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MEMORANDUM FOR ASSISTANT SECRETARY OF THE ARMY,
(ACQUISITION, LOGISTICS AND TECHNOLOGY)
ASSISTANT SECRETARY OF THE NAVY
(RESEARCH, DEVELOPMENT AND ACQUISITION)
ASSISTANT SECRETARY OF THE AIR FORCE
(ACQUISITION)
DIRECTOR, DEFENSE AGENCIES

Subject: Purchase Card Policy on the Use of Convenience Checks

The purpose of this memorandum is to re-emphasize Department policy governing the use of convenience checks. A recent audit conducted by the Department of Defense Inspector General's (DoDIG) office (reference D-2005-055 dated May 3, 2005) found that convenience check accounts under the purchase card program were not properly established or monitored. Convenience check account holders must comply with the policy provided in the DoD Guidebook, Appendix A, and the DoD Financial Management Regulation (Volume 5, Chapter 2, Section 0210).

If it is determined that a need exists to establish a convenience check account, an appointment letter for the underlying purchase card account must be issued. In accordance with the Federal Acquisition Regulation (FAR) 1.603-3(b), all individuals delegated micro-purchasing authority, including convenience check account holders, must be appointed in writing. This appointment letter should state specific duties of the check writer, any limitations on the scope of authority (including dollar limitations), and an acknowledgement of check writer duties and responsibilities. Agency/Organization Program Coordinators (A/OPCs) need to validate that all convenience check holders have appointment letters and that they contain the necessary information.

Once the convenience check account is established, controls must be in place to ensure proper use. As a minimum, these controls should include the following:

- Before any convenience check is issued, every effort should be made to use the purchase card to make necessary purchases. Maximum effort should be made to find and use vendors that accept the purchase card as the primary payment vehicle.
- With the exception of contingencies, convenience checks should not be written over the $2,500 limit prescribed in the DoD FMR.

- Convenience checks should not to be used to split payments to avoid exceeding the authorized limit.
- Convenience checks should not be used for recurring payments.

Although the DoD Program Management Office performs a semi-annual analysis of convenience checks, A/OPCs should take a more proactive approach to monitoring convenience check use. Both card issuing banks have developed additional convenience check reporting mechanisms that should help the A/OPCs in accomplishing this objective. When a potentially inappropriate transaction is identified, the A/OPC should promptly research the transaction and take appropriate action to correct the improper use of the convenience checks.

Any questions regarding this memorandum should be directed to Mr. Daniel Carro at 703-681-3417.

for LeAntha D. Sumpter
Director
Purchase Card Joint Program Management Office