



DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY OF THE ARMY
ACQUISITION LOGISTICS AND TECHNOLOGY
103 ARMY PENTAGON
WASHINGTON DC 20310-0103



REPLY TO
ATTENTION OF

SAAL-PI

13 AUG 2001

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Management Controls – Army Purchase Card Program

The purpose of this memorandum is to ask your assistance in ensuring the Army's purchase card program is properly administered and supported with strict internal controls. Additionally, the enclosed DOD Program Manager memorandum, dated 05 Jul 2001, subject as above, is forwarded for your action.

A recent Congressional hearing involving an on-going General Accounting Office (GAO) audit identified a lack of adherence by field activities to established purchase card internal controls. Although no substantial instances of fraud, waste and abuse were identified, an environment existed that could have easily fostered fraud. As a result of this hearing, the GAO has expanded the audit to include a review of the Army and other Defense Components.

As the enclosed memorandum discusses, the approving official review, approval and certification is the first line of defense against cardholder fraud, waste and abuse. In order for that review to be effective, approving officials, also known as billing officials must be given adequate time to determine that cardholder purchases are proper and legal. Having inadequate time to perform this function, or having an unreasonable number of cardholders to review, will eventually result in misuse of the purchase card. Billing officials, as certifying officials, are pecuniarily liable and bear fiscal liability for certifying purchases later to be found improper or illegal. Not providing adequate resources for the conduct of their review only serves to send the wrong message to them.

I ask each of you to also consider the current staffing being provided to the purchase card program. The contracting office should be conducting reviews on billing officials and cardholders on an annual basis – more often if significant dollar limits have been established on accounts. They should also be allotted appropriate resources to perform cardholder and billing official training as well as the time necessary to conduct routine account setup and maintenance.



I request your full support and participation in the evaluation of the *Management Control program* as it relates to the purchase card program. If you have any questions, please do not hesitate to contact Ms. Dorothy Hindman, Army Agency Program Coordinator at (703) 681-3417, DSN 761-3417, or by email at Dorothy.hindman@saalt.army.mil.



Edward G. Elgart
Acting Deputy Assistant Secretary of the Army
(Procurement)

Enclosure

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Unit 29331, APO AE 09266

Headquarters, Eighth United States Army, ATTN: FKAQ/EAAQ, Unit 15237,

APO AP 96205-0010

U.S. Army, Pacific, ATTN: APAM, B Street, building T-115, Fort Shafter,

HI 96858-5100

U.S. Army South, ATTN: PARC, P. O. Box 34000, Building 556,

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