11-2. Internal Management Controls

a. Management officials are responsible for establishing a system of internal controls that provides reasonable assurance that the GPC program is efficiently, effectively, and legally achieving its purpose and complies with applicable laws and regulations.

b. Required internal management controls include the following:

1) **Management Controls**. GPC programs will evaluate the expected benefits and related costs of internal control activities.

2) **Training**. All GPC program participants will receive appropriate role-based training.

3) **Delegation of Authority**. GPC programs will clearly document Delegations of Procurement Authority beginning with a DFARS-designated Contracting Activity (DFARS PGI 202.101) down to each CH. Each program participant will receive and sign the delegation and appointment documents (e.g., Delegation of Procurement Authority letters, appointment letters, and DD Form 577) required for their role.

4) **System Functional Responsibility Controls**. Electronic systems used to support the DoD GPC program will segregate role-based capabilities and limit access to functions to only individuals with appropriate authority. The system will be able to identify who made any data/file content changes in the end-to-end GPC process.

5) **System Access Security**. Appropriate safeguards will be in place to control issuance of user IDs and access credentials to the EAS.

6) **CH Account Initiation**. Only personnel in the CH's supervisory chain are authorized to request the opening of a new CH account. This request must identify appropriate card parameters.

7) **Authorization Controls**. Appropriate spending limits, budget (i.e., credit) limits, and MCC access will be established and tailored to each CH account. Spending limits and MCC access should reflect historical buying patterns/ trends.

8) **Purchase Log**. All CHs maintain a purchase log on the servicing bank's EAS unless a waiver is granted and signed by Army. If a waiver is granted, CHs will document purchase information for each GPC transaction in an electronic log in the automated system where the individual card transactions and billing statements are approved and certified for payment.

9) **Maintain Positive System of Funds Control**. Spending limits (such as single purchase and credit limits) are tied directly to the funding allocated for each card account (monthly, quarterly, and semiannually). Limits should be consistent with historical spending patterns to minimize Government exposure and ensure adequate funds availability. This control helps ensure that funding is available prior to purchases being made with the GPC.

10) **Ensure Separation of Duties**. Key duties must be assigned to different individuals to the greatest extent possible to minimize the risk of loss to the Government. Examples of key duties include making purchases (CH), authorizing payments (BO), certifying funding (Resource Managers), and reviewing and auditing purchase activity (A/OPC).

11) **Span of Control**. To ensure GPC program participants have sufficient time to complete required

reviews, GPC programs will abide by established span of control limits.

12) **Reconcile and Approve the CH Statement**. During each billing cycle, CHs are required to match orders and reconcile the statement they receive from the issuing bank against the purchase card log in the bank's EAS.

13) **Reconcile and Certify the Managing Account Statement**. After the CH has approved the statement, the BO must approve or reject each purchase made by CHs in the BO's managing account. When the BO has reviewed each invoice, the BO, acting in the role of Certifying Officer, certifies the entire invoice as legal, proper, and correct. A/OPCs must track managing account certification after the end of the billing cycle.

14) **Exercise Dispute Authority**. Cardholders have 90 days from the date the transaction posted to the account to dispute the transaction, when needed.

15) **Maintain Authorization Controls**. A/OPCs must add the appropriate MCC filters to each CH account.

16) **Ensure Systems Access Security**. Appropriate safeguards must be in place to control issuance and safeguarding of access credentials to the EAS.

17) **Ensure Available Funding Integrity**. Certified LOAs must be traceable through disbursement. All changes to LOAs must be documented and certified.

18) **Ensure Invoice Integrity**. An electronic certification process ensures the original electronic invoice is traceable from the vendor through the certification and entitlement processes and retained in a Government record. Should the original invoice submitted by the contractor be in paper form, the Certifying Officer will determine if the invoice is proper for payment and affix his/her signature in accordance with the governing provisions of the DoD FMR. If appropriate, the Certifying Officer makes any required "pen and ink" changes on the original invoice to reallocate the payment to different funding lines from those reflected on the original invoice. The Certifying Officer determines whether these changes are proper and affix his/her signature with the standard certification language on the original paper invoice.

19) **System Administration Integrity/Data Exchange/Transaction Security**. Changes to the operating system environment will be documented in accordance with the DoD Information Assurance Certification and Accreditation (DIACAP) process.

20) **Transaction Data Integrity**. The original transaction/invoice will be maintained and cannot be altered.

21) **Data Mining**. Implement a data mining capability that reviews all GPC transactions.

22) **Inactive and Purged Accounts**. A/OPCs must perform an annual review of the ongoing need for existing card accounts. A/OPCs should terminate accounts with no activity for more than six months or document the need for the account to remain open. The servicing bank purges inactive accounts monthly, depending on the status of the account.

23) **Terminated, Voluntarily Closed, and Fraud Referral status**. Servicing bank purges the account after 13 months of inactivity.

24) **Open status**. Servicing bank purges the account after 21 months of inactivity.

Parent topic: <u>Chapter 11 - Management Controls and Program Oversight</u>