



## Purchase Card Transactions



- Request merchants do **not charge sales tax** unless business is in location that does not have tax exempt status
- Remind merchant that Purchase Card account is **not billed until after** material has been shipped
- Avoid **back ordering** or **delivering partial** quantities



Whether a purchase is made over-the-counter, the-phone or the internet, the following practices apply:

First, request that merchants do not charge sales tax, unless the merchant's business is in a state that does not afford the federal government a tax-exempt status under its state and local laws.

Second, remind the merchant that your Purchase Card account is not to be billed until after the material is shipped.

Next, avoid back ordering or delivering partial quantities.

If an item is back ordered or a partial quantity accepted, the merchant must agree to only bill for the actual quantity shipped.



## Purchase Card Transactions



- Items should be **delivered** or **picked up** within **same billing cycle** or follow **pay and confirm** procedures
- Ask merchant if a surcharge will be applied to the purchase
- Obtain a copy of the **itemized sales receipt** or **merchant invoice** supporting the Purchase Card transaction

Additionally, items should be delivered or picked up within the same billing cycle whenever possible. This makes reconciliation of the statement easier.

It is important to ask if the merchant will include a surcharge. Merchants that accept VISA have the option to pass on a surcharge fee to their customers who use credit cards.

If a merchant imposes a surcharge, the Cardholder may choose to consider another merchant that offers the same or similar item(s) to avoid paying that charge.

Cardholders must obtain documentation from merchants to support proof of purchase.

This may include a sales receipt or merchant invoice, which will be used to verify the transactions shown on your Purchase Card statement.

If you do not have transaction documentation, an explanation must be attached to your statement during the reconciliation process.



## Procurement Rules Summary

- The GCPC can only be used by the person to whom card was issued
- The GCPC can be used to make a purchase at or below the micro-purchase threshold or to make a contract payment above the micro-purchase threshold
- There must be a bona-fide government need
- Requirements must not be split to circumvent authorized limits
- Authority and limits to use the GCPC are provided in a Letter of Delegation or SF 1402

Let's review some of the procurement rules for using the Government Commercial Purchase Card.

The GCPC can only be used by the person to whom card was issued.

It can be used to make a purchase at or below the micro-purchase threshold or to make a contract payment above the micro-purchase threshold.

There must have a bona-fide government need for the purchase or payment.

Requirements cannot be split to circumvent authorized limits.

Authority and limits to use the GCPC are provided in a Letter of Delegation or SF 1402.



## Procurement Rules Summary



*...continued*

- Use the GCPC to make micro-purchases of supplies and services that are not available in the supply system
- Purchase items on the AbilityOne Procurement List from an AbilityOne participating non-profit agency if available within the timeframe required
- Use Federal Supply Schedule (FSS) contracts if the requirement can be met at a lower cost or faster delivery

Federal procurement policy also requires use of government sources prior to commercial sources if the requirement can be met for a lower cost or faster delivery.

Use the GCPC to make micro-purchases of supplies and services that are not available in the supply system.

Policy requires purchase of items on the AbilityOne Procurement List from an AbilityOne participating non-profit agency if available within the timeframe required.

Use Federal Supply Schedule (FSS) contracts if the requirement can be met at a lower cost or faster delivery.



## Procurement Rules Summary



*...continued*

- DON Directed Procurement Policy is to use automated purchasing systems (DOD EMALL, GSA Advantage, VA.gov) to ensure compliance with federal and DOD procurement and strategic sourcing requirements
- Strategic sources should be used for purchasing:
  - ❑ Office and incidental janitorial and sanitation supplies
  - ❑ Furniture
  - ❑ Wireless devices and services
  - ❑ Printing and duplication services

DON Directed Procurement Policy is to use automated purchasing systems (DOD EMALL, GSA Advantage, and VA.gov) to ensure compliance with federal and DOD procurement and strategic sourcing requirements.

Strategic sources should be used for purchasing office and incidental janitorial and sanitation supplies, wireless devices & services, furniture, and printing & duplication services.



## Knowledge Check



OCONUS CHs are required to use DOD EMALL or local ServMart when purchasing office or incidental janitorial and sanitation supplies.

True

False



Now that you are familiar with the procurement rules let's have a brief knowledge check before we move on to the financial management requirements.

True or False?

OCONUS Cardholders are required to use DOD EMALL or local ServMart when purchasing office or incidental janitorial and sanitation supplies.



# Knowledge Check



OCONUS CHs are required to use DOD EMALL or local ServMart when purchasing office or incidental janitorial and sanitation supplies.

True

False

This is **False**.

CONUS CHs, **NOT** OCONUS CHs are required to use DOD EMALL or ServMarts



The correct answer is False.

CONUS Cardholders NOT OCONUS Cardholders are required to use DOD EMALL or local ServMarts.



## Knowledge Check



CHs should instruct the merchant to bill an account immediately to speed the process even if the material will not ship until later.

- True
- False



Next question

Cardholders should instruct the merchant to bill an account immediately to speed the process even if the material will not ship until later.

True or False?



## Knowledge Check

CHs should instruct the merchant to bill an account immediately to speed the process even if the material will not ship until later.

True

False

This answer is also **False**.  
Cardholders should instruct the merchant **NOT** to bill until the order is shipped.



This answer is also false. Merchants should be told NOT to bill an account until after material has been shipped.



## Financial Management Requirements

- Funds Availability
- Advance Payments
- Foreign currency exchange rate fluctuations

Let's discuss Financial Management Requirements for making purchases.

In this section we will discuss funds availability, advance payments, and how to account for fluctuations in Foreign Currency Exchange rates.



## Funds Availability



- Cardholders should work with their Resource/Financial Managers (R/FMs) to ensure that funds are available for GCPC purchases



Before making a purchase, Cardholders should ensure that sufficient funds are available to cover the cost of the purchase.

Resource/Financial Managers (R/FMs) ensure that funds are available for GCPC purchases and are recorded into their respective accounting systems.

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# Advance Payments

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## Advance payments are prohibited!

**Exceptions:**

- ❑ Miscellaneous Payment for Training
- ❑ Post Office Box rentals
- ❑ Subscriptions for publications or services certified **absolutely necessary** for operational purposes

  
Training

  
P.O. Box Rental

  
Subscriptions

For the most part, advance payments are prohibited but there are some exceptions:

- Miscellaneous Payment for Training is an exception
- So are Post Office Box rentals
- And subscriptions for publications or electronic services that are certified as absolutely necessary for operational purposes by the Activity HA

These exceptions should be held to a minimum consistent with operational requirements.



## Foreign Currency Exchange Rate Fluctuations



- Obligations for overseas purchases are established at the congressionally directed Budget Exchange Rate (BER) and transactions are posted in the bank system using the Daily Exchange Rate (DER)
- The difference between the BER and the DER is accounted for using a line of accounting designated to handle daily changes in foreign currency exchange rates

Let's look at Foreign Currency Exchange Rate Fluctuations

Obligations for overseas purchases are posted at the congressionally established Budget Exchange Rate (BER) and transactions are posted in the bank system using the Daily Exchange Rate (DER).

The difference between the Budget Exchange Rate and the Daily Exchange Rate is accounted for using a line of accounting designated to handle daily changes in foreign currency exchange rates.



## Foreign Currency Exchange Rate Fluctuations

### Example of **Daily Exchange Rate** **Fluctuation**

	Purchase Date April 9, 2015	
Euro Purchase Price	€ 2,680	
Daily Exchange Rate (\$/€)	1.3029	
Dollar Purchase/Post Price	\$3,491.77	

Prudent Cardholders must take the fluctuation of the Daily Exchange Rate into account when making purchases close to their authorized limit to ensure that limit is not exceeded.

In the example shown here, a purchase is made on April 9th for 2,680 euros.

When converted to dollars based on that day's exchange rate the purchase was within the Cardholder's limit of \$3,500 US dollars.



## Foreign Currency Exchange Rate Fluctuations



### Example of **Daily Exchange Rate** Fluctuation

	Purchase Date April 9, 2015	Posting Date April 10, 2015
Euro Purchase Price	€ 2,680	€ 2,680
Daily Exchange Rate (\$/€)	1.3029	1.308
Dollar Purchase/Post Price	\$3,491.77	\$3,505.44

However, by the time the transaction was posted by the bank, the Daily Exchange Rate increased.

Using the increased exchange rate, the transaction posted to the bank's system at \$3,505 US Dollars, which exceeded the Cardholders purchase limit.



## Foreign Currency Exchange Rate Fluctuations

### Example of **Daily Exchange Rate Fluctuation**

	Purchase Date April 9, 2013	Posting Date April 10, 2013
Euro Purchase Price	€ 2,680	€ 2,680
Daily Exchange Rate (\$/€)	1.3029	1.308
Dollar Purchase/Post Price	\$3,491.77	\$3,505.44

**Bottom Line:**  
A prudent Cardholder must take the fluctuation of the Daily Exchange Rate into account to ensure they do not exceed their authorized limits!

The bottom line, a Cardholder must exercise caution when making an overseas purchase at or near their authorized purchase limit.



## Financial Management Summary



- Funding must be available prior to making a purchase
- Advance payments are prohibited except for Misc. Payment of Training, Post Office Box rentals, and subscriptions for publications or services which must have Activity HA approval
- **Fluctuation** of foreign currency exchange rates must be considered for overseas purchases

In summary, funding must be available prior to making a purchase, advance payments are prohibited except for Misc. Payment of Training, Post Office Box rentals and subscriptions for publications or electronic services which require Activity HA approval.

Lastly, we discussed the importance of taking into consideration fluctuations of foreign currency exchange rates to avoid exceeding the single purchase limit.



## Administrative Requirements



- A record of each purchase must be kept to perform a **reconciliation** of purchases **against the statement** provided by the bank. Records must be kept to provide an audit trail supporting the decision to use the GCPC and any required special approvals that were obtained



The last type of requirement we will talk about is administrative requirements.

A record of each purchase must be kept to perform a reconciliation of purchases against the statement provided by the bank.

Records are kept to provide an audit trail supporting the decision to use the GCPC and any required special approvals that were obtained.

The following slides describe the administrative requirements for purchase log, purchase documentation, retention of financial documents, and electronic storage of documentation and contingency operations.



## Maintain a Purchase Log



- The **Purchase Log** is used to maintain accurate and detailed records of all purchases made by the CH
- The log can be either electronic or manual
- The Purchase Log is used to verify purchases listed on the bank statement and document who received the items purchased
- The **Purchase Log must contain** the following:

The Purchase Log is used to maintain accurate and detailed records of all purchases made by the Cardholder.

The log can be generated either electronically or manually.

The purchase log is used to verify purchases listed on the bank statement and document who received items purchased.



## Maintain a Purchase Log

- The **Purchase Log** is used to maintain accurate and detailed records of all purchases made by the CH
- The log can be either electronic or manual
- The Purchase Log is used to verify purchases listed on the bank statement and document who received the items purchased
- The **Purchase Log must contain** the following:
  1. Requestor Name
  2. Item Description
  3. Order Date
  4. Merchant Name
  5. Purchase Amount
  6. Receipt Date
  7. Receiver's Name

Policy states that there are seven mandatory entries for the Purchase Log.

These entries are requestor name, item description, order date, the merchant name, purchase amount, receipt date, and the name of the individual who received the goods.



## Maintain a Purchase Log

It is recommended that the purchase log contain comments or applicable information regarding the purchase. Your command IOP may also have additional requirements.

### **Recommended additional information includes:**

1. Pay and Confirm (*paid but not received*)
2. Credit Received
3. Dispute Information
4. Required Sources Used (*with an indication as to why*)
5. Additional Info (*i.e., legal or professional advice*)

### **Maintain data by billing cycle for easier reconciliation**

In addition to the mandatory entries, it is recommended that the purchase log contain comments and any applicable information regarding the purchase.

Recommended information includes use of Pay and Confirm procedures (paid but not received), merchant credit received, dispute information, required sources used (with an indication as to why) and any additional information pertinent to the purchase (i.e., legal or professional advice).

You should be familiar with your Activity's IOP; there may be additional mandatory and optional requirements.

The purchase log should be maintained by billing cycle, not calendar month.

This will make it easier to reconcile your purchase log with the bank statement.



## Purchase Documentation

- Maintain **complete and accurate** documentation to support the integrity of the purchase
  - ❑ Approved Requirement Documentation
  - ❑ Sales Receipt/Merchant Invoice
  - ❑ Signed Proof of Delivery/Acceptance
  - ❑ Additional Documentation to Support Legality
- Documentation serves as an **audit trail** of proper Purchase Card use
- Use the documentation to **reconcile** the bank statement

It is a federal requirement that you must maintain complete and accurate documentation of all purchases.

Types of documentation that should be maintained are approved requirement documentation, merchant sales receipt/invoice, signed proof of delivery/acceptance and any additional documentation to support the legality of the purchase.

This documentation serves as an audit trail of proper Purchase Card use and lessens pecuniary liability.

In addition, the Cardholder will use the documentation to reconcile the bank statement prior to forwarding the statement and the documentation for the Certifying Officer to certify.



## Financial Document Retention



To support financial audits, the AO/CO should retain financial documents or designate a centralized location. Documents supporting the payment must be retained:

- ❑ 10 years, even if account is terminated
- ❑ Longer than specified above if in support of DON Financial Statement Audits

To support financial audits, the AO/CO should retain financial documents or designate a centralized location so that all program participants can have access.

Centralization reduces the possibility of lost or misplaced files should an individual leave the GCPC Program.

DOD Charge Card Policy and the DOD Financial Management Regulations (FMR) require original financial documents that support the payment of the certified bank invoice; this includes but is not limited to merchant invoices, dispute documentation, and receipts.

These need to be retained for a period of ten years.

Documentation must be retained even if an account is terminated.

Record retention officials should check with their local comptroller for any supplemental retention guidance before disposing of financial documents.



## Electronic Storage



- Electronic storage of documentation **is sufficient** to comply with record retention requirements when:
  - ❑ Adequate controls are in place to ensure the integrity of the original and digital image
  - ❑ Records are stored in a centrally managed location that has an established backup process
- If electronic storage is authorized by your Activity, the IOP shall include **procedures for converting** original documents to digital documents

Electronic storage of GCPC documentation is sufficient to comply with requirements for retention of financial documentation and is authorized to streamline internal or external oversight and audits.

Per the DOD Charge Card Guidebook, electronic record storage requires adequate controls to ensure that the integrity of the digital images accurately represent the corresponding original paper documentation.

Controls should also have the ability to detect changes to an original digital image.

Electronic storage must be in a centrally managed location with an established backup process.

To ensure integrity of digital images and original documentation, Commands and Activities that authorize scanning and storing of GCPC supporting documentation should document those controls in their IOP.



## Contingency Operations



- In the event of a **DOD declared contingency operation**, CCPMD will notify program participants via Purchase Card Administrative Notice (PCAN) of authority to **increase the micro-purchase threshold** for purchases directly supporting the contingency operation
- Purchases supporting contingency operations must be captured in the **bank's electronic purchase log**
- The A/OPC **must document action** increasing the CH authority

In the event of a DOD declared contingency operation,

CCPMD will use the Purchase Card Administrative Notice (PCAN) to notify program participants of any increase in the micro-purchase threshold for purchases directly supporting the contingency operation.

All Purchases must be captured in the bank's electronic purchase log.

Cardholder authority must be documented by the A/OPC if authorized to purchase at the increased micro-purchase threshold.



# Knowledge Check

Purchase documentation serves as an \_\_\_\_\_ of proper Purchase Card use.

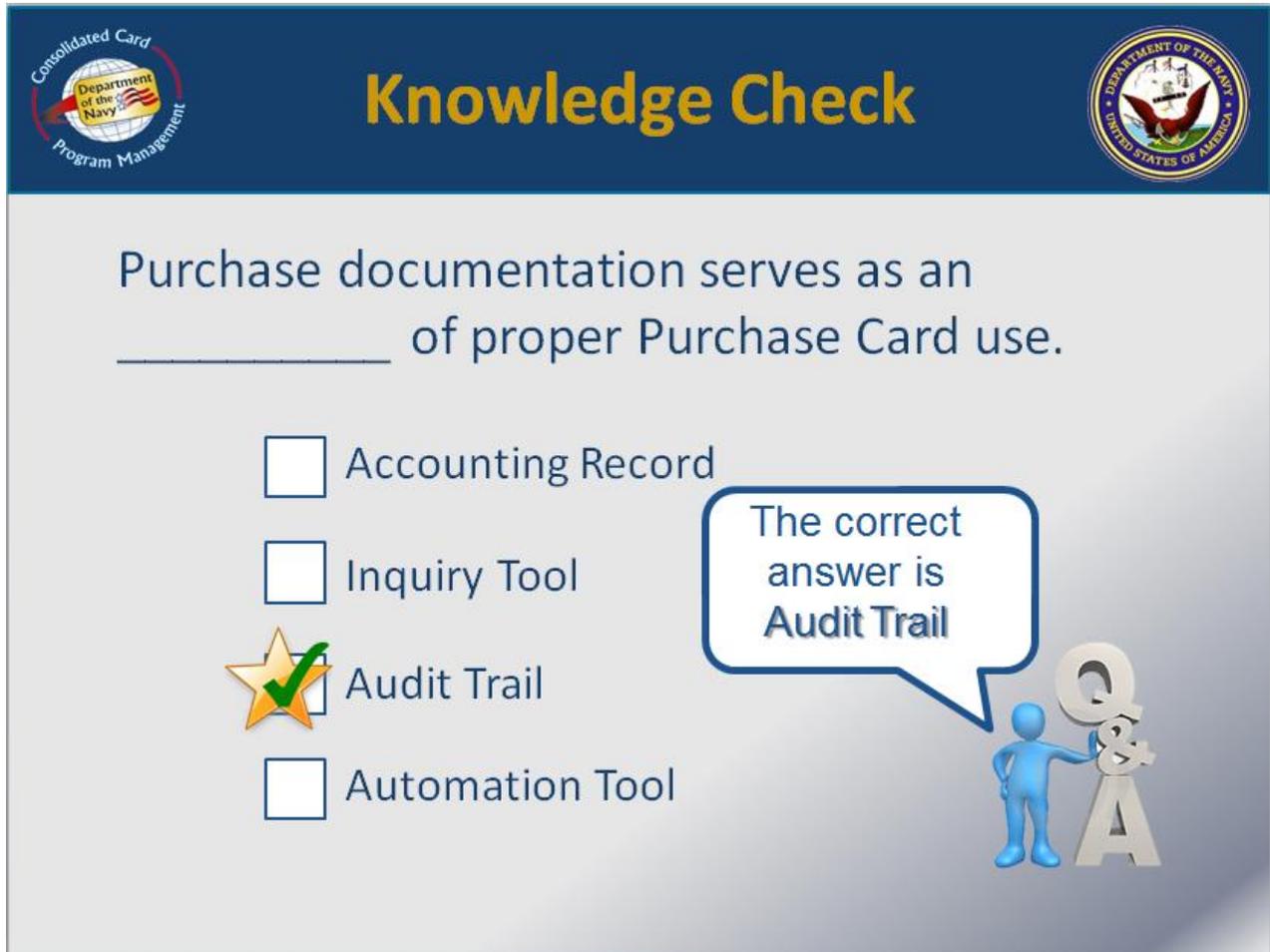
- Accounting Record
- Inquiry Tool
- Audit Trail
- Automation Tool



It's time for another knowledge check.

Here's your first question.

Purchase documentation serves as a {what?} of proper Purchase Card use.



**Knowledge Check**

Purchase documentation serves as an \_\_\_\_\_ of proper Purchase Card use.

- Accounting Record
- Inquiry Tool
- Audit Trail
- Automation Tool

The correct answer is Audit Trail



Yes, the correct answer is Audit Trail.

The purchase documentation serves as an audit trail of proper Purchase Card use.



## Knowledge Check

Financial documents supporting the payment should be retained:

- Six years and three months
- Ten years
- Even if account is terminated
- Longer than specified above if in support of DON Financial Statement Audits
- All of the above



Try this multiple choice question.

Financial documents supporting the payment should be retained for how long?

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# Knowledge Check

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UNITED STATES OF AMERICA

Financial documents supporting the payment shall be retained:

- Six years and three months
- Ten years
- Even if account is terminated
- Longer than specified above if in support of DON Financial Statement Audits
- All of the above

The correct answer is  
Ten Years

Q & A

The correct answer is ten years.

To support financial audits, the AO/CO should retain financial documents or designate a centralized location for their retention.

Documents supporting the payment should be retained for at least ten years.



## Administrative Requirements Summary

- A **record of each purchase** must be kept to perform a reconciliation of purchases against the bank statement
- The **Purchase Log** is used to maintain accurate and detailed records of all purchases made by the CH. The log can be generated either electronically or manually
- The AO/CO retains financial documents or designates a centralized location. Financial documents must be retained for a **minimum of ten years**

Let's review the administrative requirements in using the Purchase Card.

A record of each purchase must be kept to perform a reconciliation of purchases against the bank statement.

The Purchase Log is used to maintain accurate and detailed records of all purchases made by the Cardholder.

The log can be generated either electronically or manually.

The AO/CO retains financial documents or designates a centralized storage location.

OASN (FM&C) requires financial documents be retained for a minimum of ten years.



## Administrative Requirements Summary



... continued

- If storing documents electronically, they must be stored in a **centrally located system** and **local controls** must be in place to maintain the integrity of the scanned document to the original
- CCPMD will notify program participants of DOD declared **contingency operations** and any **increase in the micro-purchase threshold**

Electronic documents must be stored in a centrally located system and local controls must be in place to maintain the integrity of the scanned document to the original.

The Activity IOP should include procedures for converting original documents to digital documents

Using a Purchase Card Administrative Notice (PCAN) CCPMD will notify program participants of a DOD declared contingency operation and any increase in the micro-purchase threshold.

These are the five primary administrative requirements of the Purchase Card program.



## Purchasing Internal Controls

- **Separation of function** prevents personal conflicts of interest and reduces fraud, waste, and abuse. Ideally, separate individuals should:
  - ❑ Initiate the requirement
  - ❑ Award the purchase action
  - ❑ Receive, inspect, and accept the supplies or services

With these Administrative Requirements in mind, let's discuss Purchasing Internal Controls.

Purchasing Internal Controls are procedures used to protect the integrity of the DON Purchase Card program.

These internal controls help to mitigate the risk of improper Purchase Card use and ensure compliance with policy.

A key purchasing internal control is Separation of Function. Activities must ensure a proper separation of function occurs for each Purchase Card transaction.

Acquisition regulations require controls be established at each Activity exercising procurement authority to ensure that there is a 3-way separation of function to prevent personal conflicts of interest and reduce fraud, waste and abuse.

A separate individual may perform only one of the following functions:

- Initiate the requirement
- Award the purchase action
- Receive, inspect and accept the supplies or services

Normally, this means a Cardholder should not request what needs to be purchased, complete the Purchase Card transaction, and receive items they purchased.



## Purchasing Internal Controls



- **Separation of function** is intended to prevent personal conflicts of interest and reduce fraud, waste and abuse. Ideally, separate individuals should:
- If circumstances preclude separate individuals from performing each function, one person may perform two functions. However, the individual responsible for the award of a contract or placement of an order cannot perform the receipt, inspection and acceptance function

If circumstances preclude separate individuals from performing each function, one person may perform two functions.

At a minimum, a two-way separation of function for all Purchase Card transactions must occur to protect the integrity of the procurement process.

However, the individual responsible for the award of a contract or placement of an order should not perform the receipt, inspection and acceptance function.

In instances where a Cardholder receives items they purchased, another employee must verify that the items delivered match what was ordered by signing the invoice, packing slip, or other documentation indicating what was purchased.

Procedures to ensure separation of function should be addressed in the Activity IOP.



## Reviewing Requirements



- **Requirement initiation** is the first and most important step of the purchasing process:
  - ❑ Determine what is needed
  - ❑ When it is needed
  - ❑ Ensure requirement cannot be met using current inventories or the supply system

Another key purchasing internal control is reviewing the requirements.

Requirement initiation is the first and most important step of the purchasing process.

It involves determining what is needed, when it is needed, and ensuring the requirement cannot be met using current inventories or the supply system.



## Reviewing Requirements



- **Requirement initiation** is the first and most important step of the purchasing process:
  - ❑ Determine what is needed
  - ❑ When it is needed
  - ❑ Ensure requirement cannot be met using current inventories or the supply system
- Requirement should be approved by a **person of authority** prior to purchase
  - ❑ Cardholders should contact the originator for additional clarification when needed

The requirement should be approved by a person of authority in the Activity prior to the purchase.

A person of authority is one who can authorize the purchase and validate the requirement is legitimate (i.e. Division Head).

It is appropriate to discuss requirements with the requirement originator especially if there are questions regarding the request.

For example; does it exceed the minimum need, is it available from a government source, or does it meet a legitimate government need.



## Reviewing Requirements



- Requirements for **non-commercial** items, with written Government terms and conditions, are not authorized for open market purchase using the GCPC and must be placed on a contract
- Requirements **cannot be split** to circumvent the micro-purchase threshold or a CH authorized threshold
- **Recurring requirements** for the same or similar supplies or services that exceed the micro-purchase threshold over a one year period must be forwarded to the local contracting office to establish a **Blanket Purchase Agreement (BPA)**

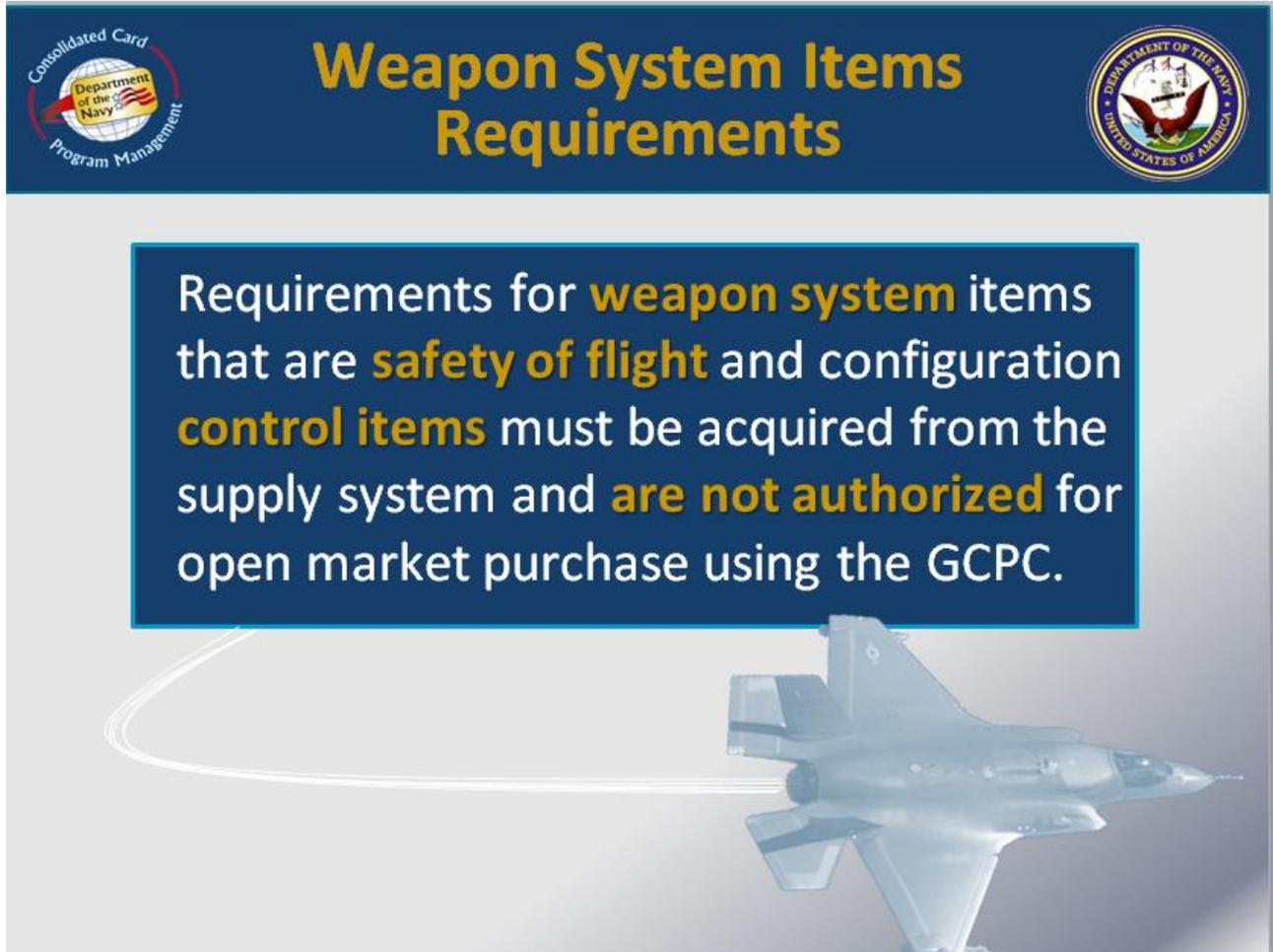
There are some additional considerations when processing a requirement.

Requirements for noncommercial items, with written Government terms and conditions, are not authorized for open market purchase using the GCPC and must be placed on a contract.

Requirements cannot be split to circumvent the micro-purchase threshold or a Cardholder authorized threshold. A Split Requirement is defined as the “intentional” breaking down of a known requirement into multiple purchases so that each is under an established acquisition threshold.

This is a violation of the Federal Acquisition Regulations and under no circumstance is it permissible. Intentionally splitting requirements is considered Purchase Card abuse.

Recurring requirements for the same or similar supplies or services that exceed the micro-purchase threshold over a one year period must be forwarded to the local contracting office to establish a Blanket Purchase Agreement (BPA) to meet future requirements.



The slide features a dark blue header with the title "Weapon System Items Requirements" in large yellow font. On the left is the "Consolidated Card Department of the Navy Program Management" logo, and on the right is the "Department of the Navy United States of America" seal. A central blue box contains white text with key terms in yellow. Below the box is a faint illustration of a fighter jet with a white smoke trail.

Requirements for **weapon system** items that are **safety of flight** and configuration **control items** must be acquired from the supply system and **are not authorized** for open market purchase using the GCPC.

There are some requirements that should not be met using the Purchase Card.

Requirements for weapon system items that are safety of flight and configuration control items; must be acquired from the supply system and are not authorized for open market purchase using the GCPC.

Examples would be e.g., critical application items, critical safety items, and items essential to end items or weapon system performance.



## Making the Purchase

- Purchases must be in accordance with Cardholder roles and responsibilities and purchase authority
- Purchases can be made using DOD EMALL, GSA Advantage, Servmart or commercial merchants
  - ❑ May use a third party merchant, (i.e. PayPal), only when a merchant with a charge card account is not available



After reviewing the requirement and ensuring funds are available, the Cardholder can make the purchase in accordance with their role and responsibilities and authority granted in their Letter of Delegation.

Cardholders may make purchases using DOD EMALL, GSA Advantage, Servmart, or commercial merchants via the internet, the phone, or over the counter.

They may use a third party merchant, (i.e. PayPal), only when there is no merchant with a charge card account to meet the requirement.



## Making the Purchase

- Purchases must be in accordance with Cardholder roles and responsibilities and purchase authority
- Purchases can be made using DOD EMALL, GSA Advantage, Servmart or commercial merchants
  - ❑ May use a third party merchant, (i.e. PayPal), only when a merchant with a charge card account is not available
- Obtain documentation from the merchant showing the item(s) purchased, the unit price, the total amount, date of transaction, shipping/handling and tax (if applicable)

Cardholders should obtain documentation from the merchant showing the item(s) purchased, the unit price, the total purchase amount, date of transaction, shipping/handling, and tax (if applicable).



## Delivery to Remote Locations

- Cardholders must contact their **Local Transportation Office** for shipping instructions when purchasing supplies to be delivered to deployed ships or remote overseas locations
- The Cardholder must then provide these **shipping instructions** to the merchant when making the purchase

Now let's look at Delivery to Remote Locations

Cardholders regularly purchase items that will be delivered to deployed ships or units.

These ships or units are often at remote overseas locations that are not supported by commercial shipping carriers and the Defense transportation system must be used to ensure delivery.

Cardholders must contact their local transportation office for shipping instructions when purchasing supplies to be delivered to deployed ships or remote locations.

The Cardholder must then provide these shipping instructions to the merchant when making the purchase.



# Receipt and Delivery



## Separation of Functions

1. Initiate the Requirement
2. Award the Purchase Action
3. Receive, Inspect and Accept the Supplies or Services

Receipt and delivery is the third component in separation of function.



## Receipt and Delivery

- An individual other than the CH shall document receipt/delivery of items or services and submit it to the CH
- **Proof of receipt/delivery should include:**
  - ❑ Date items received
  - ❑ Description of items received
  - ❑ Printed name of person recording delivery
  - ❑ Signature of person verifying delivery
  - ❑ Electronic alternative permissible
  - ❑ Telephone number of person recording delivery
  - ❑ Office designator or address of receiving official

It is important for Cardholders to document proper receipt and delivery of purchased items.

The Cardholder does this by requiring independent verification of all items they purchase.

Independent verification must include:

- Date the items were received
- Description of items received
- Printed name of person recording delivery
- Signature of the person verifying delivery (an or electronic alternative)
- Telephone number of person recording delivery
- Office designator or address of the receiving official

This information may be annotated on the sales invoice, packing slip, or other document available.



## Purchasing Internal Controls Summary



- Separation of function is intended to prevent personal conflicts of interest and reduces fraud, waste and abuse
- Ideally, separate individuals should initiate the requirement, award the purchase action, and receive, inspect and accept the supplies or services
  - If circumstances preclude separate individuals from performing each function, one person may perform two functions

**The same person may never place an order and receive the supplies or services.**

Let's look at a summary of the internal controls.

Separation of function is intended to prevent personal conflicts of interest and reduces fraud, waste and abuse.

Ideally, separate individuals should initiate the requirement, award the purchase action and receive, inspect and accept the supplies or services.

If circumstances preclude separate individuals from performing each function, one person may perform two functions.

However, the same person may never place an order and receive the supplies or services.



## Purchasing Internal Controls Summary



- Requirement initiation is the first and most important step in making a purchase
- Purchases are made in accordance with Cardholder roles and responsibilities and authority
- An individual other than the Cardholder should document receipt/delivery of items

Continuing with the summary of purchasing internal controls, requirement initiation is the first and most important step in making a purchase and should be approved by a person of authority in the Activity prior to purchase

Purchases are made in accordance with Cardholder roles and responsibilities and authority.

An individual other than the Cardholder should document receipt/delivery of items or services provided and submit a record of receipt/delivery to the Cardholder.

This concludes Module 2 Part 2.

Please return to the main menu and continue with Module 2 Part 3.