

SECTION

J

- PENALTIES FOR ABUSE/MISUSE
- "REVIEWS"
- "REVIEW" CHECKLIST
- LIST OF DEFICIENCIES

ETHICS, CONFLICT OF INTEREST AND THE PROCUREMENT INTEGRITY ACT

Cardholders and Billing Officials are also Procurement Officials therefore you are required to function in accordance with the Procurement Integrity Act. SJA POC will provide you more detailed instructions on the Act, however, these are the basics:

As a Procurement Official you are legally authorized to commit Government funds and act on behalf of the Government in the acquisition process. You **MUST** make sure that your actions are not compromising and do not have the appearance of a conflict of interest. Therefore, during the acquisition process (which is the identification of the need through the final payment of statements) you must refrain from:

- Discussing employment for yourself or any family member
- Accepting gratuities –It is the policy of the DOC that **no** gratuities be accepted. However, legally a cardholder can accept an item valued at \$20.00 or less.
- Avoid dealing with a company that you or a family member has an interest in.

Also remember that if your purchases have the potential of totaling more than \$100,000 per year, you will be required to provide SJA with a Financial Disclosure Statement. SJA will notify you if the statement is required and will also make arrangements to provide Ethics Training if you haven't received your annual training yet.

Contact SJA POC at (573)596-0626 if you have any questions concerning a conflict of interest or gratuity situation.

FRAUD, MISUSE AND NEGLIGENCE

MISUSE OR ABUSE OF THE CARD WILL BE CONSIDERED "AN ATTEMPT TO COMMIT FRAUD AGAINST THE GOVERNMENT". ALL Government employees and service members must stop the needless loss of taxpayer money by preventing fraud, as well as the conditions that lead to it. Fraud is normally committed by or with the help of DOD employees/service members. Potential problems and indicators of possible fraud are:

- Repetitive buys to the same commercial vendor.
- Lack of documentation to make the purchase.
- Purchase cards and account numbers are not safeguarded.
- Cardholders/Billing Official authorizing someone else to use the card.
- Inadequate oversight by Billing Officials.
- Unauthorized purchases.
- Payments made for items not received/ordered.
- Split purchases to avoid credit card limitations.
- Lack of accounting of nonexpendable or sensitive items.
- Cardholder's statement of account approved by someone other than the cardholder or Billing Official or Alternate.
- Cardholders returning merchandise to vendors for store credit vouchers instead of having credits issued back to the Government purchase card account.

Any instances of suspected fraud or abuse must be reported to the APC.

The cardholder shall be held personally liable to the Government for any non-Government transactions Under 18 U.S.C. **Misuse could result in a fine of not more than \$10,000 or imprisonment for not more than five years or both.**

The Billing Official is pecuniary liable for improper payments resulting from misuse/abuse of the Purchase Card in accordance with provisions of 31 U.S.C. The act of certifying the invoice (billing statement) for payment makes the Billing Official financially liable. Billing Officials are liable for an illegal, improper, or incorrect payment due to an inaccurate or misleading certification. If the Billing Official is unsure about certification, the Billing Official should contact the APC for guidance and/or assistance.



IMPAC VISA CREDIT CARD ACCOUNT REVIEW

Annual reviews of all accounts will be performed by the APC either face to face or by electronic methods. The Review will be scheduled with and for the Billing Officials' account; however, the cardholder will be asked to furnish backup documentation for purchases. Therefore, it is imperative that cardholders maintain a good paper trail for each transaction. Failure to provide adequate paper trail could result in suspension or termination of accounts. (See IMPAC Credit Card Program Checklist included at the end of this section).

As stated the Billing Official's account is "reviewed". *The presence of the billing official is mandatory at the "review"*. It is at the discretion of the Billing Official if the alternate billing official and cardholders attend the review. (Most billing officials do have the cardholders present to answer questions pertaining to particular purchases).

As a minimum, these reviews will address:

- Compliance with the formal GPC purchase and payment procedures.
- Validation of Spending Limits (Current bulk funding document and are the monthly spending limits justified and sufficient)
- Span of Control (Can it reasonably be expected that the Billing Official can complete a thorough review of all transactions and certify the invoice within five days of receipt.)
- Property Accountability. (Adequate procedures are in place for documentation of property book items subsequent to purchase.)

The items to be reviewed will be:

- Delegation of Authority letter issued to billing official, alternate billing official, and cardholders by the Directorate of Contracting.
- Bulk-funding document issued by Directorate of Resource Management
- Letter of Instruction from the billing official to each cardholder
- The cardholders' statements, billing officials' invoices, and the files for the last six-months' transactions/purchases

Upon completion of the review an out-briefing will be conducted with the Billing Official and cardholder(s). A written reviewing of findings will also be furnished to

the Billing Official and the Billing Official's Commander/Director within 5 days after completion of the review. When violations are noted during a review, the reviewer will provide guidance to the Billing Official and cardholder to avoid repeated deficiencies in the future.

Deficiencies are identified by category. Category I are those deficiencies that are in violation of Public Laws or the Federal Acquisition Regulation. Category II deficiencies are violations of IMPAC Policies and other regulations

Category I deficiencies are identified as:

- 1) Splitting requirement
- 2) Unauthorized/restricted buys
- 3) Single purchases exceeding \$2,500.00
- 4) Personal items
- 5) Failure to obtain funds prior to purchase (Bulk funding document)
- 6) Not ordering from mandatory sources

If a Category I violation is noted during a review, the following procedure will be adhered to:

FIRST OFFENSE:

- Refresher training,
- Individual training/counseling,
- Warning letter from APC

SECOND OFFENSE:

- Card suspension for at least 30 days
- Refresher training
- Individual training/counseling
- Formal letter of suspension of card privileges

THIRD OFFENSE:

- Card cancellation
- Formal letter of suspension/cancellation of card privileges
- Cardholder may no longer be a cardholder within the TRADOC Purchase Card Program.

Category II deficiencies are:

- 1) Charge for taxes
- 2) Partial or back ordered items except JWOD or GSA
- 3) Failure to obtain written authorization from process owners
- 4) Failure to document file when not buying from mandatory sources

- 5) Failure of the Billing Official to provide a "Letter of Instruction" to each cardholder
- 6) Failure to rotate vendors (This does not apply when making purchases from mandatory sources)
- 7) Failure to adhere to DRM's List of "Items That Cannot Be Ordered With Appropriated Funds."

(The above is not all-inclusive)

Repeated violations of Category II will be handled on a case-by-case basis. The consequences of repeated violations will be at the discretion of the IMPAC Agency Program Coordinator and may include sanctions outlined under Category I violations.

AUTHORITIES FOR FRAUDLENT/CRIMINAL VIOLATIONS:**CRIMINAL REMEDIES:**

False Claims	18 U.S.C.
False Statements	18 U.S.C.
Major Fraud Act	18 U.S.C.
Mail Fraud	18 U.S.C.
Wire Fraud	18 U.S.C.
Conspiracy to Defraud	18 U.S.C.
Conflicts of Interest	18 U.S.C.
Theft, Embezzlement	18 U.S.C.
Destruction of Public Money, Property Or Records	18 U.S.C.
Uniform Code of Military Justice	10 U.S.C.

CIVIL REMEDIES:

False Claims Act	31 U.S.C.
Program Fraud Civil Remedies Act	31 U.S.C.
Anti-Kickback Act	41 U.S.C.

ADMINISTRATIVE REMEDIES:

Suspension of employment without pay
Termination of employment.

The APC has the authority to suspend/cancel cardholder privileges in accordance with the above guidelines as deemed appropriate. The APC also has the authority to take other actions that may be appropriate under the specific circumstances, such as requiring advance approval of cardholder purchases by the Billing Official. The cardholder's supervisory chain of command has the authority and responsibility for taking any additional administrative or disciplinary actions against the cardholder.

IMPAC VISA CREDIT CARD REVIEW CHECKLIST

REVIEWER: _____

DATE: _____

BILLING OFFICIAL: _____

Type of Review:
Electronic _____ Face-to-Face _____

CARDHOLDERS: _____

Percentage of Cardholder
Transactions Reviewed: _____

Single Purchase Limit & Monthly Limits reviewed for each Cardholder _____
Total monthly limit for Billing Official reviewed _____

REFERENCES: Federal Acquisition Regulation (FAR), DoD Concept of Operations, Army Standing Operating Procedure for the Government Purchase Card, and FLW IMPAC Policy

STANDARDS: _____ areas/questions are considered
1" violations as identified in Section J of the FLW IMPAC Policy.

INSPECTION CRITERIA (GENERAL):	YES	NO	REMARKS
1. Does the organization have a current bulk-funding document issued by Directorate of Resource Management? (FLW IMPAC Policy, Sec A)			
2. Has the organization prepared "Internal Control Procedures"? (FLW IMPAC Policy, Sec G)			
3. Separation of Duties. Is Cardholder or Billing Official a Property Book Officer? (FLW IMPAC Policy, Sec A)			
4. Is a Cardholder who is also a Hand Receipt Holder making official purchases for themselves? If yes, has the appropriate waiver process been accomplished? (FLW IMPAC Policy, Sec A)			
5. Are files/records in an organized manner for ease in tracking billings with purchases? (FLW IMPAC Policy, Sec G)			
6. Have Billing Official and Cardholders received Mandatory Initial and Refresher Training and completed the DoD Purchase Card Tutorial? (FLW IMPAC Policy, Sec A)			
7. Has Billing Official and Cardholders taken the "On-Line Procurement Ethics Training"? (FLW IMPAC Policy, Sec A)			
8. Has Billing Official verified that all Cardholders have followed established procedures and processed appropriate paperwork through the Property Book Officer for Non-Expendable Items? (FLW IMPAC Policy, Sec G)			
9. Does Billing Official have an Alternate Billing Official? (FLW IMPAC Policy, Sec A)			
10. Is the Billing Official a subordinate of a Cardholder? (FLW IMPAC Policy, Sec A)			
11. Do the Billing Official and Cardholders process statements/invoice within the five (5) day timeframe? (FLW IMPAC Policy, Sec G)			
INSPECTION CRITERIA (BILLING OFFICIAL):	YES	NO	REMARKS
1. Does the Billing Official have a Letter of Appointment which designates him/her as a Billing Official? (FLW IMPAC Policy, Sec A)			
2. Has Billing Official prepared a Letter of Instruction for each Cardholder? (FLW IMPAC Policy, Sec G)			
3. Does the Billing Official review each of their Cardholders' statements each month? (FLW IMPAC Policy, Sec G)			
4. Does the Billing Official promptly notify the A/OPC when the Cardholder departs, retires, or otherwise no longer needs a card? (FLW IMPAC Policy, Sec G)			
5. Has the Billing Official notified the A/OPC of any lost/stolen cards within five (5) business days of the loss/theft? (FLW IMPAC Policy, Sec G)			
6. Has the Billing Official notified the A/OPC of any Cardholder account procedures violations discovered? (FLW IMPAC Policy, Sec G)			
7. Does the Billing Official coordinate with Resource Management to establish initial funding for new Cardholder accounts? (FLW IMPAC Policy, Sec A)			
8. Does the Billing Official maintain original supporting documentation for closed Cardholder accounts? (FLW IMPAC Policy, Sec G)			
9. Has the Billing Official been formally appointed as a Certifying Officer? (FLW IMPAC Policy, Sec A)			
10. Did the Billing Official comply with procedures covering deployment of Cardholders? (FLW IMPAC Policy, Sec G)			
11. Has an adequate Cardholder/Billing Official ratio been maintained? (FLW IMPAC Policy, Sec A)			

12. Does each Cardholder have a continuing need for the Government Purchase Card? (Used at least 5 times in the past 6 month period) (FLW IMPAC Policy, Sec G)			
13. Does the Billing Official ensure Cardholders are properly utilizing the electronic transaction log? (FLW IMPAC Policy, Sec G)			
INSPECTION CRITERIA (CARDHOLDER):	YES	NO	REMARKS
1.Does the Cardholder have a letter delegating specified procurement authority from the Chief of the Contracting Office or his authorized representative? (FLW IMPAC Policy, Sec A)			
2.Does the Cardholder know and comply with their monthly spending limits? (FLW IMPAC Policy, Sec C)			
3. Are all purchases entered in the CARE Electronic Transaction Log? (FLW IMPAC Policy, Sec C)			
4. Are the Cardholders' monthly spending limits justified by their buying activity? (FLW IMPAC Policy, Sec C)			
5.Are all MAT Codes assigned to Cardholders accounts reflective of the organization's needs? (FLW IMPAC Policy, Sec C)			
6. Were any unauthorized purchases made by the Cardholder? (Section C of IMPAC Policy "ABSOLUTE RESTRICTIONS" AND "OTHER RESTRICTIONS".) If answer is yes, describe in "Comments" at the end of this review. (FLW IMPAC Policy, Sec C)			
7. Did the Cardholder allow his/her card or account number to be used by other individuals? (FLW IMPAC Policy, Sec C)			
8. Did Cardholder comply with requirements to purchase items from Mandatory Sources? (FLW IMPAC Policy, Sec C)			
9.Was the Confirm and Pay System utilized? (FLW IMPAC Policy, Sec C)			
10.Does the Cardholder maintain supporting documentation for each transaction? (This should include initiating document, sales ship/charge slip, delivery ticket, invoice) (FLW IMPAC Policy, Sec C)			
11.Does Cardholder follow procedures for disputing transactions? (FLW IMPAC Policy, Sec C)			
COMMENTS:			