



**GOVERNMENT PURCHASE CARD
AUDIT PROCEDURES**

**GUIDANCE ON CONDUCTING ANNUAL GOVERNMENT PURCHASE CARD (GPC) AUDITS
AT THE PRESIDIO OF MONTEREY**

POC: GORDON K. ROSS

1. PURPOSE: This Standard Operating Procedure (SOP) establishes responsibility and procedures for conducting GPC audits at the Presidio of Monterey. This SOP is initiated to comply with Draft Army Regulation 715-xx Revised 2 May 2007.

2. SCOPE: Procedures apply to all POM GPC purchases with Army-appropriated funds. All POM Billing Officials, Cardholders, Agency/Organization Program Coordinators (A/OPC), Resource Managers, Logisticians, and other stakeholders that participate in the Army GPC program are subject to this SOP.

3. PROCEDURES: The POM Level IV A/OPC will annually inspect a representative, randomly selected sample of transactions of each Billing Official Account. The POM Level IV A/OPC will review the selected transactions to verify that the Billing Officials are following correct procedures and processes. The Level IV A/OPC is encouraged to include participation from representatives of the local Resource Management Office as well as other local oversight organizations in their surveillance programs. At a minimum, these reviews will address compliance with formal GPC purchase and payment procedures, appropriateness of spending limits, span of control, and property accountability. In addition to the above, as specified by AFARS 5113.2(a) (3) (h), convenience check accounts shall be audited quarterly. A duly appointed, disinterested third party under the guidance of the local Internal Review (IR) will conduct the convenience check audits.

4. STRATEGIES TO CONDUCT REVIEWS

a. List accounts with the greatest risk:

- (1) More than three cardholder accounts per BO.
- (2) At least one cardholder with a single purchases limit greater than \$3,000.
- (3) Monthly purchase limits greater than \$10,000 per account.

b. Establish a schedule of accounts to be reviewed with the high risk accounts listed first.

c. Determine type of review (hands-on, electronic or other).

d. Highly recommend that high-risk accounts be a hands-on review.

e. Establish a spreadsheet database with schedule of reviews to track reviews, type of review conducted, results of the review and follow-ups if required.

5. HANDS-ON REVIEWS

- a. Schedule BOs to drop off files for reviews at the GPC Office.
- b. Schedule on-site review of files.
- c. On-the spot un-scheduled reviews.
- d. Establish a day of reviews – Coordinate with local Education Center, Officer’s Club or other large accessible area buildings to provide a room to schedule reviews for the day.

6. ELECTRONIC REVIEWS

- a. Review transactions in Access Online (AXOL) looking for signs of split requirements, unauthorized purchases, and verify that purchases were made from mandatory sources such as EMall.
- b. Determine if BOs and CHs have appointment/delegation letters and are current with training.
- c. Determine if CHs and BOs are approving and certifying monthly bills timely.
- d. Determine if CHs are correctly inputting transaction item descriptions in AXOL system.
- e. CHs and BOs having an unsatisfactory review will have a full hands-on follow-on review.

7. OTHER TYPES OF REVIEWS

a. Set-up a meeting with IG, IR, Resource Managers (RMs) and other DOC personnel that are not part of the GPC Program to enlist their assistance in conducting reviews. (These individuals shall be trained as Billing Officials prior to reviewing credit card transactions. This includes the DAU course requirement for all BOs.)

b. Self-Assessed Reviews for Low Risk Accounts:

(1) Three or less accounts with single purchase limits of \$3,000 or less, and monthly limits of less than \$10,000 per account.

(2) Level IV A/OPC provides the BO reviewer the billing cycles to be reviewed and establishes a suspense date for the BO to conduct the review and provide a certified checklist report on each account reviewed back to the Level IV A/OPC.

(3) Reviews conducted by Alternate BO or Prime if Alternate certified the billing cycle being reviewed.

(4) The Level IV A/OPC shall select one or two transactions reviewed by the BO and request detail receipts along with all documentation to support the purchase be provided to the Level IV A/OPC by an established suspense timeframe. This process will assist the Level IV A/OPC to validate the Self Assessment Review.

8. CHALLENGES ACQUIRING CREDIT CARD FILES

a. Level IV A/OPCs experiencing problems with obtaining files for reviews may consider one or more of the following:

(1) Contact the BO's supervisor if the BO has missed at least two scheduled appointment times to review files. Establish a suspense date with the supervisor to have the BO provide the requested files to the reviewer. Send an e-mail to the BO's supervisor documenting the suspense date to obtain the credit card files.

(2) If the BO and the BO's supervisor miss the suspense date the Level IV A/OPC should notify the BO's supervisor's Commander/Director through the DOC that if the files are not received within 5 working days the accounts will be suspended until the files are available for review.

(3) The Level IV A/OPC may consider conducting an on-site unannounced review when a BO misses at least one scheduled review appointments.

9. GPC Audit Checklists (See Attachments 1-4)

10. DRAFT RATINGS:

a. **Excellent** – Files, records, purchase log, and the GPC program exceeds program requirements and are clearly superior to established rules, guidelines and procedures.

b. **Good** – BO and CH performance in the areas of reconciliation of statement account, files, records, purchase log, and the program exceeds program requirements.

c. **Satisfactory** – Minimal infractions – Paying tax (cardholder received and accepted supply/service and merchant will not credit the tax). Certifying the billing statement IAW Army Standard.

d. **Unsatisfactory** – Lack of property accountability, splitting requirements, purchases of items/services without pre-approvals, lack of receipts, etc. Retrain BO and cardholders. Re-inspection within 90 – 120 days.

e. **Failure** – Infractions as listed above and card used by others, false statements, failure to file disputes and track disputes, etc. Suspension of credit card accounts. Possible disciplinary action.

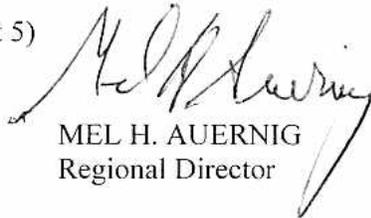
11. FORMAL WRITTEN REPORTS

a. Formal written reports on the results of a credit card file audit thru the Billing Official's Commander, Director and/or Supervisor to the Billing Official shall be completed for all offices.

b. Draft Formal Written Report (See Attachment 5)

Attachments:

1. BO Hands On Checklist
2. CH Hands On Checklist
3. BO Electronic Checklist
4. CH Electronic Checklist
5. Draft Formal Written Report


MEL H. AUERNIG
Regional Director

Activity:

Billing Official Hands-On Inspection

Date:

Billing Official(s) Names:

Names & Number of Cardholder(s):

Billing Cycles: _____ to _____

| Yes | No | Questions for Billing Officials | Comments/ Explanation of Deficiency | RATING |
|------------------------------------|----|--|-------------------------------------|----------|
| | | Does the Billing Official and alternate(s) have their appointment letter? | | 0, 5, 10 |
| | | Does the Billing Official and alternate(s) have the DAU certificate? | | 0, 5, 10 |
| | | Is the Billing Official within the span of control? If not, indicate reason and if a waiver has been granted. | | 0 or 5 |
| | | Has the Billing Official been timely with certifying the invoice since the last inspection? (5 days) | | 0, 5, 10 |
| | | Has the billing official appeared on the delinquency list since last inspection? If so, give the reason. | | 0 or 10 |
| | | Are the Billing Official and alternate(s) current with their training (refresher or initial)? | | 0, 5, 10 |
| | | Is the Billing Official maintaining all original files? | | 0 or 5 |
| | | Does the Billing official have a copy of their statement in the files for every cycle? | | 0, 5, 10 |
| | | Are the cardholders files in order and complete? (I.E. Approvals, Receipts, DD3161, Statements, etc) | | 0, 5, 10 |
| | | Has the Billing Official verified the cardholders are creating orders with line itemization in AXOL? | | 0, 5, 10 |
| | | Has the Billing Official notified AOPC or taken action against cardholders for inappropriate charges? Give explanation. | | 0, 5, 10 |
| | | Office limit to remain the same based on history? If NO, give adjustment. | | |
| COMMENTS: | | | | |
| Billing Official signature & date: | | INSPECTED BY: | | |
| | | Excellent (100-91) Good (90-81) Satisfactory (80-71) Unsatisfactory (70-51 - Requires a re-inspect within 90 - 120 days) Failure (50 & below) - Suspension | | |

Activity:

Cardholders Hands-On Inspection

Date:

| Names of Cardholders: | | | | |
|-----------------------|----|--|-------------------------------------|----------|
| YES | NO | Questions for Cardholders: | Comments/ Explanation of Deficiency | RATING |
| | | Do the cardholders have their appointment letters? If not, give names. | | 0, 5, 10 |
| | | Do all cardholders have their DAU certificate? If not, give names. | | 0, 5, 10 |
| | | Have the Cardholders approved all transactions and statement timely (3 days) in the AXOL system since last inspection? | | 0 or 5 |
| | | Have the cardholders created orders and matched in AXOL with line itemization? | | 0, 5, 10 |
| | | Have the cardholders given all original receipts, approvals, and paper statement to the Billing Official within 3 business days from the end of the cycle? | | 0 or 5 |
| | | Are the cardholders current with training (refresher or initial)? | | 0, 5, 10 |
| | | Have the cardholder(s) purchased items from other sources, which should have been purchased from the local JWOD store or Army Office BPA? If so, cch name. | | 0 - 5 |
| | | Has the cardholder obtained proper written approvals prior to purchasing certain items? (DOIM, DAPS, DOL, DPW) | | 0 - 5 |

| Activity: | | Cardholders Hands-On Inspection | Date: | |
|---|----|--|---|----------|
| YES | NO | Questions for Cardholders: | Comments/ Explanation of Deficiency | RATING |
| | | Property book receipts are attached to the purchase. Example: All computer equipment is required to be placed on property book. | | 0, 5, 10 |
| | | Have the cardholders split purchases to stay within their single dollar threshold? If so, cch, amount, vendor. | | 0, 5, 10 |
| | | Has the cardholder exceeded \$2,000.00 on construction service? If so, cch & amount. | | 0 or 5 |
| | | Was any Hazmat items purchased? If so, cch and item. | | 0 or 10 |
| | | Did the cardholder make any unauthorized purchases? If so, cch name, item bought, total amount to be repaid. | | |
| | | Cardholders 30 day limits reviewed and to remain same based on history? If NO, give cardholders and adjustments to be made. | | |
| | | Cardholders single purchase limits reviewed and to remain same based on history? If NO, give cardholders and adjustments to be made. | | |
| Billing Official Signature and Date: | | | Inspected by: Excellent (100-91) Good (90-81) Satisfactory (80-71) Unsatisfactory (70-51 - Requires a re-inspect within 90 - 120 days) Failure (50 & below) - Suspension | |

Activity: _____

Presidio of Monterey GPC Electronic Billing Official Inspection Date: _____

Billing Official(s) Names: _____

Names & Number of Cardholder(s): _____

Billing Cycles: _____ to _____

| Yes | No | Questions for Billing Officials | Comments/ Explanation of Deficiency | RATING |
|--|----|--|-------------------------------------|----------|
| | | Do the Billing Official (BO) and alternate(s) have their appointment letter? | | 0, 5, 10 |
| | | Do the BO and alternate(s) have the DAU certificate? | | 0, 5, 10 |
| | | Is the BO within the span of control? If not, indicate reason and if a waiver has been granted. | | 0, 5, 10 |
| | | Has the BO been timely with certifying the invoice since the last inspection? (5 days) | | 0, 5, 10 |
| | | Has the BO appeared on the delinquency list since last inspection? If so, give the reason. | | 0 or 10 |
| | | Are the BO and alternate(s) current with their training (refresher or initial)? | | 0, 5, 10 |
| | | Has an alternate BO been appointed? | | 0, 5, 10 |
| | | Does the BO review each of their cardholder's statements each month? | | 0, 5, 10 |
| | | Has the BO verified the cardholders are creating orders with line itemization in AXOL? | | 0, 5, 10 |
| | | Has the BO notified A/OPC or taken action against cardholders for inappropriate charges? Give explanation. | | 0, 5, 10 |
| | | Office Limit to remain the same based on history? If NO, give adjustment. | | |
| COMMENTS: | | | | |
| INSPECTED BY: _____ | | | | |
| Billing Official signature & date: _____ | | | | |
| Excellent (100-91) Good (90-81) Satisfactory (80-71) Unsatisfactory (70-51) - Requires a re-inspect within 90 days) Failure (50 & below) - Suspension | | | | |

Activity: Presidio of Monterey GPC Electronic Cardholders Inspection Date:

| YES | NO | Questions for Cardholders: | Comments/ Explanation of Deficiency | RATING |
|---------------|----|--|-------------------------------------|--------|
| | | Cardholders 30 day limits reviewed and to remain same based on history? If NO, give cardholders and adjustments to be made. | | |
| | | Cardholders single purchase limits reviewed and to remain same based on history? If NO, give cardholders and adjustments to be made. | | |
| | | Billing Official Signature and Date: | | |
| INSPECTED BY: | | | | |
| COMMENTS: | | | | |
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REPLY TO
ATTENTION OF

DEPARTMENT OF THE ARMY
MISSION AND INSTALLATION CONTRACTING COMMAND
MICC DOC – WEST PRESIDIO OF MONTEREY
BLDG 4385, SUITE 2204
400 GIGLING ROAD
SEASIDE, CA 93955-6771

CCMI-ARP

10 Mar 2009

MEMORANDUM THRU: Mr. John Doe, Director of _____
TO: Ms. Jane Deer

SUBJECT: Annual Government Purchase Card (GPC) Inspection

1. As required by Department of Army (DA) guidance and in accordance with (IAW) MICC DOC Standard Operating Procedure (SOP) DOC-006 (Revised 10 Mar 09), an annual inspection of your Government Purchase Card Program was conducted on 23 Feb 2009. The period of inspection: October, November and December 2008. The Billing Official (BO) is Ms. Jane Deer. Cardholders are Mr. Henry Dodge, Ms. Bea Hive, and Mr. John Porta.

2. At time of inspection, IAW SOP DOC-006, a rating of Unsatisfactory was given. The DOC will conduct an inspection on Ms. Deer's files within the next 90 days to ensure compliance with GPC laws and regulations. Compliance failure could result in termination or suspension of account.

3. Strengths:

a. Certifications: Ms. Deer certified in the on-line Access Online (AXOL) account within 5 business days after the end of the billing cycle IAW Army standards.

b. Proof of Purchase: All cardholders attached original detail receipts to files.

4. Weaknesses:

a. Apparent split purchase: Mr. John Porta purchased six computers on two separate transactions on 15 November 2008. The total cost of the computers was \$5,125.55. The cardholder's single purchase limit is \$2,500.00. Mr. Porta did not document the file on why six computer purchases were split. Ms. Deer did not document the file that she questioned Mr. Porta on the purchases of six computers exceeding his single purchase limit or if Mr. Porta placed the computer on property book.

b. Property Accountability: Mr. John Porta purchased six computers on two separate transactions on 15 November 2008. On 07 December 2008, the reviewer issued Ms. Deer a suspense of 21 December 08 to provide proof that the six computers were placed on property book. Ms. Deer provided documentation by 09 December 2008 that the six computers were placed on property book on 08 December 2008.

c. Hazardous Materials: Mr. Henry Dodge purchased four bottles of insect killer without pre-approval from the HAZMAT officer.

5. If you have any questions or comments about this inspection, please contact the reviewer Mr./Ms. _____, phone: _____

A/OPC Signature Block
For A/OPC signature