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In Reply Refer To:  
1512 (BC-620) P

April 16, 2003

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Instruction Memorandum No. BC-2003-034  
Expires: 09/30/2004

To: All Washington Office and Field Officials  
Attn: Agency/Organization Program Coordinators (A/OPCs) and State/Center  
Procurement Analysts

From: Director, National Business Center

Subject: Reducing the Number of Employees with Access to the Charge Card Purchase  
Business Line and Convenience Checks

DD: May 16, 2003

Program Area: Charge Card Management

Purpose: This Instruction Memorandum (IM) establishes procedures to reduce the number of Bureau of Land Management (BLM) cardholders who have access to the Government-sponsored/contractor-issued charge card purchase business line and convenience checks.

Policy/Action: The BLM National Business Center, Division of Accounting Operations (BC-620), will provide purchasing and convenience check transaction information by e-mail in MicroSoft Excel format to all State, Center, and Washington Office (WO) integrated charge card lead Agency/Organization Program Coordinators (A/OPCs) immediately following issuance of this IM. The information provided will be a single file with five tabs containing the following information.

- A list of warranted purchase cardholders and the number of purchase transactions each cardholder made during FY (Fiscal Year) 2002.
- A list of non-warranted purchase cardholders and the number of purchase transactions each made during FY 2002.
- A list of convenience check writers and the number of checks each wrote in FY 2002.

- A list of purchase transactions for each cardholder, including all charge card and convenience check transactions.
- A list of convenience checks written by each check writer.

Unless adequate justification is provided by the States/Centers/WO to BC-620 by May 16, 2003, the following actions will be taken by BC-620:

- Any cardholder with access to the purchase business line who had 12 or fewer purchase transactions in FY 2002 will be moved to a travel-only option set; their charge card account will be cancelled if they were on a purchase-only option set.
- Convenience check access will be cancelled for any cardholder with 12 or fewer convenience check transactions in FY 2002.

Supervisors should review charge card purchase/convenience check transaction information using the criteria outlined in Attachment 1 and provide their responses to the individual designated in their organization to consolidate the response to this IM. The consolidated responses must be sent to BC-620 by the Deputy State Directors for Support Services, the National Center's Business Management Council representatives, or the WO Property, Acquisition, and Headquarter Services Group Manager.

The response should list any purchase cardholder or convenience check writer with 12 or fewer transactions for whom it is requested that authority not be withdrawn, and should include justifications for not withdrawing the authority. It is not adequate to simply state that an individual may need access to the authority at some time. The justification must show that the purchases being performed by the individual cannot be performed by another individual in the organization and that retaining purchase or convenience check authority is necessary for the successful accomplishment of the organization's mission. If an individual with 12 or fewer transactions is a warranted contracting officer, it is adequate justification to indicate this.

Although this IM requires organizations to look only at cardholders with 12 or fewer purchase transactions and convenience check transactions, you are also encouraged to look at cardholders with more transactions to determine if their purchasing could be performed by someone else in the organization.

BC-620 will review all responses and coordinate with the States, Centers, or WO on any individuals for whom it is felt that inadequate justifications were received.

BC-620 will do the following for any individual for whom no justifications were provided:

- Charge card accounts for purchase cardholders assigned to purchase-only option sets will be cancelled. This impacts accounts assigned to option sets 3720, 3721, 3722, and 3760.
- Charge card accounts for purchase cardholders assigned to purchase/travel option sets will be moved to travel-only options sets as indicated below, unless requested otherwise.

Proposed Changes for Purchase/Travel Option Sets									
<b>From</b>	3710	3711	3712	3713	3714	3716	3760	3761	3762
<b>To</b>	3730	3731	3731	3731	3731	3731	3730	3730	3730

- Convenience check authority will be cancelled.

Offices must ensure that check writers whose convenience check authority is cancelled, destroy all unused convenience checks and verify that all outstanding checks have cleared.

It is anticipated that we will repeat this process annually to ensure that only individuals needing and using charge card purchase and convenience check authority are assigned these authorities.

Timeframe: Please complete your review and submit your consolidated responses by May 16, 2003.

Budget Impact: No budget impacts are anticipated.

Background: Washington Office IM No. 2002-127, Reevaluation of Cardholder's Access to the Purchase Business Line/Convenience Checks and Review of Credit Limits, was issued on March 29, 2002. This IM attempted to reduce the number of purchase cardholders and convenience check writers based on a Department of the Interior (DOI) requirement to make adjustments to ensure that these authorities contribute to the efficient operation of the bureau. The DOI's review requirement was based on recommendations contained in a DOI Office of the Inspector General (OIG) report on the DOI's integrated charge card purchase business line.

States, Centers, and the WO were provided with extremely detailed transaction data and asked to make adjustments to authorities under the assumption that retaining purchasing or convenience check authority for cardholders with 12 or fewer transactions should be rare. However, the number of adjustments in authority were generally minimal; there were many instances where individuals who made no purchases or wrote no convenience checks during the previous fiscal year still retained those authorities after the exercise was complete.

A recent article in *Government Executive* magazine highlighted remarks by Angela Styles, Office of Management and Budget (OMB), Administrator for Federal Procurement Policy, who indicated that the number of purchase cards floating around the government is unacceptable. She stated, "If more than 25 percent of your employees have purchase cards, then there is clearly a problem." The article suggested that OMB was seriously considering establishing limits on the number of purchase cards an agency could have.

The percentage of BLM employees who are purchase cardholders is currently about 61 percent with individual State/Center percentages ranging from 8 percent to 93 percent. Attachment 2 shows the State, Center, and WO ratios of purchase cardholders to employees as of January 24, 2003, and also provides the number and percent of transactions for cardholders with 12 or fewer transactions. We have also provided, in Attachment 3, data related to convenience check usage to show convenience check writer data similar to the purchase cardholder data in Attachment 2.

There have been numerous high-profile instances governmentwide of charge card and convenience check misuse and fraud. OMB and the DOI OIG consider underutilized authority to be an unnecessary fraud risk.

Manual/Handbook Sections Affected: The BLM Manual Section 1512 is affected by this IM.

Coordination: This IM was coordinated with the Bureau's Business Management Council.

Contact: If you have any questions regarding this IM, please call your State/Center/WO lead A/OPC or Larry Keller, BC-620, at 303-236-9455.

Signed by:  
Thomas F. Boyd  
Director, National Business Center

Authenticated by:  
Babette Larson, Staff Assistant

### 3 Attachments

1. Criteria for Reviewing Access to the Purchase Business Line, Reviewing Access to Convenience Checks, and Submitting a Report to BC-620 (1 p)
2. Purchase Transaction Statistics for FY 2002 (1 p)
3. Convenience Check Transaction Statistics for FY 2002 (1 p)

**Distribution:**  
ST-150A, BLM Library

## **Criteria for Reviewing Access to the Purchase Business Line, Reviewing Access to Convenience Checks, and Submitting a Report to BC-620**

### **1. What do I need to review?**

Supervisors must review all cardholder accounts that have access to the purchase business line and convenience checks and that had 12 or fewer purchase and/or convenience check transactions in FY 2002 to determine if those accounts still need access to the authorities. All accounts that should be reviewed are shown on the files supplied by BC-620.

If a cardholder has access to a purchase/travel option set and you concur that their purchasing authority should be cancelled, you should verify that the travel-only option set that they will be moved to is appropriate. This information is provided in the body of this IM. If you feel that they should be moved to a different travel-only option set, that information should be included in your response to this IM.

You should notify all cardholders for which authority has been changed.

### **2. What criteria should I use to determine if a cardholder should have access to the purchase business line?**

When performing your review, you should determine if the purchasing done by a cardholder currently making 12 or fewer purchases with the charge card and/or convenience checks can be handled by another employee in the organization. You should look at the kind of purchases the individual is making and where they are making them. If most of the purchases are being made locally, it should be quite easy to have someone else in the office handle those purchases. You should strive to have the fewest possible cardholders with access to the purchase business line and convenience checks and the lowest possible credit limit possible while still being able to maintain an efficiently operating organization and allowing employees to accomplish their job responsibilities.

### **3. What do I need to report to BC-620?**

Consolidated State responses and the responses from the National Centers and the Washington Office should provide justifications for each individual for whom the organization is requesting that purchase or convenience check authority not be cancelled. The justification must show that the purchases (purchase card or convenience check) being performed by the individual cannot be performed by another individual in the organization and that retaining authority is necessary for successfully accomplishing the organization's mission.



## Purchase Transaction Statistics for FY 2002

State/Center/ Office	# of Purchase Cardholders (1)	Total Purchase Transactions	12 or Fewer Transactions in FY 2002				Employees	
			# of Cardholders	% of Purchase Cardholders	# of Transactions	% of Purchase Transactions	Total (2)	% of Employees w/ Purchase Authority
Alaska	488	12,935	232	47.54%	1,137	8.79%	801	61%
Arizona	484	18,307	158	32.64%	700	3.82%	599	81%
California	664	25,971	236	35.54%	1,151	4.43%	979	68%
Colorado	413	14,600	165	39.95%	790	5.41%	634	65%
Denver Natl. Centers	85	3,991	42	49.41%	124	3.11%	307	28% (3)
Eastern States	107	6,077	43	40.19%	253	4.16%	229	47%
Fire Center	237	9,908	79	33.33%	382	3.86%	338	70%
Idaho	642	20,642	266	41.43%	1,408	6.82%	774	83%
Montana	367	14,988	156	42.51%	790	5.27%	595	62%
Nevada	705	20,551	367	52.06%	1,655	8.05%	844	84%
New Mexico	444	15,456	199	44.82%	864	5.59%	795	56%
Oregon	1,056	47,660	485	45.93%	2,067	4.34%	2,088	51%
Training Center	77	2,229	36	46.75%	183	8.21%	83	93%
Utah	605	21,822	248	40.99%	1,165	5.34%	776	78%
Wyoming	206	11,713	69	33.50%	288	2.46%	745	28%
Washington Office	156	4,356	77	49.36%	304	6.98%	516	30%
<b>TOTAL</b>	6,736	251,206	2,858	42.43%	13,261	5.28%	11,103	61%

(1) The total number of purchase cardholders as of September 30, 2002.

(1) The total number of employees as of January 24, 2003.

(2) Percentages for the individual Denver National Centers: S&T – 38%, IRM – 24%, NBC – 20%, HR – 8%.

## Convenience Check Transaction Statistics for FY 2002

State/Center/Office	# of Convenience Check Writers (1)	Total # of Check Transactions	12 or Fewer Transactions in FY 2002			
			# of Check Writers	% of Check Writers	# of Transactions	% of Check Trans.
Alaska	129	622	115	89.15%	294	47.27%
Arizona	61	1,468	29	47.54%	96	6.54%
California	52	2,131	22	42.31%	58	2.72%
Colorado	59	1,781	26	44.07%	133	7.47%
National Centers	4	298	2	50.00%	4	1.34%
Eastern States	26	726	11	42.31%	37	5.10%
Fire Center	15	303	9	60.00%	13	4.29%
Idaho	121	2,195	78	64.46%	281	12.80%
Montana	56	1,672	27	48.21%	106	6.34%
Nevada	25	2,074	5	20.00%	15	0.72%
New Mexico	54	1,896	23	42.59%	47	2.48%
Oregon	109	5,028	45	41.28%	169	3.36%
Training Center	8	432	3	37.50%	16	3.70%
Utah	82	2,644	40	48.78%	151	5.71%
Wyoming	18	806	4	22.22%	29	3.60%
Washington Office	4	266	2	50.00%	10	3.76%
<b>TOTAL</b>	823	24,342	441	53.58%	1,459	5.99%

(1) The total number of convenience check writers as of October 10, 2002.