



REPLY TO  
ATTENTION OF

**DEPARTMENT OF THE ARMY**  
OFFICE OF THE ASSISTANT SECRETARY OF THE ARMY  
ACQUISITION LOGISTICS AND TECHNOLOGY  
103 ARMY PENTAGON  
WASHINGTON DC 20310-0103

05 JUN 2002

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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)  
DIRECTORS, DEFENSE AGENCIES

SUBJECT: Cardholder to Approving Official Span of Control – Purchase Card  
Program

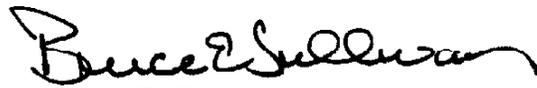
Last July I provided written guidance that responded to a growing concern over the appropriate span of control of cardholders to approving officials in the purchase card program. At that time, I provided a general rule of thumb that called for no more than 7 cardholders reporting to an approving official. The approving officials must be given adequate time so they can perform a complete review of the monthly billing statements within five days of receipt. This means that the approving officials should have no more statements and/or transactions than they can reasonably be expected to review. The review is to determine that each charge is legal and proper. The Under Secretaries of Defense (Comptroller) and (Acquisition, Logistics, and Technology), along with the Director of Defense Procurement, have since issued additional guidance on this issue, directing the Service Secretaries and Directors of Defense Agencies to proactively address the problem.

Earlier this year I requested both of our card issuing banks to generate a report that identified approving officials that had over 7 cardholders assigned to them. At that time I provided the report to your Agency Program Coordinators and requested them to take appropriate actions to ensure compliance with the policy. I advised them that I would request another review within 2 months.

I have now received a second report and I continue to find accounts significantly over the department policy. Therefore, on June 25, 2002, I will commence suspending all billing accounts that have more than 50 cardholders assigned to an approving official. If an adequate justification, detailing how the approving official can perform an adequate review of his/her cardholder purchases, is received we will not suspend the account. On July 16, 2002, I will commence suspending all billing accounts that have

more than 20 cardholders assigned to an approving official. If an adequate justification, detailing how the approving official can perform an adequate review of his/her cardholder purchases, is received we will not suspend the account.

In addition to the above actions, you should internally examine billing accounts that have 7 to 20 cardholders to an approving official with the expectation that these accounts will also be reorganized to be within department policy. Justifications from this suspension policy are to be forwarded through your office to the PCPMO.



Bruce E. Sullivan  
Director, Purchase Card Joint  
Program Management Office

Enclosure

CF:

Under Secretary of Defense (Acquisition & Technology)  
Under Secretary of Defense (Comptroller)  
Inspector General, Department of Defense  
Assistant Secretary of the Army (Financial Management & Comptroller)  
Assistant Secretary of the Air Force (Financial Management & Comptroller)  
Assistant Secretary of the Navy (Financial Management & Comptroller)  
Director, Defense Finance and Accounting Office  
Directors, DOD Field Activities