



DEFENSE LOGISTICS AGENCY  
HEADQUARTERS  
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IN REPLY J-33  
REFER TO

JUL 31 2001

MEMORANDUM FOR DIRECTOR, DLA SUPPORT SERVICES  
COMMANDERS, DEFENSE SUPPLY CENTERS  
COMMANDER, DEFENSE DISTRIBUTION CENTER  
DIRECTOR, DEFENSE ENERGY SUPPORT CENTER  
ADMINISTRATOR, DEFENSE NATIONAL STOCKPILE CENTER  
COMMANDER, DEFENSE REUTILIZATION AND  
MARKETING SERVICE  
COMMANDER, TELEVISION-AUDIO SUPPORT ACTIVITY  
DIRECTOR, DEFENSE CONTRACT AUDIT AGENCY  
ADMINISTRATOR, DEFENSE TECHNICAL INFORMATION CENTER

SUBJECT: Purchase Card Program

The DLA purchase card program experiences annual purchase card usage of approximately \$107 million. This program provides a streamlined method of acquiring the supplies and services needed to maximize our support to the warfighter. While the card provides us a valuable procurement tool, it is imperative that your Activities strictly adhere to governing procedures and provide sufficient oversight and surveillance of this program. The DLA implementing guidance for this program is DLAI 4105.3, *DLA Governmentwide Commercial Purchase Card Program*. You have ultimate responsibility for the integrity of your Activity's program. To assist you, your Activities have Activity Program Coordinators (APCs) who are charged with implementing and overseeing your purchase card program.

Reviews of recent GAO findings and internal reviews have highlighted areas that reflect potential challenges to successful implementation of the program. The below provides a summary of some of these challenges and the governing policy requirements as delineated in DLAI 4105.3:

- a. Accountable Property: All accountable property bought with the purchase card must be entered into property management inventory. Specific DLA policy in this area can be found in DLAD 4160.9, *Retail Supply and Property Accountability*.
- b. Card Issuance: All cardholders **must** receive training **prior** to issuance of a purchase card; there are no exceptions. Cardholders **must** be appointed in writing, and these appointment letters must be retained by the APC. Also, to mitigate associated risks and to improve efficiencies, the number of cardholders should be limited to as few as necessary. **You are asked to personally review the number of active cardholders within your Activities and eliminate any unnecessary cards.**
- c. Refresher Training: All cardholders assigned to your activities must now complete refresher training at a minimum of every two years.
- d. Credit Limits: Cardholder credit limits should be commensurate with required need. This not only reduces program risk but also minimizes the funding contingent liability created by the cards.
- e. Approving Officials: Purchase card Approving Officials must be appointed in writing and also trained prior to assumption of those duties. In this role, they also act as Certifying Officers as delineated



in the Financial Management Regulations. As such, a DD Form 577 signature card for each Approving Official must be on file at DFAS.

f. **Pre-Purchase Authorization:** Adequate local procedures must be in place prior to a card purchase to ensure funds availability and that only authorized items are purchased. Activities shall consolidate individual purchases where feasible to leverage quantity discounts.

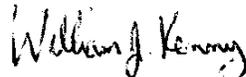
g. **Receipt of Materials.** Purchase Card statements do not identify what was purchased only the date of transaction, amount, and vendor name. Approving Officials shall ensure review of supporting back-up documentation (e.g., receipts, shipping documents) to ensure the legitimacy of the purchases reflected on the billing statement and to verify the ordered items were actually received.

h. **Date Stamping Invoices:** Cardholders and Approving Officials must date stamp the receipt of their invoices. This step is required for accurate Prompt Payment interest calculations, if applicable.

i. **Internal Reviews:** Activities are required to **conduct annual internal reviews** (at a minimum) of their purchase card programs.

The purchase card web page contains information that can assist you in the management of your purchase card program. It contains both DLA and DoD policy documents, training slides, guidance for card usage and approving officials, as well as links to relevant purchase card sites. The site is located at <http://www.dla.mil/j-3/j-336/LogisticsPolicy/purchasecard.htm>.

The purchase card is of high importance to both the Director and myself. We ask your personal involvement in the management of your Activity's purchase card program to ensure its continued success. If you have any questions in this matter, please contact Mr. William Latimer of my staff. He may be reached at either (703) 767-3154 (DSN 427) or [william\\_latimer@hq.dla.mil](mailto:william_latimer@hq.dla.mil).



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Senior Procurement Executive