OFFICE OF THE SECRETARY OF DEFENSE

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MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
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SUBJECT: Improved Internal Controls on Government Purchase Card Accounts

The Charge Card Task Force that the Department established in March 2002 investigated the Department's charge card programs and recommended ways to strengthen procedures and internal controls. One Task Force Recommendation was to ensure that agency program coordinators cancel purchase card charge accounts when cardholders leave their organizations. Failure to cancel purchase cards when a cardholder departs creates an internal control weakness. Agency program coordinators must reduce potential purchase card fraud, misuse, and abuse by focusing on timely cancellations.

Effective immediately, purchase card accounts that have not been used in the previous 12 months shall be cancelled by the agency program coordinator. In the future, purchase card accounts shall be cancelled automatically, once they reach their expiration date and have not been used in the previous 12 monthly billing cycles, unless the supervisor submits an acceptable justification to the agency program coordinator. Further, agency program coordinators shall perform annual reviews to determine whether their cardholders have a continuing need for purchase cards.

Components shall take all necessary steps to ensure that agency program coordinators are notified of personnel changes that would warrant cancellation of charge card authorizations. Personnel Offices shall ensure that the personnel checkout process includes a mandatory check with travel and purchase card program coordinators.

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