisition Regulation, subpart 2.101; Title 10, United States Code, section 2338; and the Department of Defense (DoD) Government Charge Card Guidebook (Guidebook) concerning revised micro-purchase thresholds for the DoD. The Guidebook implements revised thresholds authorized by the fiscal year (FY) 2018 National Defense Authorization Act (NDAA) (Section 806(b)), FY 2019 NDAA (Section 821), and Class Deviation 2018-O0018, dated August 31, 2018.	Addition
230203	Revised the terminology for fraudulent, abusive, or other inappropriate purchase card transactions for consistency with the Guidebook and the Defense Procurement and Acquisition Policy memorandum, “Interim Guidance on Government Purchase Card Disciplinary Category Definitions used in Office of Management and Budget Violations Reporting,” dated July 3, 2017.	Revision
230605	Revised the micro-purchase threshold for convenience checks to \$5,000 as prescribed by the Guidebook, which implements Class Deviation 2018-O0018, dated August 31, 2018.	Revision

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## CHAPTER 23

PURCHASE CARD PAYMENTS

## 2301 GENERAL

## 230101. Purpose

This chapter [provides](#) 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 described in other chapters, as well as 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](#). [These documents](#) assist DoD officials in establishing and managing purchase card programs.

## 230102. Authoritative Guidance

A. This chapter establishes policy 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; and the current General Services Administration (GSA) master contract and applicable task order.

B. The Office of the Under Secretary of Defense for Acquisition and Sustainment (OUSD(A&S)) (formerly OUSD, Acquisition and Technology) is responsible for oversight of the purchase card program, to include policy formulation, procedural guidance, and operational oversight of the purchase card program administered by DoD Components.

## 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 and 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 [paragraph 230304](#) and 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.

\* C. Purchase card transactions are limited to the micro-purchase thresholds prescribed by [FAR 2.101](#), 10 U.S.C. § [2338](#), and DFARS [213.201\(g\)](#) for the applicable transaction being made. See the Guidebook for specific guidance related to the application of current DoD micro-purchase thresholds, which incorporates the OUSD(A&S) Class Deviation 2018-00018, dated August 31, 2018, concerning appropriate thresholds. Additionally, the class deviation delegates the authority to the head of the contracting activity to determine whether an acquisition supports a humanitarian or peacekeeping effort, or supports a contingency operation, thereby warranting an increased micro-purchase threshold. Any increase to a cardholder's delegated authority must be authorized by issuance and acceptance of a new Government Purchase Card Delegation of Procurement Authority Letter.

#### 230202. Audits

Pursuant to 10 U.S.C. § 2784(b)(14-15), 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 [Fraud, Abuse, or Misuse of Government Purchase Card](#)

The following terminology describes types of unauthorized or inappropriate purchase card transactions. See the Guidebook for additional information on these types of transactions and the associated OMB reporting requirements.

A. [Internal and External Fraud](#). A fraudulent transaction is any felonious act of corruption or attempt to cheat the Government, made by either an unauthorized individual (i.e. noncardholder) or an authorized individual (i.e. cardholder), by using the purchase card for a transaction that is not sanctioned, not authorized, not in one's official government capacity, not for the purpose for which the card was issued, or not as part of official government business (10 U.S.C § [932](#)). Fraudulent transactions can be classified either as internally or externally committed depending on whether a DoD Charge Card Program official or cardholder commits fraud (internal), or whether a noncardholder commits fraud (external).

B. [Abuse](#). Abuse occurs when a cardholder intentionally uses the Government-issued charge card in violation of applicable regulations (the FAR, DFARS, Agency procedures and supplements, or activity Purchase Card policies/procedures). Evidence of intentionality shall be inferred from repeat offenses of the same violation, following administrative and/or disciplinary action taken for this violation. Examples include, but are not limited to, intentionally: failing to purchase from mandatory sources, exceeding the applicable micro-purchase threshold, purchasing items such as a day planner costing \$300 rather than one costing \$45, or splitting requirements to avoid card thresholds.

C. Misuse. Misuse occurs when a cardholder unintentionally uses a Government-issued charge card in violation of the FAR, DFARS, Agency procedures and supplements, or activity Purchase Card policies/procedures. These actions are the result of ignorance and/or carelessness, lacking intent. Examples include, but are not limited to unintentionally: purchasing excessive quantities of an item with limited shelf life; violating a specific-use policy such as an agency that requires headquarters to buy all furniture; or failing to certify “Purchase Card Certification Statements” on time, costing the Government maximum rebates and/or incurrence of prompt payment interest. 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.

D. Administrative Discrepancy. Administrative discrepancies are actions that violate operational policies/procedures but do not violate federal law or regulation. Specifically: supplies/services acquired with the purchase card fulfill a valid government need at a fair and reasonable price, at no additional cost to the Government, but required policy/procedures were not followed. Examples include, but are not limited to: maintaining incomplete forms or documentation, or failure to maintain required documentation for the required timeframe.

E. Reportable Transaction. The cardholder, approving official, certifying officer, Agency/Organization Program Coordinator (A/OPC), and personnel at all levels must report fraudulent or abusive transactions, and other instances of misuse, in accordance with the Guidebook, related Component policies, and bankcard agreements/contracts.

#### 230204. Purchase Card Accountable Officials

A. Within DoD, purchase card accountable officials are military members or civilian employees who are appointed in writing as cardholders, approving 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, and are responsible for attesting to the accuracy of information and data in support of the payment to the card-issuing bank.

B. 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; and

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 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. See [Chapter 2](#) for additional information and policy concerning rebates.

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 (see 10 U.S.C. § 2784, "Crediting of Refunds"). In accordance with OMB Circular A-123, Appendix B, Chapter 7, rebates/refunds can be used for any legitimate purchase by the appropriation or account to which they were returned, or as otherwise authorized by statute.

## 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 **must** notify the card-issuing bank to close the account immediately.

## 2303 INTERNAL CONTROLS

## 230301. General

All DoD Component purchase card program policies and implementing procedures 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 fraudulent, abusive, or inappropriate transactions.

## 230302. Monthly Review

The monthly review checklist (Figure 23-1) is intended as a reference tool for use in examining the cardholder purchase card statement from the card-issuing bank. Refer to Section 2305 for cardholder, approving official, and certifying officer responsibilities in the monthly statement review and reconciliation process.

## 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 Guidebook, along with those outlined in Chapters 1 and 8, will apply to the operation of a DoD Component purchase card program.

## 230304. Merchant Category Codes

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 OUSD(A&S) as inappropriate sources for government purchases. DoD policy concerning 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 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 must ensure compliance with this chapter and the requirements of the Guidebook. Military and civilian personnel who violate the provisions of this chapter or 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. In instances when an official directs a cardholder to purchase items or services that are subsequently determined to be fraudulent or abusive, 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](#). See the [Guidebook for specific policies and requirements pertaining to disciplinary actions within the Government Charge Card Program](#).

#### 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.

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. Refer to [44 U.S.C. § 2909](#) for authorization to retain records for a longer period than specified in disposal schedules.

2. In the event of account termination for both a cardholder and/or 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, abusive, or [inappropriate](#) 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 in writing for the appointment of cardholders, review officials, approving officials, and certifying officers (see [Volume 5, Chapter 5 for additional policy concerning appointments](#)). 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/certifying officials and must investigate all allegations of fraudulent, abusive, or inappropriate transactions. The commanding officer or director **must** establish procedures for the activity that will permit rapid investigation and resolution of fraudulent or abusive transactions, or other instances of purchase card misuse. 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/OPCs serve as the Agency's functional representatives and have oversight to manage and ensure the integrity of the purchase card program. 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 **erroneous** 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 payment processing. Figure 23-2 contains the language for the certifying officer's certification statement;
- I. Ensuring billing statement 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 are 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. 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) has 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 provided 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, or 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 [addresses](#) the responsibilities of cardholders, their required use of a purchase log, and [the](#) 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 unauthorized transactions, as defined in paragraph 230203, the cardholder may be liable for any illegal, improper, or [erroneous](#) payment resulting from those transactions, and be subject to adverse personnel actions; [and](#)

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 is 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

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 ([DoD Form 577](#)) 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. [See Volume 5, Chapter 9 for additional disbursing policy.](#)

### 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 Wide Area Workflow ([formerly the Invoicing,](#)

Receipt, Acceptance, and Property Transfer system) 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 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 **must** reconcile his or her statement against supporting documentation and the purchase card log to ensure **accurate and** timely payments. The cardholder will review the statement for billing errors and unauthorized transactions, and dispute such transactions with the merchant **in accordance with paragraph 230507**.

1. Under the billing discrepancy provisions of the GSA master contract, the cardholder must report cases of fraud to the card-issuing bank, the A/OPC, the commanding officer or director, and the local procurement fraud investigative authority for investigation and adjudication. **The cardholder must also** 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 electronically) 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 **must** 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, **ensure transactions have been** disputed as necessary, ensure receipt **and documentation** of all accountable property, 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. Under billing discrepancy provisions of the GSA master contract, known or suspected fraudulent transactions not authorized by the cardholder **must** not be certified for payment and **must** be reported to the card-issuing bank, 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 subparagraph 230502.A. for additional guidance **concerning the cardholder's review and handling of fraudulent transactions**. 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 **abusive** and fraudulent transactions, **or other instances of misuse as described in paragraph 230203**, 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 **abusive** 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 transactions **that may be questionable**, 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 follow up 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. [See Volume 5, Chapter 5 for additional policy concerning certification requirements.](#)

B. The certifying officer **must** not certify a known or suspected fraudulent transaction **that was** not authorized by the cardholder. The certifier **must** 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 **or** abusive transactions, **or other instances of purchase card misuse.**

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 **after the 45-day period**, 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 will not be paid while in dispute. The cardholder **must** 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. **Establish** 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 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 name. If the business is 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 **must** 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

The authorized micro-purchase threshold for convenience checks is \$5,000. See the Guidebook for alternative thresholds pertaining to situations involving declared contingencies or emergencies either within the United States or outside the United States. In order to maintain effective internal controls, approving 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 **must** 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 fraud, abuse, or **misuse** 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 **contingency contracting 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 AND CERTIFYING OFFICER MONTHLY REVIEW CHECKLIST

This checklist is for **approving official** 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 <b>fraudulent or abusive purchases, or suspected cases of purchase card misuse</b> , on the billing statement and report such matters to the 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 <b>approving official</b> 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.”

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Authorized Cardholder Signature and Date (or 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.”

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Authorized Approving Official Signature and Date  
(or electronic signature)

- The Purchase Card Certifying Officer certification statement will read:

“Pursuant to [the](#) 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.”

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