Desk Guide 5.01

SECTION ONE

Role Based Guides

Government Purchase Card Program

Revision Sheet

Release No.	Date	Revision Description
Rev. 5.01	10/30/12	See PCAN 10/30/12

Desk Guide Purpose and Format

This Desk Guide is presented in two sections. The first section, Role Based Guides, consists of separate role based executive summaries of DON Government Commercial Purchase Card (GCPC) program policy. Each of these summaries covers an introductory level of knowledge needed and tasks required to fulfill the responsibilities of each particular role. It is a "Cliff Notes" version tailored to your role.

The second section, Procedures to Implement Policy, is current DON policy which has been expanded to include current procedures in place and best practices to ensure compliance with policy. This section is essentially the NAVSUPINST 4200.99B policy with procedures inserted in the appropriate sections. Procedures are shown in a different and highlighted font, and they are not paragraph numbered.

Your role based section contains hyperlinks (highlighted in blue) to many source documents, training materials, forms and portions of the second section of the document to expand on the subject being discussed.

None of these products are intended to substitute your activity Internal Operating Procedures, which are mandated by DON policy.

The GCPC program is a complex program and the intent of the Desk Guide is simply to give you a reference on the tasks required of your program role, point you in the direction to find your answers and the minimum knowledge you need in order to be effective.

In the role based desk guides you will find blue highlighted hyperlinks that allow you to further drill down on a subject. To return to your original page, click on the previous view icon.

You can bring up this tool bar by pressing F8 or press Alt+Left Arrow.

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Head of Activity (HA)

Government Purchase Card Program

Department of the Navy

HEAD OF ACTIVITY

Overview

If you are a new Head of Acitivity, new to the Government Purchase Card Program (GCPC) or if your activity is in need of establishing a GCPC program this Desk Guide will walk you through the specific Head of Activity requirements you must meet to manage an effective program that supports your mission and helps you maintain a firm grip on a high risk program.

The GCPC is a risk-managed program – make no bones about it. This is a program that can instantly make the 5 o'clock headlines, has resulted in Congressional Inquiries, GAO audits and can get your boss airtime on C-Span. Personnel in your activity will utilize a Corporate Credit Card that has the speed and flexibility of the open market yet must be managed, by you, to ensure the use of this tool meets all applicable Procurement Laws, Federal Regulations, DoD and DON contracting and financial management requirements.

Despite the risks, this tool is an extremely efficient procurement means to instantly purchase your bread and butter requirements and when effectively managed it pays enormous dividends towards your mission. As part of the Commander centric approach, the GCPC is a Head of Activity program in which you're ultimately responsible for the correct interpretation of Law and regulations on many questionable purchases. This program has an ocean of gray areas and your personnel will need your help navigating it safely.

Like all other Head of Activity programs, you will have an agent to execute the responsibilities you delegate to them. Your A/OPC is your "go-to" person to run this program, keep your activity out of trouble, and most of all, to keep you informed of the health and open vulnerabilities of your program. Select the right person for this responsibility, someone that can spot trouble brewing – this is critical. Don't manage the program as just another administrative task to delegate – set the right climate and oversight. Regular involvement on your part can keep you from days of work with unions, HRO, the JAG, UCMJ actions, account suspensions, investigations and briefing your bosses.

Our purpose in CCPMD is to provide you and your staff, the guidance and tools to manage your GCPC program, to provide a framework for solid Internal Management Controls and to offer a road map to keep your program legal and effective. If not managed properly and not given Head of Activity oversight, this program can create problems and eat your lunch quickly. Stick with this guidance and use us to help you navigate the minefields.

ACTION
Review and become familiar with NAVSUPINST 4200.99B.
RESOURCES
Desk Guide Section Two **NAVSUPINST 4200.99B** **Head of Activity Top Ten Purchase Card Management Tips**

ROLES AND RESPONSIBILITITES OF YOUR APPOINTED PERSONNEL

Agency/Organization Program Coordinator (A/OPC)

The Head of Contracting Authority delegates contracting authority to you as the Head of Activity. You in turn will delegate this authority to your A/OPC for them to manage and operate the Purchase Card program.

There are three hierarchy levels (HL) of A/OPCs. HL3 is at the Major Command Level. HL4 is an Intermediary Level which can be used with large Commands and HL5 is at the activity level. It is highly recommended that a HL3 A/OPC be a full time position dedicated to the Purchase Card program.

A/OPCs manage the GCPC program on behalf of the Head of Activity at the organizational level they are assigned. The A/OPC is designated by the HA with a Letter of Delegation and is responsible for the day-to-day oversight and audit management of the program. One of their main responsibilities is to assist Cardholders in making purchases by providing sound and timely business advice.

Three elements to the A/OPC position that are important for you to consider as selection guidelines:

- Span of Control – keep in mind the number of Cardholders and number of transactions.
- The grade and job series associated with the position or the military rank.
- The knowledge and skills required for the individual to be successful in carrying out the duties and responsibilities associated with being an A/OPC.

Approving Official (AO)

The AO is the first line of defense against misuse, abuse and fraud. The AO is responsible for ensuring proper use of the purchase card through review of purchases and certification of monthly invoices for payment. The AO is the second set of eyes that reviews every single transaction for validity of purchase. The AO is also typically the direct line supervisor of the Cardholder which gives you some great oversight, supervision and means for accountability.

Part of your program policy options is to establish who approves purchase requisitions with the GCPC. This is usually your O&M money and someone in your activity already has authority to approve expenditures from your budget. Typically, a section head or supervisor has some budget authority which makes them great candidates for the AO role since they also have direct line supervision of potential CH nominees.

One other consideration to make is that you have to establish **Nomination Procedures** in your IOP. Who nominates who and how?

Three elements to the AO position that are important for you to consider are:

- Accountability – DON policy strongly encourages the appointed AO have direct line supervision of the CH.
- Purchase Authority – DON policy requires you to establish a GCPC Requisition Approval authority.
- Budget Management – You have an existing process which includes personnel with authority to execute your budget. How do your GCPC appointees fit in?

If you can link the individual with budget authority to approve GCPC purchase requests and have administrative supervision of the CH, you can align your GCPC program personnel with your existing activity budget authority and execution process.

Cardholder (CH)

The Cardholder is the individual who has been issued the GCPC and is authorized to make purchases. Cardholders must ensure that they are using their cards for official use only and that the information and data they provide to an AO/CO is accurate and complete. Cardholders must review the approved requirement and obtain any additional approvals as needed. Cardholders must follow DON GCPC policy. They ensure funds are available before they make the purchase and they must follow the specific limits according to their Letter of Delegation. The Cardholder instructs the merchant not to charge the GCPC until after the supplies are shipped and the CH must request the purchase be exempt from state sales tax.

It is the Cardholder's responsibility to ensure a complete review of their monthly bank statement. The Cardholder must reconcile their monthly bank statement against their purchase log and other documentation before their CO certifies it for payment. The CH should obtain proper documentation since they are accountable for erroneous payments that result from information/data they provide. The Cardholder must be aware of identity theft schemes and secure their card. They should encrypt any email that contains account information or numbers. They must immediately report a lost or stolen card to their A/OPC and the card issuing bank. The Cardholder must return their card to the A/OPC upon departure from the agency/organization.

ACTION
Establish Nomination Procedures in your IOP. Consider AO direct line supervision of CHs in your appointment of personnel Make careful selection of your A/OPC. Consider making HL3 hierarchy A/OPC a full time position.
RESOURCES
A/OPC skills and basic responsibilities **A/OPC GS-11 Position Description sample** **A/OPC GS-12 Position Description sample** **A/OPC GS-13 Position Description sample**

MANAGEMENT INTERNAL CONTROLS

The single most important requirement you have as an HA is to establish your activity's internal management controls. This takes form through an Internal Operating Procedure (IOP) which your A/OPC will develop. Get involved in the development of your IOP. The IOP must include procedures that are specific to your mission and activity. This is the mechanism in which you establish and issue your internal management controls. When the auditor shows up at your front door the first thing they want to see is your instructions on how you operate your program.

Your internal management controls should complement the following minimum mandated DON Management Controls outlined in **NAVSUPINST 4200.99B:**

Personnel Requirements – Military personnel, Federal Government Civil Service employees and Foreign Nationals can fill the major GCPC program roles in your activity as outlined in DON policy. In addition, you may also use contractor support services for administrative assistance. **Personnel Requirements have been established to ensure Pecuniary Liability can be imposed on program personnel as a Management Control.** Legal Status is everything when enforcing accountability – make sure you appoint personnel that are in the right status by meeting the program Personnel Requirements. Personnel Requirements – know what they are and ensure your appointed personnel meet these requirements.

Separation of Duties – **The major program roles (A/OPC, AO, CH) have been established primarily to avoid conflicts of interest and create a checks and balances structure**. Separation of Duties requirements also includes Resource/Financial Managers, Accountable Property Officers and Property Custodians. Closely follow DON policy on Separation of Duties. Take into consideration the personnel you appoint and be cognizant of the program roles and responsibilities and how they fit in to your activity's hierarchy.

Span of Control – **Span of Control in the purchase card program refers to the number of CHs an AO can reasonably supervise**. The integrity of the program rests at least partially on the AOs ability to review every monthly transaction of each CH managed. Although, there is a limit to the number of CH transactions that one AO can review per month, Span of Control ratios are required to ensure appropriate oversight of the program. Ensure Span of Control measures are adhered to and monitor this.

ACTION
Establish an Internal Operating Procedure/Review your existing IOP at least semi-annually Develop Activity specific internal management controls Ensure your program adheres to minimum mandated management controls/monitor monthly
RESOURCES
IOP Template **How to create an IOP training slides**

TRAINING

There is initial and recurring training (every 2 years) for all program personnel including Heads of Activity. In 2011 the Deputy Assistant Secretary of the Navy, Acquisition and Logistics Management (DASN A&LM) directed that Heads of Activities complete their training and report it as part of their semi-annual report. Training is a foot-stomper. **The program managers you appoint cannot begin their appointed duties until they complete their initial training**. Training consists of **Initial**, **Refresher** and **Ethics Training**. In addition, your A/OPC is required to provide local training on your IOP procedures. Status of training is reviewed during the **Monthly Review**.

ACTION
Complete Mandatory Head of Activity Course Periodically review the status of training for compliance of your GCPC program personnel Ensure your A/OPC provides local IOP training.
RESOURCES
DON PC Head of Activity Course

PROGRAM OVERSIGHT

There are various mechanisms for formal reviews and oversight of your GCPC program. Each review examines different aspects of your program from the Approving Official level up to the Office of Management and Budget (OMB). Having a solid understanding of how your program works is key to oversight.

Monthly Review – This an A/OPC level review of transactions to ensure effective purchasing and management controls. The review is completed with the use of a DON audit tool, specifically Program Audit Tool (PAT) which automatically highlights transactions of interest for the A/OPC to review. **This review also looks at training, delinquencies and effectiveness of Management Internal Controls**.

Quarterly Reviews – Your A/OPC reviews their entire CH listing against the command's official personnel roster and closes any CH accounts not verified by their personnel office.

Quarterly Briefing to HA – **It is recommended that you require quarterly briefings from your A/OPC regarding the status of your program**. Topics to consider for these briefings should, at a minimum, include the number of cards, spending patterns, delinquency issues, instances of misuse, abuse or fraud, corrective actions taken and results of Monthly Reviews/Semiannual Reviews.

OMB Reporting – Your A/OPC submits your program performance data to CCPMD for consolidation to an OMB report on a quarterly basis. This report is consolidated and briefed up the chain of command. **You want to glance at this before it leaves your activity**.

Semi Annual Review – **This is an aggregate review of the previous six month's Monthly Reviews which is performed by your A/OPC**. You will be briefed and the report

requires your concurrence prior to being forwarded through your Command up to CCPMD. The four major elements of this report are a Review of Transactions, an evaluation of Management Controls, a review of your IOP and a review of disciplinary actions.

External Audit Notification – Your A/OPC must notify CCPMD via your chain of command when an investigation or audit commences and ends including, findings and corrective actions.

ACTION
Establish Quarterly Briefings from your A/OPC Certify the Semi Annual Review Ensure CCPMD and your chain of command is notified of external audits or investigations Become involved in the Oversight of your GCPC program
RESOURCES
CCPMD PAT Website

APPOINTMENT OF AUTHORITY

After initial training, authority to perform primary program participant roles shall be documented in writing before assuming a GCPC program role and responsibility. This documentation takes form through written appointment of authority and notification of Pecuniary Liability.

Appointment of Authority is documented with the following:

Letter of Delegation or SF-1402, *Certificate of Appointment*

Letter of Appointment or SF-1402, *Certificate of Appointment*

Notification of Pecuniary Liability is documented with the following:

DD Form 577, *Appointment/Termination Record-Authorized Signature*

Once the nominations are approved, the following appointment documentation must be completed:

A/OPC Issued a Letter of Delegation (or SF-1402)

AO/CO Issued a Letter of Appointment (or SF-1402) and a DD Form 577

CH Issued a Letter of Delegation (or SF-1402) and a DD Form 577

The actual Authority to purchase on behalf of the government comes from the Contract Authority issued to the HA. The HA may then delegate the authority to appoint CHs to the A/OPC or issue the delegation directly to the CHs. In either case, CHs must receive this Delegation of Authority in order to make purchases on behalf of the Government. Because the AO also functions as a Certifying Official, they are appointed with a Letter of Appointment as opposed to a Letter of Delegation. Appointments delineate limits on types of purchases, purchase dollar limits and other restrictions.

Any Certifying Official or individual who provides information that an AO uses to certify a GCPC invoice is a Department Accountable Official (DAO). DAOs may incur pecuniary liability for illegal, improper, or incorrect payments resulting from the negligent provisions of information, data or services to Certifying Officials. DAOs are designated by a DD Form 577.

ACTION
Ensure you have Contracting Authority before delegating to your GCPC personnel Establish nomination procedures and outline in your IOP Ensure training is completed before appointing GCPC personnel Ensure appointment documentation is completed
RESOURCES
Appointment of Authority and Notification of Pecuniary Liability chart **Appointment Templates and Forms**

PURCHASE CARD BANK ACCOUNT MANAGEMENT

DoD and DON uses a commercial corporate credit card service to fit it's needs by establishing business rules to manage the Government Commercial Purchase Card program.

Types of Accounts

There are three types of accounts you can use for your program depending on your needs. The first is the traditional plastic credit card which constitutes the vast majority of DON accounts.

A second option is the use of cash advance checks, which are referred to as **Convenience Checks**, which draw from a credit card account. Convenience Checks carry additional risks which are not completely mitigated by internal management controls and should therefore be extremely limited in their use and provided additional scrutiny in the oversight of these accounts.

A third option is a **Contingency Account** which is simply a dormant account set up by your A/OPC, not typically used in daily operations but available for you to manage contingency funds when the requirement arises.

Account Controls

Your A/OPC performs the majority of account controls from setting up new accounts, establishing purchase limits, monitoring accounts and closing accounts as required.

Account Setup functions include establishing **Single Purchase Limits** and **Billing Cycle Limits**. These limits are reflected in the Appointment of Delegation or Authority Letters and are managed by the A/OPC through the bank on-line Card Management System. A valuable tool the A/OPC uses is to instantly change the single purchase limit of an account to $1 to disable an account without permanently closing it. This can be done for a variety of reasons one example being a contingency account.

One of the most effective controls we have is the use of **Merchant Category Codes** (MCC). An MCC is a four-digit number assigned to a vendor by the credit card company to classify the type of goods or services it provides. The servicing bank allows us to restrict the use of our accounts from any MCC we choose. CCPMD has created MCC restriction lists which are used as a default for all DON accounts. Your A/OPC has the option to create additional MCC restrictions. Level 3 A/OPCs have the authority to contact the bank and authorize a legitimate purchase blocked by the MCC restrictions. This is called **Forced Authorization**.

Personnel transfers and some activity host-tenant relationships can create situations which hinder accountability and internal management controls.

There are instances in which Commands whose business operations require issue of Purchase Cards to individuals not within their Command. DON outlines specific procedures to delineate oversight of the individual and their account. For the same reasons of accountability and management, Cardholder or Approving Official accounts cannot be transferred and need to be reconciled and closed to accommodate personnel moves. New accounts can then be created in the correct hierarchy. **Issuing Outside of Commands and Agencies**. **Transfer of Accounts**.

Because billing account cycles for Purchase Cards are 30 days, closing of accounts require that accounts become inactive (Set $1 purchase limit as an option) at least 30 days prior to closing. **Closing CH and AO Accounts**. Accounts not used more than 3 times within the last six months should also be closed. The handling of inactive accounts is outlined in **Inactive Accounts** and should be addressed in your IOP.

ACTION
Have a basic understanding of Account Management and Controls. Outline Inactive Account procedures in your IOP
RESOURCES
Bank Guidance / Documentation / Merchant Category Codes **Knowledge Nugget – How does a Forced Authorization Work?** **Knowledge Nugget – Convenience Checks & 1099 Tax Reporting Program**

RULES FOR USE OF THE PURCHASE CARD

Federal Acquisition Regulations are extremely complex and make every attempt to balance procurement efficiency with compliance on a multitude of legal requirements. Because the Government Commercial Purchase Card is a method of Simplified Acquisition it also follows complex rules of use. The tradeoff for your activity is a maximum level of procurement flexibility and speed.

Proper oversight of the Purchase Card program requires you to have a basic level of knowledge in the rules of use of the Purchase Card. The Purchase Card can be used to pay for micro-purchases of supplies or services or it can be used as a payment vehicle on government contracts. This is a simplistic explanation that omits a myriad of rule exceptions.

The basic principles are to ensure funds are executed for their appropriated intent, that they meet a “Necessary Expense Rule” and they meet statutory, contractual and policy requirements. Proper Use of the Purchase Card has an extensive set of rules, primarily driven by exception, which you must be familiar with. The current policy (NAVSUPINST 4200.99B), and the HA training give give you a detailed explanation on the rules for properly using the Purchase Card.

ACTION
Have a basic understanding of how the Government Purchase Card may or may not be used.
RESOURCES
Desk Guide Section Two **Necessary Expense Rule** **NAVSUPINST 4200.99B** **NAVSUPINST 4200.85D, Enclosure (2) – List of Prohibited and Special Attention Items for Simplified Acquisitions**

DISCIPLINARY ACTIONS

As the Head of Activity, you hold the ultimate responsibility for the program as well as the hammer to enforce accountability. Disciplinary Guidelines for the GCPC program do not differ from the general rules for imposing disciplinary action and are in line with these basic tenants:

Progressive Discipline

Disciplinary actions must have a progression in severity of penalties proportionate to the offense, frequency of the offense, level of responsibility of the individual committing the offense and expected outcome of the disciplinary action (corrective or penalizing). While the general rule of discipline is an equitable standard, discipline is seldom equal because offenses rarely have the same circumstances. The Head of Activity must balance the requirement to use a uniformed table of penalties with consideration for the circumstances in each offense. Disciplinary actions are typically taken at the first supervisory level and escalate up to a Head of Activity level depending on the severity of the disciplinary action.

Rules for administering discipline

Civilian Employees - Disciplinary actions for GCPC infractions of offenses are followed in the same manner as your local discipline administration procedures. Adhere to your Local Collective Bargaining Agreement, consult with your servicing Human Resources Office, and/or your local legal office if appropriate, and coordinate with your bargaining union representative. Dire Hire Foreign Nationals will have very different rules in which to enforce disciplinary measures and pecuniary liability.

Military Personnel – Military Personnel are subject to the Uniform Code of Military Justice.

Relationship to Security Clearances – When a Defense Criminal Investigative Organization or Department of Defense organizational element responsible for investigating potential misconduct involving the purchase card initiates an investigation into allegation of fraud, misuse, or abuse of authority regarding a purchase card, the Cardholder's Head of Activity or second-line supervisor, as appropriate, and security manager shall be notified. Whenever possible, this notification shall take place within 72 hours of the initiation.

ACTION
Notification of Security Manager within 72 hours of initiation of investigation.
RESOURCES
USD (P&R) Memo, "Government Charge Card Disciplinary Guide for Civilian Employees",21 Apr 2003 **USD (P&R) Memo, "Disciplinary Guidance for Misuse of Government Charge Cards by Military Personnel", 10 Jun 03** **"Douglas Factors" Douglas v. Veterans Administration, 5 MSPB 313 (1981)**

Agency / Organization Program Coordinator (A/OPC)

Government Purchase Card Program

Department of the Navy

Overview

Program Coordinator – this is the best way we can summarize your role as an A/OPC.

You are the "go-to" person for the Head of Activity and everyone appointed in the program. If you are a HL3 or HL4 A/OPC you have some experience in the program by now. If you are a HL5, it is possible you are brand new or fairly new to the program. The intent of this section of the Desk Guide is to give you a nickel tour of the big ticket items you must have a good command of, along with the minimum tasks you need to focus on. This is not an all inclusive manual for your specific function because your activity has unique requirements that we cannot address.

Your Head of Activity has appointed you to the A/OPC position because you have the right set of skills and corporate knowledge of your activity to manage a program that requires a good deal of oversight and direction on your part. Your authority is delegated to you from your HA and the expectation is that you will establish and run an effective program that is way ahead of the curve in keeping everyone out of trouble.

There are three hierarchy levels (HL) of A/OPCs. HL3 is at the Major Command Level. HL4 is an intermediary Level which can be used with large Commands and HL5 is at the activity level. It is highly recommended that a HL3 A/OPC be a full time position dedicated to the Purchase Card Program.

You will manage the GCPC program on behalf of the Head of Activity at the organizational level you are assigned. You will be designated by the HA with a Letter of Delegation and you will be responsible for the day-to-day oversight and audit management of the program. One of your main responsibilities is to assist Cardholders in making purchases by providing sound and timely business advice.

The basic foundation of **Management Internal Controls**, Training, Oversight, Program Management and guidance on operating a program within the confines of Law and regulations, is provided to you through DON policy and the tools we provide such as this Desk Guide.

This Desk Guide is an executive summary of the basics you need. Our purpose in CCPMD is to provide you and your staff, the guidance and tools to manage your GCPC program, to provide a framework for solid Internal Management Controls and to offer a road map to keep your program legal and effective. If not managed properly and not given your full attention, this program can create problems and eat your lunch quickly. Stick with this guidance and use us to help you navigate the minefields. Talk with your next higher level echelon A/OPC or our office often.

A/OPC BASIC RESPONSIBILITIES

These are your bread and butter responsibilities:

Agent for the HA – You have been appointed as the Program Coordinator by the HA. This means that you carry the weight of the authority delegated to you by the HA to accomplish your program goals. This is a leadership role. In addition, you are also an agent of the Government entrusted with stewardship of tax dollars, proper use of funds as appropriated by Congress and responsible to ensure effective Management Internal Controls are established and used.

Your biggest ticket item as an agent for the HA is to develop **Internal Operating Procedures (IOP)** for your activity. In essence, these are your customized procedures for your unique mission requirements. DON policy requires that you address various procedures in your IOP. You are also required to provide in-house training to all program appointees on your IOP and in addition, the IOP must be reviewed periodically as part of your program oversight.

. The HA has the option to delegate to you the authority to make appointments of program personnel within your hierarchy. Three reasons why appointments of program personnel are important is first, DON policy requires your activity to establish a procedure for **Nomination, appointment and replacement of program participants**. This needs to be addressed in your IOP. Second is that **Appointment of Authority** must be properly effected and documented in order to enforce accountability and pecuniary liability and lastly is the importance of ensuring **Personnel Requirements** are met along with other management internal controls such as **Separation of Duties** and **Span of Control**. DON policy requires you to establish additional Management Controls specific to your activity mission that compliment the minimum mandated DON controls and to publish them in your IOP. Lastly, as an agent for the HA, you must ensure **training** is accomplished both initial and refresher and that you provide local procedures training.

POC for the Bank – This is a big administrative role but you have some great tools to work with here. Your primary responsibilities here are to first **Establish Accounts** with profiles and hierarchies. This allows you to customize the accounts to match your Management Internal Controls and **Purchase Limits** your activity has established. You will have the authority and access to suspend and delete accounts, perform regular maintenance and will act as the POC to report credit card fraud and order **Forced Authorizations** (HL3 A/OPCs only).

Program Coordinator - Communicating up and down the program hierarchy is necessary. You must be accessible to your program personnel and have sufficient program knowledge to provide good business advice and communicate changes and updates clearly and concisely. Establish your own means of communicating within your hierarchy and involve yourself in conferences, meetings and training as applicable. CCPMD holds a monthly teleconference which is mandatory for all HL3 A/OPCs. All A/OPCs must push down this information to their program personnel. Another important communication tool are Purchase Card Advisory Notices (PCAN). PCANs originate from CCPMD for the purpose of immediately sharing pertinent information regarding the GCPC.

Training of your Activity program personnel. – First and foremost you are responsible that your program personnel have a clear understanding of their role and the

reasoning for Management Internal Controls. You set the tone on how the program is run. Now, apart from ensuring required training is accomplished, you must coordinate other training requirements such as ERP procedures, local **Ethics Training** requirements and just as important – you must provide training on your local IOP. Training takes place every day and this means you must be accessible and you must provide good business, procedural and policy advice.

Establishing and maintaining your GCPC program hierarchy – Key here is developing your Nomination, appointment and replacement of program participants procedure.

ACTION
Study and gain an application level of knowledge of Desk Guide Section Two **Establish an IOP in accordance with NAVSUPINST 4200.99B Chapter 2** **Establish a means of communicating with program personnel within your hierarchy and higher level echelons.**
RESOURCES
A/OPC Skills and basic responsibilities **A/OPC GS-11 Position Description sample** **A/OPC GS-12 Position Description sample** **A/OPC GS-13 Position Description sample** **DON A/OPC Course** **CitiDirect Card Management System Home Page** **HL3&4 A/OPC Functions / Responsibilities** **HL5 A/OPC Functions / Responsibilities** **HL3 A/OPC Monthly meeting Minutes** **CCPMD/Purchase Card/Administrative Notices**

ROLES AND RESPONISBILITIES

Head of Agency (HA)

The HA is accountable for the performance and management of their activity's purchase card program. The HA may delegate their responsibilities within their chain of command to a qualified individual other than the activity A/OPC. The HA or their delegated official must have completed the DON HA training prior to signing the semiannual review.

The HA is responsible for making a determination that the purchase card program is needed to support their organization's mission. Upon determination of the need for a purchase card, they must request authority from the HCA to establish their local program. Activities that determine a valid mission requirement for a local Purchase Card Program must also coordinate their request through their Hierarchy HL3 A/OPC. The HL3 A/OPC will endorse and submit the request to CCPMD for review and approval.

Approving Official (AO)

The AO is the first line of defense against misuse, abuse and fraud. The AO is the second set of eyes that reviews every single transaction for validity of purchase and is typically the direct line supervisor and means for enforcing accountability. The AO is responsible for ensuring proper use of the Purchase Card through review of purchases and certification of monthly invoices for payment.

Part of your program policy options is to establish who approves purchase requisitions with the GCPC. This is typically your O&M money and someone you appoint has authority of how to spend. Because your AO is typically in direct line of supervision, they typically manage a portion of your annual budget.

Cardholder (CH)

The CH is the individual who has been issued the GCPC and is authorized to make purchases. Cardholders must ensure that they are using their cards for official use only and that the information and data they provide to an AO/CO is accurate and complete. CHs must review the approved requirements and obtain any additional approvals as needed. CHs must follow DON directed procurement policy. They ensure funds are available before they make the purchase and they must follow the specific limits according to their Letter of Delegation. The CH instructs the merchant not to charge the GCPC until after the supplies are shipped and the CH must request the purchase to be exempt from state sales tax.

It is the CH's responsibility to ensure a complete review of their monthly bank statement. The CH must reconcile their monthly bank statement against their purchase log and other documentation since they are accountable for erroneous payments that result from information/data they provide. The CH must be aware of identity theft schemes and secure their card. They should encrypt any email that contains account information or numbers. The CH must return their card to the A/OPC upon departure from the agency/organization.

MANAGEMENT INTERNAL CONTROLS

One the most important requirements you have as an A/OPC is to establish your activity's internal management controls. This takes form through an **Internal Operating Procedure (IOP)** which you are responsible for developing. Get your HA involved in the development. The IOP must include procedures that are specific to your mission and activity. This is the mechanism in which you establish and issue your internal management controls. When an auditor shows up at your front door the first thing they want to see, while shaking your hand, is your instruction on how you operate your program.

Your internal management controls should complement the following minimum mandated DON Management Controls outlined in **NAVSUPINST 4200.99B**:

Personnel Requirements – Military personnel, Federal Government Civil Service employees and Foreign Nationals can fill the major GCPC program roles in your activity as outlined in DON policy. Foreign Nationals are used in OCONUS activities. You need to closely coordinate this with your HA because each location or country has different Status of Forces Agreements (SOFAs) which have a direct impact on the ability to impose Pecuniary Liability. This is a complex legal issue and you need to confer closely with your HA and the local legal office. In addition, you may also use contractor support services for administrative assistance. **Personnel Requirements have been established to ensure Pecuniary Liability can be imposed on program personnel as a Management Control.** Legal Status is everything when enforcing accountability – make sure you appoint personnel that are in the right status by meeting the program Personnel Requirements. Personnel Requirement – know what they are and ensure your appointed personnel meet these requirements.

Separation of Duties – The major program roles (A/OPC, AO, CH) have been established primarily to avoid conflicts of interest and create a checks and balances structure. Separation of Duties requirements also includes Resource/Financial Managers, Accountable Property Officers and Property Custodians. Take into consideration the personnel you appoint and be cognizant of the program roles and responsibilities and how they fit in your hierarchy. Remember – you want to avoid possible conflicts of interest, real or perceived.

Span of Control – Span of Control in the purchase card program refers to the number of CHs an AO can reasonably supervise. The bare basics of this requirement is for an AO to supervise no more than seven Cardholders and check accounts and for A/OPCs to supervise no more than 300 Cardholders. Check the specific procedures for Separation of Duties and closely follow DON policy. The integrity of the program rests at least partially on the AOs ability to review every monthly transaction of each CH managed. Although there is a limit to the number of CH transactions that one AO can review per month, Span of Control ratios are required to ensure appropriate oversight of the program. Monitor and ensure Span of Control measures are adhered to.

TRAINING

There is initial and recurring (every two years) training for all program personnel including HAs. The first thing to keep in mind is that personnel cannot be appointed to the program roles until they have completed their Initial Training.

Remember that IOP you have to develop? NAVSUPINST 4200.99B also requires you to provide local IOP training to your hierarchy personnel.

Here is what constitutes Initial Training:

Initial Training – CCPMD provides web-based Initial Training specific to each program role.

DAU CLG0001 – This is a once and done mandatory web-based training for all personnel provided by Defense Acquisition University Computer Learning Center.

DON Ethics Training – Ethics training is provided by your local Office of General Council (OGC) and the means of delivery varies in each activity. Make sure you coordinate with your OGC and point your personnel in the right direction.

Local Activity Training – Remember that IOP you wrote? Part of your responsibility is to provide local activity training on your IOP and other specific requirements. Does your activity use ERP or other systems required in your organization? You don't necessarily need to provide them the training directly but you need to point them in the right direction.

Certifying Official Training – Certifying officials are required to take the DFAS "Foundations Training" located at https://dfas4dod.dfas.mil/training/courses/COLBasics/index.html and provide a copy of their training certificate to their A/OPC.

Bi-Annual Refresher Training - You have a choice from the following refresher training options and must complete one:

1. DON web-based GCPC training or
2. CCPMD sponsored regional training or
3. DAU CLG0004

In addition, Ethics training is an annual requirement. Check with your OGC.

ACTION
Establish an Internal Operating Procedure/Review your IOP at least semi-annually. **Develop Activity specific internal management controls.** **Ensure your program adheres to minimum mandated management internal controls/monitor monthly.** **Complete A/OPC training.** **Provide IOP and activity specific training to program personnel** **Coordinate with your Office of General Counsel for local annual Ethics Training resources and requirement and provide to your program personnel.** **Ensure DON training is accomplished by all program participants**
RESOURCES
IOP Template **"How to create an IOP" training slides** **DON PC Courses (CitiDirect)** **DAU Home Page** **GSA Web Based Training for Agency/Organization Program Coordinators** **Certifying Officer Legislation Training** **Defense Acquisition University (DAU) Tutorials on GPC**

APPOINTMENT AUTHORITY / NOTIFICATION OF PECUNIARY LIABILITY

After Initial Training, authority to perform primary program participant roles shall be documented in writing before assuming a GCPC program role and responsibility. This documentation takes form through written Appointment of Authority and Notification of Pecuniary Liability.

Appointment of Authority is documented with the following:

Letter of Delegation or SF-1402, Certificate of Appointment

Letter of Appointment or SF-1402, Certificate of Appointment

Notification of Pecuniary Liability is documented with the following:

DD Form 577, Appointment/Termination Record-Authorized Signature

Once the nominations are approved, the following appointment documentation must be completed:

A/OPC Issued a Letter of Delegation (or SF-1402)

AO/CO Issued a Letter of Appointment (or SF-1402) and a DD Form 577

CH Issued a Letter of Delegation (or SF-1402) and a DD Form 577

The actual authority to purchase on behalf of the government comes from the Contract Authority issued to the HA. The HA may then delegate the authority to appoint CHs to the A/OPC or issue the delegation directly to the CHs. In either case, CHs must receive this Delegation of Authority in order to make purchases on behalf of the Government. Appointments delineate limits on types of purchases, purchase dollar limits and other restrictions.

Certifying Official (CO)

It is DoD policy that the same person perform the roles of Certifying Officer (CO) and AO. Throughout DON policy, this desk guide and other products, you will often see the acronym “AO” and/or “AO/CO”. The reason for this is that although for the most part DON follows DoD policy in combining the roles, we do have some exceptions which are covered through waivers.

Letter of Delegation

A/OPC – your LOD is your authority delegated to you by the HA with the parameters in which you can operate. It basically lists the tasks you are responsible for and the authority granted to you on how to establish and operate the activity Purchase Card program.

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Letter of Appointment

AO – Because the AO has no authority to be delegated nor will they use the Purchase Card, they are appointed through a Letter of Appointment as opposed to an LOD. The Letter of Appointment lists the function and tasks the AO is responsible for.

Standard Form 1402*, Certification of Appointment*.

SF-1402 is an option in lieu of a Letter of Delegation. Why? The SF-1402 is used to delegate authority not covered in a LOD or for authority above the micro-purchase threshold. Section 2 provides a good table outlining use of LOD and SF-1402. SF-1402 is issued by the Head of Contracting Authority.

Department Accountable Official (DAO)

Any Certifying Official or individual who provides information that an AO uses to certify a GCPC invoice is a Department Accountable Official (DAO). DAOs may incur pecuniary liability for illegal, improper, or incorrect payments resulting from the negligent provisions of information, data or services to Certifying Officials. DAOs are designated by a DD Form 577.

DD Form 577, *Appointment/Termination Record – Authorized Signature.*

This form is used to appoint personnel as Department Accountable Officials. Use the sample narratives and additional instructions in using the form to appoint personnel as DAOs.

ACTION
Establish procedures for nomination, appointment and replacement of program participants. **Ensure Appointment of Authority is properly documented.** **Match your activity Management Internal Controls such as Purchase/Billing Cycle limits, Method of Payment, Convenience Checks, Transaction Types, Authorized/Restricted purchases with your LOD/LOAs.** **Ensure all documentation has been completed, filed and distributed.** **Ensure training is completed before appointing GCPC personnel.**
RESOURCES
A/OPC Sample Letter of Delegation **AO Sample Letter of Appointment** **CH Sample Letter of Delegation** **DD Form 577 Sample Narratives** **Appointment of Authority and Notification of Pecuniary Liability flow chart.**

ACCOUNT SETUP

There are three types of accounts that you will have to set up:

AO Account – Sometimes referred to as the billing account, this is the umbrella for all the assigned CH accounts. This is the supervisory account in which the invoice (includes all assigned credit card transactions) gets reviewed and certified for payment by the AO. Remember – there are Span of Control measures you need to observe when setting up your AO account and the assigned CH accounts within that hierarchy.

CH Account – This is where the rubber meets the road; the actual credit card account assigned to a CH. Keep in mind that you should not just automatically default to the purchase and billing cycle threshold limits unless necessary. Establish your own limits as part of your Management Internal Controls.

Convenience Check Accounts – These are actually cash advance checks which draw from a credit card account. Convenience Checks carry additional risks which are not completely mitigated by Management Internal Controls and should therefore be extremely limited in their use and provided additional scrutiny in the oversight of these accounts. Convenience Check accounts have specific policy and procedures and must be used only when the GCPC cannot meet the same needs. Convenience Check Accounts have additional approval and setup requirements as well as restrictions on use.

So - you know how many CH accounts you need and you have the AOs and CH ready and appointed. How do you set up the accounts? Piece of cake – you have two routes; the manual or on-line, but first things first. Talk with your Resource Advisor or Comptroller. You will need your default Line of Accounting (LOA). You will also need to have all the information on the limits you have established in your LOD and LOAs. You can either setup your accounts via the bank set up forms found on the CCPMD website or you can go online via the bank Electronic Access System (EAS). Of course – you will need to first contact your A/OPC for help to set up your own access. The forms are self explanatory or you can access the bank EAS on the CitiDirect Card Management System Home Page. In either case – work closely with your next level A/OPC whom will provide you all the help you need.

ACTION
Ensure you have been delegated authority via LOD. **Ensure training has been completed, documentation is on hand which includes your activity Management Internal Controls and you have received your LOA from your RA or Comptroller.** **Establish accounts via Bank EAS system or manual forms.** **Coordinate with your next higher level A/OPC.** **Setup accounts in CCMS including profiles and hierarchies, account and purchase limits, etc…**
RESOURCES
Bank Guidance/Documentation/SP2 Citibank Set Up Forms **CitiDirect Card Management System Home Page**

ACCOUNT CONTROLS

As an A/OPC you will perform the majority of account control functions from setting up new accounts, establishing purchase limits, monitoring accounts and closing accounts as required.

Account Setup functions also include setting up **Single Purchase Limits** and **Billing Cycle Limits**. These limits are reflected in the Appointment of Delegation or Authority Letters and are managed by you through the bank on-line card management system. A valuable tool the A/OPC uses is to instantly change the single purchase limit of an account to $1 to restrict an account without permanently closing it. This can be done for a variety of reasons one example being a dormant Contingency Account.

One of the most effective controls we have is the use of **Merchant Category Codes (MCC)**. An MCC is a four-digit number assigned to a vendor by the credit card company to classify the type of goods or services it provides. The servicing bank allows us to restrict the use of our accounts from any MCC we choose. CCPMD has created MCC restriction lists which are used as a default for all DON accounts. You have the option to create additional MCC restrictions. HL3 A/OPCs have the authority to contact the bank and authorize a legitimate purchase blocked by the MCC restrictions. This is called a **Forced Authorization**.

Personnel transfers and some activity host-tenant relationships can create situations which hinder supervision, accountability and Management Internal Controls.

These are instances in which Commands whose business operations require issue of Purchase Cards to individuals not within their Command. DON outlines specific procedures to delineate oversight of the individual and their account. **Issuing Outside of Commands and Agencies**. For the same reasons of accountability and management, Cardholder or Approving Official accounts cannot be transferred and need to be reconciled and closed to accommodate personnel moves. New accounts can then be created in the correct hierarchy. **Transfer of Accounts**.

Because billing account cycles for Purchase cards are 30 days, closing of accounts require that accounts become inactive (Set $1 purchase limit as an option) at least 30 days prior to closing. **Closing CH and AO Accounts**. Accounts not used more than 3 times within the last six months should also be closed. The handling of inactive accounts is outlined in Inactive Accounts and should be addressed in your IOP.

RULES FOR USE OF THE PURCHASE CARD

Federal Acquisition Regulations are extremely complex and make every effort to attempt to balance procurement efficiency with compliance on a multitude of legal requirements. Because the Government Commercial Purchase Card is a method of Simplified Acquisition it also follows complex rules of use. The tradeoff for your activity is a maximum level of procurement flexibility and speed.

Proper Oversight of the Purchase Card program requires you to have a basic level of knowledge in the rules of use of the Purchase Card. The Purchase Card can be used to pay for micro-purchases of supplies or services or it can be used as a payment vehicle on government contracts. This is a simplistic explanation that omits a myriad of rule exceptions.

The basic principles are to ensure funds are executed for their appropriated intent, that they meet a "Necessary Expense Rule" and they meet statutory, contractual and policy requirements. Proper Use of the Purchase Card has an extensive set of rules, primarily driven by exception, which you must be familiar with. The current policy (NAVSUPINST 4200.99B), and the CCPMD training give you a detailed explanation on the rules for properly using the Purchase Card.

Using the GCPC is the most robust chapter of Section Two because it contains the largest portion of procedures added to policy. The actual do's and don'ts of using the GCPC are fairly extensive and require you to read this chapter of policy (including the inserted procedures) in its entirety. No way around it – we can't summarize the rules of proper use.

The foot stomper you need to keep in mind as an A/OPC is **Separation of Function**.

This is a 3-way separation of the functions of

1. Establishing/Initiating a requirement,
2. Making the purchase and
3. Receiving/Inspecting the goods/services.

The objective here is to reduce the potential for abuse or conflicts of interest. There are some exceptions.

ACTION
READ AND UNDERSTAND SECTION TWO – USING THE GCPC **Establish Purchase Limits in your IOP, LODs and the bank EAS** **Include Forced Authorization procedures in local training** **Perform administrative tasks in CitiDirect Card Management System such as regular account maintenance, Forced Authorizations etc…** **Ensure Separation of Function measures are followed in your hierarchy**
RESOURCES
CCPMD/Bank Guidance/Documentation/Merchant Category Codes **A/OPC Assistance Document** **CitiDirect Card Management Systems Home Page** **How does a Forced Authorization work?**

GCPC PROGRAM OVERSIGHT

Sounds redundant, but program oversight consists of **Account Oversight** and **Program Oversight.** As an A/OPC your role in Account Oversight is very limited. Account Oversight consists primarily of statement reconciliation, review and invoice certification for payment procedures between the Cardholder and the Approving Official.

Once the bank statement is received by the CH, they have five working days to reconcile the statement against their purchase log by following established procedures including "**Disputes**" or "**Pay and Confirm**" procedures. The statement then gets forwarded electronically to the AO whom will review for documentation, accuracy, proper expenditure and approval. At this point the AO certifies or rejects the invoice for payment.

Your role as an A/OPC requires you to be an expert in every facet of this process because you must have intricate knowledge of how this process works in order to assist, troubleshoot and instruct those in your assigned hierarchy. Remember that the A/OPC is a leadership position and you need to know which direction to point to. Become intimately knowledgeable of **Desk Guide Section Two**.

Program Oversight for **Convenience Check Accounts** will require your help in one form or another. Policy requires that an independent officer or a DoD civilian equivalent perform a unannounced audit on a yearly basis. This can be done by the HL3 or HL4 A/OPC or a HL5 A/OPC outside the hierarchy. In either case – either you will be asked to perform an audit or you will be coordinating for someone to audit one of your accounts. By the way – this is another good internal procedure to place in your IOP.

Another significant process for Convenience Checks is the requirement for the 1099 Reporting Requirement. This requirement refers to an IRS FORM 1099M, *Miscellaneous Income*. This is the form used to report to your vendors your total payments to them at the end of the calendar year. The Law requires Convenience Check writers to provide this form to the vendor which they in turn use for their tax reporting purposes. Because Purchase Card transactions are electronic, there is an automatic built in process run by the credit card company that is transparent to the CH and automatically takes care of the requirement. Convenience Checks being a manual process, requires us to manually issue 1099s. But have no fear – DFAS has developed a web-based program for us to input our vendor-spend information and they will take care of your 1099 reporting requirement. Remember that this must be accomplished NLT December 31 of each year.

Program Oversight – There are various mechanisms for formal reviews and oversight of your GCPC program. Each review examines different aspects of your program from the Approving Official level up to the Office of Management and Budget (OMB). Having a solid understanding of how your program works is key to oversight. Remember – the truth lies somewhere behind the numbers.

Monthly Review – This is your review of transactions to ensure effective purchasing and management controls. The review is completed with the use of a DON audit tool, specifically Program Audit Tool (PAT) which automatically highlights transactions of interest for your review. This review also looks at training, delinquencies and effectiveness of Management Internal Controls.

Quarterly Reviews – This is your review of the entire Cardholder listing against the command's official personnel roster to close any CH account not verified by your personnel office.

Quarterly Briefings to the HA – It is recommended that you hold quarterly briefings with your HA regarding the status of your program. Topics to consider for these briefings should, at a minimum, include the number of cards, spending patterns, delinquency issues, and instances of misuse, abuse or fraud, corrective actions taken and results of Monthly Reviews/Semiannual Reviews. Your boss needs to know the good and the bad and they need to know yesterday.

OMB reporting – You are required to submit your program performance data to CCPMD for consolidation to an OMB report on a quarterly basis. This report is consolidated and briefed up the chain of command.

Semi Annual Review – This is an aggregate review of the previous six month's Monthly Reviews which is performed by you. You brief the HA and the report requires concurrence with the HA prior to being forwarded through your Command up to CCPMD. The four major elements of this report are a Review of Transactions, an evaluation of Management Controls, a review of your IOP and a review of disciplinary actions.

External Audit Notification – You must notify CCPMD via your chain of command when an investigation or audit commences and ends, including findings and corrective actions.

ACTION
Perform Program Oversight functions/reviews including Quarterly Briefings to the HA **Notify CCPMD of external audits** **Provide leadership and functional expertise to your program personnel** **Pay special attention to Program Oversight and 1099 reporting requirements for Convenience Check Accounts**
RESOURCES
Convenience Checks & 1099 Tax Reporting Program **PAT A/OPC Training Slides** **CCPMD/Purchase Card/Program Audit Tool (PAT)/Best Practices**

Disciplinary Guidelines

Progressive Discipline

Disciplinary actions must have a progression in severity of penalties proportionate to the offense, frequency of the offense, level of responsibility of the individual committing the offense and expected outcome of the disciplinary action (corrective or penalizing). While the general rule of discipline is an equitable standard, discipline is seldom equal because offenses rarely have the same circumstances. The Head of Activity must balance the requirement to use a uniformed table of penalties with consideration for the circumstances in each offense. Disciplinary actions are typically taken at the first supervisory level and escalate up to a Head of Activity level depending on the severity of the disciplinary action.

Rules for administering discipline

Civilian Employees – Disciplinary actions for GCPC policy/procedural infractions are followed in the same manner as your local discipline administration procedures. Adhere to your Local Collective Bargaining Agreement; consult with your servicing Human Resources Office, and/or your local legal office if appropriate and coordinate with your bargaining union representative. Foreign Nationals will have very different rules in which to enforce disciplinary measures and pecuniary liability.

Military Personnel – Military personnel are subject to the Uniformed Code of Military Justice.

Relationship to Security Clearances – When a Defense Criminal Investigative Organization or Department of Defense organizational element responsible for investigating potential misconduct involving the purchase card initiates an investigation into allegation of fraud, misuse, or abuse of authority regarding a purchase card, the Cardholder's Head of Activity or second-line supervisor, as appropriate, and a security manager shall be notified. Whenever possible, this notification shall take place within 72 hours of the initiation.

ACTION
Notification of Security manager within 72 hours of initiation of investigation **Review disciplinary actions during Semi Annual Review.**
RESOURCES
USD (P&R) Memo, "Government Charge Card Disciplinary Guide for Civilian Employees", 21 Apr 2003 **USD (P&R) Memo, "Disciplinary Guidance for Misuse of Government Charge Cards by Military Personnel", 10 Jun 03** **"Douglas Factors" Douglas v. Veterans Administration, 5 MSPB 313 (1981)**

Approving Official (AO)

Government Purchase Card Program

Department of the Navy

Overview

As an AO, you are the first line of defense against misuse, abuse and fraud. You are responsible for ensuring proper use of the purchase card through approval of purchases and certification of monthly invoices for payment. The AO position within the Purchase Card Program carries supervisory responsibilities regarding purchase card program issues. Therefore, AOs should be to the greatest extent possible, the supervisor of the CH or be in the direct line of authority of their CHs.

Your number one function in this program is to provide independent oversight of fund expenditures and proper use of the Purchase Card - you are a watch dog. So how do you do this?

You essentially supervise the CHs to make sure they follow all policy and procedures in the use of the Purchase Card. Because you certify the monthly invoice for accuracy and compliance, you have the authority and responsibility to question purchases or procedures used and to reject or approve an invoice for payment. DON policy also recommends that as much as possible you have direct-line supervision over your CHs in order to effect accountability.

You perform a 100% review of the billing statement to verify transactions are proper, legal, mission essential and in compliance with DON and local policy/procedures. You certify the statement for payment; keep communication with the A/OPC of improper purchases, problems, program personnel reassignments, issues etc…

You also have administrative duties such as maintaining original supporting documentation, tracking purchases paid for and not received, monitoring disputes and reviewing transactions by using the DON data mining tool.

ROLES AND RESPONSIBILITIES

Head of Agency (HA)

The HA is accountable for the performance and management of their activity's purchase card program. The HA may delegate their responsibilities within their chain of command to a qualified individual other than the activity A/OPC. The HA or their delegated official must have completed the DON HA training prior to signing the semiannual review.

The HA is responsible for making a determination that the purchase card program is needed to support their organization's mission. Upon determination of the need for a purchase card, they must request authority from the HCA to establish their local program. Activities that determine a valid mission requirement for a local Purchase Card Program must also coordinate their request through their Hierarchy HL3 A/OPC. The HL3 A/OPC will endorse and submit the request to CCPMD for review and approval.

Agency/Organization Program Coordinator (A/OPC)

There are three hierarchy levels (HL) of A/OPCs. HL3 is at the Major Command Level. Level 4 is an intermediary Level which can be used with large Commands and HL5 is at the activity level. It is highly recommended that a HL3 A/OPC be a full time position dedicated to the Purchase Card Program. A/OPCs manage the GCPC program on behalf of the Head of Activity

at the organizational level they are assigned. The A/OPC is designated by the HA with a Letter of Delegation and is responsible for the day-to-day oversight and audit management of the program. One of their main responsibilities is to assist Cardholders in making purchases by providing sound and timely business advice.

Cardholder (CH)

The CH is the individual who has been issued the GCPC and is authorized to make purchases. CHs must ensure that they are using their cards for official use only and that the information and data they provide to an AO/CO is accurate and complete. Cardholders must review the approved requirements and obtain any additional approvals as needed. Cardholders must follow DON directed procurement policy. They ensure funds are available before they make the purchase and they must follow the specific limits according to their Letter of Delegation. The CH instructs the merchant not to charge the GCPC until after the supplies are shipped and the CH must request the purchase be exempt from sale tax.

It is the Cardholder's responsibility to ensure a complete review of their monthly bank statement. The Cardholder must reconcile their monthly bank statement against their purchase log and other documentation before their AO certifies it for payment. The CH should obtain proper documentation since they are accountable for erroneous payments that result from information/data they provide. The Cardholder must be aware of identity theft schemes and secure their card. They should encrypt any email that contains account information or numbers. They must immediately report a lost or stolen card to their A/OPC and the card issuing bank. The Cardholder must return their card to the A/OPC upon departure from the agency or organization.

MANAGEMENT INTERNAL CONTROLS

In addition to your Internal Operating Procedures (IOP), the following minimum mandated DON Management Controls outlined in NAVSUPINST 4200.99B must be adhered to:

Personnel Requirements – Military personnel, Federal Government Civil Service employees and Foreign Nationals can fill the major GCPC program roles in your activity as outlined in DON policy. Foreign Nationals are used in OCONUS activities. You need to closely coordinate this with your HA because each location or country has different Status of Forces Agreements (SOFAs) which have a direct impact on the ability to impose Pecuniary Liability. This is a complex legal issue and you need to confer closely with your HA and the local legal office. In addition, you may also use contractor support services for administrative assistance. **Personnel Requirements have been established to ensure Pecuniary Liability can be imposed on program personnel as a Management Control.** Legal Status is everything when enforcing accountability – make sure you appoint personnel that are in the right status by meeting the program Personnel Requirements. Personnel Requirement – know what they are and ensure your appointed personnel meet these requirements.

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Local Activity Training – The activity A/OPC is required to provide local Internal Operating Procedures training as well as coordinating any additional training requirements such ERP or other training required for your function.

Certifying Official Training – Certifying officials are required to take the DFAS "Foundations Training" located at https://dfas4dod.dfas.mil/training/courses/COLBasics/index.html and provide a copy of their training certificate to their A/OPC.

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2. CCPMD sponsored regional training or
3. DAU CLG0004

In addition, Ethics training is an annual requirement. Check with your A/OPC.

ACTION
Monitor and ensure minimum mandated management internal controls are adhered to. Complete mandatory training requirements.
RESOURCES
DON Purchase Card Training **DON PC Courses (CitiDirect)** **DAU Home Page** **Certifying Officer Legislation Training** **Defense Acquisition University (DAU) Tutorials on GPC**

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DD Form 577, *Appointment/Termination Record – Authorized Signature.*

This form is used to appoint personnel as Department Accountable Officials. Use the sample narratives and additional instructions in using the form to appoint personnel as DAOs.

ACTION
Perform responsibilities as outlined in your Letter of Appointment. **Ensure Cardholders use of the Purchase Card is within parameters outlined in their Letter of Delegation.**
RESOURCES
AO Sample Letter of Appointment **DD Form 577 Sample Narratives** **Appointment of Authority and Notification of Pecuniary Liability flow chart.**

ACCOUNT CONTROLS

Account setup for all GCPC personnel is accomplished by the A/OPC. Accounts are set up in the bank EAS to reflect the established hierarchy and Purchase Limits as documented in the Appointment Authority documentation. An effective tool the A/OPC uses is to instantly change the single purchase limit of an account to $1 to restrict an account without permanently closing it. This can be done for a variety of reasons one example being a dormant **Contingency Account**.

One of the most effective controls we have is the use of **Merchant Category Codes (MCC)**. An MCC is a four-digit number assigned to a vendor by the credit card company to classify the type of goods or services it provides. The servicing bank allows us to restrict the use of our accounts from any MCC we choose. CCPMD has created MCC restriction lists which are used as a default for all DON accounts. You have the option to create additional MCC restrictions. HL3 A/OPCs have the authority to contact the bank and authorize a legitimate purchase blocked by the MCC restrictions. This is called a **Forced Authorization**.

Personnel transfers and some activity host-tenant relationships can create situations which hinder supervision, accountability and Management Internal Controls.

These are instances in which Commands whose business operations require issue of Purchase Cards to individuals not within their Command. DON outlines specific procedures to delineate oversight of the individual and their account. **Issuing Outside of Commands and Agencies**. For the same reasons of accountability and management, Cardholder or Approving Official accounts cannot be transferred and need to be reconciled and closed to accommodate personnel moves. New accounts can then be created in the correct hierarchy. **Transfer of Accounts**.

Because billing account cycles for Purchase cards are 30 days, closing of accounts require that accounts become inactive (Set $1 purchase limit as an option) at least 30 days prior to closing. Accounts not used more than 3 times within the last six months should also be closed. The handling of inactive accounts is outlined in **Inactive Accounts** and is addressed in your IOP.

RULES FOR USE OF THE PURCHASE CARD

Federal Acquisition Regulations are extremely complex and make every effort to attempt to balance procurement efficiency with compliance on a multitude of legal requirements. Because the Government Commercial Purchase Card is a method of Simplified Acquisition it also follows complex rules of use. The tradeoff for your activity is a maximum level of procurement flexibility and speed.

Proper Oversight of the Purchase Card program requires you to have a basic level of knowledge in the rules of use of the Purchase Card. The Purchase Card can be used to pay for micro-purchases of supplies or services or it can be used as a payment vehicle on government contracts. This is a simplistic explanation that omits a myriad of rule exceptions.

The basic principles are to ensure funds are executed for their appropriated intent, that they meet a "Necessary Expense Rule" and they meet statutory, contractual and policy requirements. Proper Use of the Purchase Card has an extensive set of rules, primarily driven by exception, which you must be familiar with. The current policy (NAVSUPINST 4200.99B), and the CCPMD training give you a detailed explanation on the rules for properly using the Purchase Card.

Using the GCPC is the most robust chapter of Section Two because it contains the largest portion of procedures added to policy. The actual do's and don'ts of using the GCPC are fairly extensive and require you to read this chapter of policy (including the inserted procedures) in its entirety. No way around it – we can't summarize the rules of proper use.

The foot stomper you need to keep in mind is **Separation of Function**.

This is a 3-way separation of the functions of

1. Establishing/Initiating a requirement,
2. Making the purchase and
3. Receiving/Inspecting the goods/services.

The objective here is to reduce the potential for abuse or conflicts of interest. There are some exceptions.

ACTION
READ AND UNDERSTAND SECTION TWO – USING THE GCPC
RESOURCES
CCPMD/Bank Guidance/Documentation/Merchant Category Codes **CitiDirect Card Management Systems Home Page** **How does a Forced Authorization work?**

GCPC PROGRAM OVERSIGHT

Sounds redundant, but program oversight consists of **Account Oversight** and **Program Oversight**. As an AO you have a major role in Account Oversight. Account Oversight consists primarily of statement reconciliation, review and invoice certification for payment procedures between the Cardholder and the Approving Official.

Essentially, once the statement is received by the CH, they have five working days to reconcile the bank statement against their purchase log by following established procedures including "**Disputes**" or "**Pay and Confirm**" procedures. The statement then gets forwarded electronically to the AO whom will review for documentation, accuracy, proper expenditure and approval. At this point the AO certifies or rejects the invoice for payment.

AO Transaction Review in PAT - PAT (Program Audit Tool) is the DON data mining tool and requires your review on a monthly basis of flagged transactions. As an AO you will answer review questions for these questioned/flagged transactions. Your answers will be reviewed and approved or rejected by your A/OPC and up through the Hierarchy to CCPMD.

A set of "rules" called filters are imbedded in the PAT program. On a daily basis as transactions flow into PAT from the bank, these filters comb through them and flag those that meet certain conditions so that they are brought up for review. If the filter parameters are not set correctly, then it is possible that the AO will receive too many transactions for review that do not require a review. In this case contact your A/OPC to tune the filter. The Filter Request form and FAQs are on the CCPMD website.

Program Oversight for **Convenience Check Accounts** will require your help in one form or another. Policy requires that an independent officer or a DoD civilian equivalent perform an unannounced audit on a yearly basis. This can be done by the HL3 or HL4 A/OPC or a HL5 A/OPC outside the hierarchy. In either case – either you will be asked to perform an audit or you will be coordinating for someone to audit one of your accounts. By the way – this is another good internal procedure to place in your IOP.

Another significant process for Convenience Checks is the requirement for the 1099 Reporting Requirement. This requirement refers to an IRS FORM 1099M, *Miscellaneous Income*. This is the form used to report to your vendors your total payments to them at the end of the calendar year. The Law requires Convenience Check writers to provide this form to the vendor which they in turn use for their tax reporting purposes. Because Purchase Card transactions are electronic, there is an automatic built in process run by the credit card company that is transparent to the CH and automatically takes care of the requirement. Convenience Checks being a manual process, requires us to manually issue 1099s. But have no fear – DFAS has developed a web-based program for us to input our vendor-spend information and they will take care of your 1099 reporting requirement. Remember that this must be accomplished NLT December 31 of each year.

Program Oversight – There are various mechanisms for formal reviews and oversight of your GCPC program. Each review examines different aspects of your program from the Approving Official level up to the Office of Management and Budget (OMB). Having a solid understanding

of how your program works is key to oversight. Remember – the truth lies somewhere behind the numbers.

Monthly Review – This is the A/OPC review of transactions to ensure effective purchasing and management controls. The review is completed with the use of a DON audit tool, specifically Program Audit Tool (PAT) which automatically highlights transactions of interest for review. This review also looks at training, delinquencies and effectiveness of Management Internal Controls.

Quarterly Reviews – This is the A/OPC review of the entire Cardholder listing against the command's official personnel roster to close any CH account not verified by your personnel office.

Quarterly Briefings to the HA – It is recommended that the A/OPC hold quarterly briefings with the HA regarding the status of your program. Topics to consider for these briefings should, at a minimum, include the number of cards, spending patterns, delinquency issues, and instances of misuse, abuse or fraud, corrective actions taken and results of Monthly Reviews/Semiannual Reviews.

OMB reporting – Your activity is required to submit program performance data to CCPMD for consolidation to an OMB report on a quarterly basis. This report is consolidated and briefed up the chain of command.

Semi Annual Review – This is an aggregate review of the previous six month's Monthly Reviews which is performed by the A/OPC. The HA is briefed and the report requires concurrence with the HA prior to being forwarded through your Command up to CCPMD. The four major elements of this report are a Review of Transactions, an evaluation of Management Controls, a review of your IOP and a review of disciplinary actions.

External Audit Notification – You must notify CCPMD via your chain of command when an investigation or audit commences and ends, including findings and corrective actions.

ACTION
Complete PAT AO Training. **Perform AO transaction reviews in PAT.**
RESOURCES
PAT AO Training slides **Convenience Checks & 1099 Tax Reporting Program** **CCPMD/Purchase Card/Program Audit Tool (PAT)/Best Practices**

Disciplinary Guidelines

Progressive Discipline

Disciplinary actions must have a progression in severity of penalties proportionate to the offense, frequency of the offense, level of responsibility of the individual committing the offense and expected outcome of the disciplinary action (corrective or penalizing). While the general rule of discipline is an equitable standard, discipline is seldom equal because offenses rarely have the same circumstances. The Head of Activity must balance the requirement to use a uniformed table of penalties with consideration for the circumstances in each offense. Disciplinary actions are typically taken at the first supervisory level and escalate up to a Head of Activity level depending on the severity of the disciplinary action.

Rules for administering discipline

Civilian Employees – Disciplinary actions for GCPC policy/procedural infractions are followed in the same manner as your local discipline administration procedures. Adhere to your Local Collective Bargaining Agreement; consult with your servicing Human Resources Office, and/or your local legal office if appropriate and coordinate with your bargaining union representative. Foreign Nationals will have very different rules in which to enforce disciplinary measures and pecuniary liability.

Military Personnel – Military personnel are subject to the Uniformed Code of Military Justice.

Relationship to Security Clearances – When a Defense Criminal Investigative Organization or Department of Defense organizational element responsible for investigating potential misconduct involving the purchase card initiates an investigation into allegation of fraud, misuse, or abuse of authority regarding a purchase card, the Cardholder's Head of Activity or second-line supervisor, as appropriate, and a security manager shall be notified. Whenever possible, this notification shall take place within 72 hours of the initiation.

ACTION
Notification of Security manager within 72 hours of initiation of investigation **Review disciplinary actions during Semi Annual Review.**
RESOURCES
USD (P&R) Memo, "Government Charge Card Disciplinary Guide for Civilian Employees", 21 Apr 2003 **USD (P&R) Memo, "Disciplinary Guidance for Misuse of Government Charge Cards by Military Personnel", 10 Jun 03** **"Douglas Factors" Douglas v. Veterans Administration, 5 MSPB 313 (1981)**

Cardholder (CH)

Government Purchase Card Program

Department of the Navy

Overview

As a Cardholder you have been delegated specific authority to make purchases on behalf of the United States Government. Although your purchase authority is limited in scope, you are part of a program that executes the vast majority of purchasing actions and you perform a vital function to your activity for their daily bread and butter requirements.

Although this function is an additional duty assignment in your daily responsibilities or falls under "other duties as assigned"; you must give it your full attention and effort. You are spending funds appropriated by congress for very specific purposes. You have a multitude of rules you need to adhere to in order to make these purchases and you are PECUNIARILY LIABLE. Because this program and your assignment entails expenditure of government funds and the need to ensure management controls are adhered to, you can expect to be audited by various different entities – your documentation must cover all your actions. This is not an assignment you can give minimal effort and have it sit in the background of your "to-do list". If you mismanage this responsibility, your account may be closed which will keep your activity from purchasing the essential and required items they need to meet their mission.

You have been issued a Purchase Card to be used for official use only. You are the gatekeeper in ensuring purchase requests are approved by the right person, that funds are available for use and the purchase actions are done in accordance with NAVSUPINST 4200.99B. Follow the specific limits outlined in your Letter of Delegation.

It is also your responsibility to reconcile the monthly bank statement against your purchase log and other documentation. Documentation is paramount since you are accountable for erroneous payments that result from information or data that you provide the Approving Official - Cover your six. You must maintain security of your Purchase Card – this also means you are the <u>only</u> person authorized to use it. Be aware of identity theft schemes and secure your card when not in use.

Read and thoroughly understand NAVSUPINST 4200.99B and Section Two of this Desk Guide. You must have a good command of the rules and procedures of proper use of the Purchase Card. Communicate frequently and seek advice and guidance from the AO or A/OPC anytime a questionable item arises. Emergencies and "need it right now" happen often but ***when in doubt about something, ask your A/OPC!*** If they are not immediately available ask the next available program authority and make sure you are performing your job correctly. Remember – it's your signature, your purchasing authority and your responsibility to do the job correctly. ***No one has the authority to ask you to do something above the law.***

ROLES AND RESPONSIBILITIES

Head of Agency (HA)

The HA is accountable for the performance and management of their activity's purchase card program. The HA may delegate their responsibilities within their chain of command to a qualified individual other than the activity A/OPC. The HA or their delegated official must have completed the DON HA training prior to signing the semiannual review.

The HA is responsible for making a determination that the purchase card program is needed to support their organization's mission. Upon determination of the need for a purchase card, they must request authority from the HCA to establish their local program. Activities that determine a valid mission requirement for a local Purchase Card Program must also coordinate their request through their Hierarchy HL3 A/OPC. The HL3 A/OPC will endorse and submit the request to CCPMD for review and approval.

Agency/Organization Program Coordinator (A/OPC)

There are three hierarchy levels (HL) of A/OPCs. HL3 is at the Major Command Level. Level 4 is an intermediary Level which can be used with large Commands and HL5 is at the activity level. It is highly recommended that a HL3 A/OPC be a full time position dedicated to the Purchase Card Program. A/OPCs manage the GCPC program on behalf of the Head of Activity at the organizational level they are assigned. The A/OPC is designated by the HA with a Letter of Delegation and is responsible for the day-to-day oversight and audit management of the program. One of their main responsibilities is to assist Cardholders in making purchases by providing sound and timely business advice.

Approving Official (AO)

The AO is the first line of defense against misuse, abuse and fraud. The AO is the second set of eyes that reviews every single transaction for validity of purchase and is typically the direct line supervisor and means for enforcing accountability. The AO is responsible for ensuring proper use of the Purchase Card through review of purchases and certification of monthly invoices for payment.

Part of your program policy options is to establish who approves purchase requisitions with the GCPC. This is typically your O&M money and someone you appoint has authority of how to spend. Because your AO is typically in direct line of supervision, they typically manage a portion of your annual budget.

MANAGEMENT INTERNAL CONTROLS

In addition to your Internal Operating Procedures (IOP), the following minimum mandated DON Management Controls outlined in NAVSUPINST 4200.99B must be adhered to:

Personnel Requirements – Military personnel, Federal Government Civil Service employees and Foreign Nationals can fill the major GCPC program roles in your activity as outlined in DON policy. Foreign Nationals are used in OCONUS activities. You need to closely coordinate this with your HA because each location or country has different Status of Forces Agreements (SOFAs) which have a direct impact on the ability to impose Pecuniary Liability. This is a complex legal issue and you need to confer closely with your HA and the local legal office. In addition, you may also use contractor support services for administrative assistance. **Personnel Requirements have been established to ensure Pecuniary Liability can be imposed on program personnel as a Management Control.** Legal Status is everything when enforcing accountability – make sure you appoint personnel that are in the right status by meeting the program Personnel Requirements. Personnel Requirement – know what they are and ensure your appointed personnel meet these requirements.

Separation of Duties – **The major program roles (A/OPC, AO, CH) have been established primarily to avoid conflicts of interest and create a checks and balances structure**. Separation of Duties requirements also includes Resource/Financial Managers, Accountable Property Officers and Property Custodians. Take into consideration the personnel you appoint and be cognizant of the program roles and responsibilities and how they fit in your hierarchy. Remember – you want to avoid possible conflicts of interest, real or perceived.

Span of Control – **Span of Control in the purchase card program refers to the number of CHs an AO can reasonably supervise**. The bare basics of this requirement is for an AO to supervise no more than seven Cardholders and check accounts and for A/OPCs to supervise no more than 300 Cardholders. Check the specific procedures for Separation of Duties and closely follow DON policy. The integrity of the program rests at least partially on the AOs ability to review every monthly transaction of each CH managed. Although there is a limit to the number of CH transactions that one AO can review per month, Span of Control rations are required to ensure appropriate oversight of the program. Ensure Span of Control measures are adhered to and monitor this.

TRAINING

There is initial and recurring (every two years) training for all program personnel. The first thing to keep in mind is that personnel cannot be appointed to the program roles until they have completed their Initial Training.

Here is what constitutes Initial Training:

Initial Training – CCPMD provides web-based Initial Training specific to each program role.

DAU CLG0001 – This is a once and done mandatory web-based training for all personnel provided by Defense Acquisition University Computer Learning Center.

DON Ethics Training – Ethics training is provided by your local Office of General Council (OGC) and the means of delivery varies in each activity. Make sure you coordinate with your OGC and point your personnel in the right direction.

Local Activity Training – The activity A/OPC is required to provide local Internal Operating Procedures training as well as coordinating any additional training requirements. Does your activity use ERP or other systems required in your organization? You don't necessarily need to provide them the training directly but you need to point them in the right direction.

Certifying Official Training – Certifying officials are required to take the DFAS "Foundations Training" located at https://dfas4dod.dfas.mil/training/courses/COLBasics/index.html and provide a copy of their training certificate to their A/OPC.

Bi-Annual Refresher Training - You have a choice from the following refresher training options and must complete one:

1. DON web-based GCPC training or
2. CCPMD sponsored regional training or
3. DAU CLG0004

In addition, Ethics training is an annual requirement. Check with your A/OPC.

ACTION
Monitor and ensure minimum mandated management internal controls are adhered to. Complete mandatory training requirement.
RESOURCES
DON PC Courses (CitiDirect) **DAU Home Page** **Certifying Officer Legislation Training** **Defense Acquisition University (DAU) Tutorials on GPC**

APPOINTMENT AUTHORITY / NOTIFICATION OF PECUNIARY LIABILITY

After Initial Training, authority to perform primary program participant roles shall be documented in writing before assuming a GCPC program role and responsibility. This documentation takes form through written Appointment of Authority and Notification of Pecuniary Liability.

Appointment of Authority is documented with the following:

Letter of Delegation or SF-1402, Certificate of Appointment

Letter of Appointment or SF-1402, Certificate of Appointment

Notification of Pecuniary Liability is documented with the following:

DD Form 577, Appointment/Termination Record-Authorized Signature

Once the nominations are approved, the following appointment documentation must be completed:

A/OPC Issued a Letter of Delegation (or SF-1402)

AO/CO Issued a Letter of Appointment (or SF-1402) and a DD Form 577

CH Issued a Letter of Delegation (or SF-1402) and a DD Form 577

The actual authority to purchase on behalf of the government comes from the Contract Authority issued to the HA. The HA may then delegate the authority to appoint CHs to the A/OPC or issue the delegation directly to the CHs. In either case, CHs must receive this Delegation of Authority in order to make purchases on behalf of the Government. Appointments delineate limits on types of purchases, purchase dollar limits and other restrictions.

Certifying Official (CO)

It is DoD policy that the same person perform the roles of Certifying Officer (CO) and AO. Throughout DON policy, this desk guide and other products, you will often see the acronym “AO” and/or “AO/CO”. The reason for this is that although for the most part DON follows DoD policy in combining the roles, we do have some exceptions which are covered through waivers.

Letter of Delegation

A/OPC – The LOD is the authority delegated by the HA with the parameters in which the A/OPC can operate. It basically lists the tasks they are responsible for and the authority granted to them on how to establish and operate the activity Purchase Card program.

CH – The LOD for the CH is the delegated authority to purchase on behalf of the U.S. Government and actually appoints the CH as a Contracting Officer. The LOD specifies very strict limits on the use of the GCPC.

Letter of Appointment

AO – Because the AO has no authority to be delegated nor will they use the Purchase Card, they are appointed through a Letter of Appointment as opposed to an LOD. The Letter of Appointment lists the function and tasks the AO is responsible for.

Standard Form 1402*, Certification of Appointment*.

SF-1402 is an option in lieu of a Letter of Delegation. Why? The SF-1402 is used to delegate authority not covered in a LOD or for authority above the micro-purchase threshold. Desk Guide Section Two provides a good table outlining use of LOD and SF-1402. SF-1402 is issued by the Head of Contracting Authority.

Department Accountable Official (DAO)

Any Certifying Official or individual who provides information that an AO uses to certify a GCPC invoice is a Department Accountable Official (DAO). DAOs may incur pecuniary liability for illegal, improper, or incorrect payments resulting from the negligent provisions of information, data or services to Certifying Officials. DAOs are designated by a DD Form 577.

DD Form 577, *Appointment/Termination Record – Authorized Signature.*

This form is used to appoint personnel as Department Accountable Officials. Use the sample narratives and additional instructions in using the form to appoint personnel as DAOs.

ACTION
Perform responsibilities as outlined in your Letter of Appointment. **Use the Purchase Card is within parameters outlined your Letter of Delegation.**
RESOURCES
CH Sample Letter of Delegation **DD Form 577 Sample Narratives** **Appointment of Authority and Notification of Pecuniary Liability flow chart.**

ACCOUNT CONTROLS

Account setup for all GCPC personnel is accomplished by the A/OPC. Accounts are set up in the bank EAS to reflect the established hierarchy and Purchase Limits as documented in the Appointment Authority documentation. A valuable tool the A/OPC uses is to instantly change the single purchase limit of an account to $1 to restrict an account without permanently closing it. This can be done for a variety of reasons one example being a **Contingency Account**.

One of the most effective controls we have is the use of **Merchant Category Codes (MCC)**. An MCC is a four-digit number assigned to a vendor by the credit card company to classify the type of goods or services it provides. The servicing bank allows us to restrict the use of our accounts from any MCC we choose. CCPMD has created MCC restriction lists which are used as a default for all DON accounts. You have the option to create additional MCC restrictions. HL3 A/OPCs have the authority to contact the bank and authorize a legitimate purchase blocked by the MCC restrictions. This is called a **Forced Authorization**.

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closed. The handling of inactive accounts is outlined in **Inactive Accounts** and should be addressed in your IOP.

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The basic principles are to ensure funds are available and properly executed for their appropriated intent; that they meet a "Necessary Expense Rule" and they meet statutory, contractual and policy requirements. Proper Use of the Purchase Card has an extensive set of rules, primarily driven by exception, which you must be familiar with. The current policy (NAVSUPINST 4200.99B), and the CCPMD training give you a detailed explanation on the rules for properly using the Purchase Card. A parent instruction is NAVSUPINST 4200.85D, *Department of The Navy (DON) Simplified Acquisition Procedures* which includes Enclosure (2), *List of Prohibited and Special Attention Items for Simplified Acquisitions*. This enclosure is a valuable tool which answers some common and very specific items that Cardholders come across. Last but not least is Section Two of this Desk Guide which should cover the vast majority of your questions on how to use the GCPC.

Using the GCPC is the most robust chapter of Section Two because it contains the largest portion of procedures added to policy. The actual do's and don'ts of using the GCPC are fairly extensive and require you to read this chapter of policy (including the inserted procedures) in its entirety. No way around it – we can't summarize the rules of proper use.

The foot stomper you need to keep in mind is **Separation of Function**.

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1. Establishing/Initiating a requirement,
2. Making the purchase and
3. Receiving/Inspecting the goods/services.

The objective here is to reduce the potential for abuse or conflicts of interest. There are some exceptions.

ACTION
READ AND UNDERSTAND SECTION TWO – USING THE GCPC **Review List of Prohibited & Special Attention Items for Simplified Acquisitions**
RESOURCES
Frequently Asked Questions **List of Prohibited and Special Attention Items for Simplified Acquisitions – NAVSUPINST 4200.85D** **CCPMD/Bank Guidance/Documentation/Merchant Category Codes** **CitiDirect Card Management Systems Home Page** **How does a Forced Authorization work?**

GCPC PROGRAM OVERSIGHT

Sounds redundant, but program oversight consists of **Account Oversight** and **Program Oversight**. As a CH you have a major role in Account Oversight. Account Oversight consists primarily of statement reconciliation, review and invoice certification for payment procedures between the Cardholder and the Approving Official.

Once you receive the bank statement, you have five working days to reconcile the statement against your purchase log by following established procedures including "**Disputes**" or "**Pay and Confirm**" procedures. The statement then gets forwarded electronically to the AO whom will review for documentation, accuracy, proper expenditure and approval. At this point the AO certifies or rejects the invoice for payment.

Two major issues of your Account Oversight are **Delinquent Payments** and **Bank Rebates**. The government has 30 days to make payment of the bank statement. Unpaid balances 60 days from the statement date become 30 days past due. DON has a metric which is reviewed at all levels by activity and you should not exceed 1% of your current balance past due. If you go over 60 days past due – your account is suspended. As an additional incentive for DON to make timely invoice payments, the bank gives the DON financial rebates for early payment of invoices.

There is a statutory requirement for you to report to the Internal Revenue Service, on an annual basis, convenience check payments made to contractors and merchants. This requirement refers to an IRS FORM 1099M, *Miscellaneous Income*. This is the form used to report to your vendors your total payments to them at the end of the calendar year. The Law requires Convenience Check writers to provide this form to the vendor which they in turn use for their tax reporting purposes. Because Purchase Card transactions are electronic, there is an automatic

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External Audit Notification – You must notify CCPMD via your chain of command when an investigation or audit commences and ends, including findings and corrective actions.

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RESOURCES
PAT AO Training slides **Convenience Checks & 1099 Tax Reporting Program** **CCPMD/Purchase Card/Program Audit Tool (PAT)/Best Practices**

Disciplinary Guidelines

Progressive Discipline

Disciplinary actions must have a progression in severity of penalties proportionate to the offense, frequency of the offense, level of responsibility of the individual committing the offense and expected outcome of the disciplinary action (corrective or penalizing). While the general rule of discipline is an equitable standard, discipline is seldom equal because offenses rarely have the same circumstances. The Head of Activity must balance the requirement to use a uniformed table of penalties with consideration for the circumstances in each offense. Disciplinary actions are typically taken at the first supervisory level and escalate up to a Head of Activity level depending on the severity of the disciplinary action.

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ACTION
Notification of Security manager within 72 hours of initiation of investigation **Review disciplinary actions during Semi Annual Review.**
RESOURCES
USD (P&R) Memo, "Government Charge Card Disciplinary Guide for Civilian Employees", 21 Apr 2003 **USD (P&R) Memo, "Disciplinary Guidance for Misuse of Government Charge Cards by Military Personnel", 10 Jun 03** **"Douglas Factors" Douglas v. Veterans Administration, 5 MSPB 313 (1981)**

Desk Guide 5.01

SECTION TWO

Procedures to Implement Policy

Government Purchase Card Program

CHAPTER 1

GCPC PROGRAM

1. Program Background

a. Program Purpose. The GCPC is intended to streamline small purchase methods, minimize paperwork, eliminate the Imprest Fund (petty cash), streamline payment processes, and simplify the administrative effort associated with traditional and emergent purchase of supplies and services. The program achieves this purpose while maintaining accountability for using the GCPC.

b. Program History and Risk. The need for the GCPC Program began with Executive Order 12352, “Procurement Reform,” issued in 1982. After several interim programs, the General Services Administration (GSA) competed and issued a multiple award contract under the SmartPay® Program. Initially, rapid issue of GCPCs, insufficient training, poor internal accountability, and ease of use resulted in instances of abuse, misuse and fraud, Congressional Hearings and embarrassment to the Department of Defense (DOD) at-large.

c. Need for Internal Controls and Management Oversight. The Government Accountability Office (GAO) recommended DOD establish strong internal controls to prevent GCPC misuse, abuse and fraud. Those internal controls are reflected in the DOD Charge Card Guidebook and this Instruction. Even with internal controls in place, the GCPC Program remains highly-visible requiring diligent senior management oversight to ensure compliance with internal controls and policies.

2. Program Overview

a. Contract. DON GCPC services are provided per a tailored Task Order, GS—23F-U0006, issued under the GSA SmartPay®2 contract, GS-23F-T0003, which expires 29 November 2018.

b. Governing Policy. The DON GCPC program is governed by acquisition, financial management and GCPC policies issued in references (a) through (h).

(1) Acquisition Policy – Federal Acquisition Regulation (FAR) 13.301, Defense Federal Acquisition Regulation Supplement

(DFARS) 213.270 and 213.301 outlines acquisition policy for using the GCPC.

(a) The GCPC shall be used for purchases and contract payments at or below the micro purchase threshold.

(b) The GCPC can be used to make payments on contracts above the micro purchase threshold with proper written authority. Refer to NAVSUPINST 4200.85 (Series) for guidance.

(c) The GCPC can be used to make open market purchases by CHs outside the United States for supplies and services acquired and performed outside the United States in accordance with DFARS 213.301 using Simplified Acquisition Procedures with proper written authority. Refer to NAVSUPINST 4200.85 (Series) for guidance.

(2) Financial Management Policy for the GCPC is provided in DOD 7000.14-R, also referred to as the DOD Financial Management Regulation.

(a) Per Volume 5, Chapter 33, only GCPC COs appointed by an Appointment/Termination Record - Authorized Signature Form (DD Form 577) are authorized to certify payment of GCPC invoices. GCPC COs are pecuniary liable for payments resulting from improper certifications.

(b) Per Volume 5, Chapter 33, any individual who provides information that a CO uses to certify a GCPC invoice is a Departmental Accountable Official (DAO). DAOs may incur pecuniary liability for illegal, improper, or incorrect payments resulting from the negligent provision of information, data or services to COs. DAOs are designated by a DD Form 577.

(c) Volume 10, Chapter 23 provides general payment policy and procedures described in other chapters of Volume 10, and GCPC Policy from the DOD Charge Card Guidebook.

(3) GCPC Policy – This instruction encompasses legal, regulatory, and policy from:

(a) 10 USC § 2784 establishes legal requirements for management of GCPCs, safeguards, internal controls and penalties for violations of GCPC misuse.

(b) OMB Circular A-123, Appendix B provides federal policy for management on Government charge card programs.

(c) DOD Government Charge Card Guidebook for establishing and managing purchase, travel and fuel card programs provides DOD policy for managing charge card programs.

(4) Internal Operating Procedures (IOP) - Lower echelon commands and activities may issue additional and more restrictive directives but may not contradict, change or issue directives that are less restrictive than this DON instruction and higher level IOPs.

c. Management Strategy. The DON GCPC program is managed using a structured hierarchy that provides for command oversight and activity-level execution. This management strategy provides maximum Command oversight while allowing activities the flexibility to use the GCPC to fulfill their mission requirement while complying with governing GCPC policies contained in references (a) through (j).

(1) Program Structure/Hierarchy. A hierarchical management structure provides the framework to manage communications, program oversight and accounts. Appendix A depicts the DON GCPC Program hierarchy.

(2) Policy Compliance. It is the responsibility of command, organizational and activity leadership to ensure compliance with GCPC governing policies.

(3) Communication. GCPC program reporting and communications should flow up and down the hierarchy chain of command and ensure management and supervisory involvement. It is the responsibility of anyone involved in the DON GCPC program to communicate instances of GCPC misuse, abuse or suspected fraud to their manager or supervisor.

CHAPTER 2

ROLES AND RESPONSIBILITIES

1. DON Executive Agent. Navy Marine Corps Acquisition Regulation Supplement (NMCARS) 5201.6 appoints Naval Supply Systems Command (NAVSUP) as the DON Executive Agent for GCPC policy. NAVSUP publishes overarching GCPC policy coordinated with Deputy Assistant Secretary of the Navy, Acquisition and Procurement (DASN(AP)). NAVSUP has assigned GCPC program management responsibility to the DON Consolidated Card Management Division (CCPMD) within NAVSUP N03. In this role DON CCPMD is responsible for:

a. Issuing and maintaining the DON GCPC task order under the GSA SmartPay®2 Contract,

b. Interfacing with the DOD Purchase Card Program Office on GCPC policies and issues,

c. Managing the DON GCPC Program,

d. Establishing and updating DON GCPC policy, training and communication with all DON GCPC Program participants, and

e. Assisting and ensuring subordinate A/OPCs and other program participants understand and perform their duties.

2. Head of Contracting Activity (HCA). The HCA issues GCPC contract authority to DON component commands and activities. The HCA is responsible for ensuring compliance with authority issued. The HCA determines procedures for issuing and ensuring compliance with GCPC authority. Appendix B shows DON HCAs. Each is responsible for issuing GCPC authority to their component commands and activities.

3. Head of Activity (HA). The HA is accountable for the performance and management of their command or activity’s purchase card program. The HA may delegate responsibilities within their chain of command to a qualified individual other than the command or activity A/OPC. The HA or their delegated official must complete the DON HA training prior to signing the semiannual review. The HA is responsible for:

a. Determining the need for a GCPC program and initiating the request to establish a GCPC program from the appropriate HCA,

b. Appointing, in writing, qualified personnel to perform GCPC program duties. The HA may delegate authority to appoint CHs and AOs/COs to the activity level A/OPC,

c. Ensuring proper separation of duties among personnel,

d. Establishing and maintaining a command climate to prevent personnel who originate requirements or purchase requests from having undue influence over the actions of an AO/CO and CH,

e. Ensuring management controls and adequate supporting resources are in place to ensure proper use of the GCPC,

f. Approving the required IOP for their activity,

g. Ordering investigations when appropriate and following up on investigation results, and

h. Overseeing proper program performance by reviewing and signing their activity's semiannual review.

4. Supervisors. Supervisors are responsible for identifying program participants for GCPC program duties and are responsible for implementing appropriate disciplinary action for negligence of duties, misuse, or abuse for program participants under their supervision. Supervisors shall select trustworthy individuals to fill GCPC roles and responsibilities and shall remain actively involved in the performance of GCPC duties of the program participants they supervise.

5. Hierarchy Level 3 (HL3), A/OPC. HL3 A/OPCs manage the GCPC program on behalf of the HA at the command level they are assigned. In coordination with the HA, these A/OPCs are responsible for:

a. Managing and providing oversight of their command's GCPC program,

b. Establishing applicable internal policies, procedures, training and communication with all lower level A/OPCs and program participants specific to the organizations they oversee,

c. Establishing and maintaining their command and subordinate program hierarchy,

d. Assisting and ensuring subordinate A/OPCs and other program participants understand and perform their duties,

e. Serving as the command liaison to the DON CCPMD,

f. Coordinating and compiling data call responses to the DON CCPMD, and

g. Maintaining an awareness of GCPC program policies and procedures by participating in DON CCPMD scheduled meetings and annual conferences.

6. Hierarchy Level 4 (HL4) A/OPC. HL4 A/OPCs manage the GCPC program on behalf of the HA at the organizational level they are assigned. In coordination with the HA, these A/OPCs are responsible for:

a. Managing and providing oversight of the GCPC program for their hierarchy,

b. Establishing applicable internal policies, procedures, training and communication with all lower level A/OPCs and program participants specific to the organizations they oversee,

c. Establishing and maintaining their organizational and subordinate program hierarchy, and

d. Assisting and ensuring subordinate A/OPCs and other program participants understand and perform their duties.

7. Hierarchy Level 5 (HL5) A/OPC. HL5 A/OPCs manage the GCPC program on behalf of the HA at the activity level. In coordination with the HA, the A/OPC will establish IOPs and training specific to their Activity. The HL5 A/OPC is responsible for:

a. Implementing GCPC Program Management Policy (Chapter 3 of this Instruction) on behalf of the HA,

b. Establishing and maintaining their activity GCPC program hierarchy by:

(1) Appointing and documenting program participant authority in writing,

(2) Maintaining the required span of control in accordance with DOD and command guidance, and

(3) Ensuring respective program participant contact information is maintained up to date.

c. Training of activity program participants by:

(1) Ensuring participants understand and perform their duties, and

(2) Providing participants GCPC policy/procedural advice.

d. Serving as their activity's point of contact with the issuing bank to:

(1) Perform GCPC program account management,

(2) Process account applications,

(3) Ensure accounts reflect authorized limits,

(4) Assist program participants with account management, account reconciliation and invoice certification, and

(5) Suspend and close accounts.

e. Providing oversight of their activity's GCPC program by:

(1) Advising the activity HA on program performance,

(2) Establishing management controls and assessing controls to provide reasonable assurance they are effective,

(3) Monitoring and verifying AO accounts are paid on time,

(4) Conducting monthly, quarterly and semiannual program reviews and audits, and

(5) Monitoring misuse of the card and coordinating with AO/CO and CH supervisors to ensure appropriate disciplinary action is taken.

f. Creating and maintaining an activity-specific IOP to implement the DON GCPC policies of this instruction. The activity IOP shall include procedures for:

(1) Nomination, appointment and replacement of program participants,

(2) Requirement processing and purchase authorization (obtaining funding, approvals),

(3) Record keeping,

(4) Receipt, inspections acceptance of supplies and services purchased,

(5) Notifying the personal property manager of accountable property procurements, especially pilferable property,

(6) Reconciliation and verification of the CH's statement and certification of the bank invoice for payment,

(7) Restricted purchases,

(8) Disciplinary/administrative actions,

(9) Closure of accounts upon CH transfer, retirement or termination of employment and ensuring the activity's checkout process includes a requirement to physically turn in a departing CH's card before departure, and

(10) Any other procedures applicable to the mission of the activity.

g. Maintaining awareness of GCPC program policies and procedures by:

(1) Participating in Command scheduled meetings and annual conferences whenever possible,

(2) Understanding command and Defense Finance and Accounting Services (DFAS) financial management systems and processes, and

(3) Working with activity-level financial and contracting experts.

h. Maintaining documentation for each AO/CO and CH. The documentation shall contain initial and subsequent copies of completion of training, appointment or delegation letters, DD

Form 577 and record of any administrative action taken. Documentation shall be retained for the duration the employee serves in this capacity and for three years beyond.

8. Certifying Official (CO). Only an individual appointed and trained as a CO may certify GCPC invoices for payment. It is DOD policy that the same person performs the roles of CO and AO. The CO is responsible for:

a. Validating transactions to ensure they meet legal requirements prior to certification;

b. Verifying supporting documentation is retained and available for inspection/assessments to determine whether or not transactions are valid to certify for payment;

c. Verifying facts presented in supporting documentation are complete and accurate;

d. Verifying line item detail on the invoices match the amount certified for payment;

e. Ensuring transactions on the AO statement are reallocated to other accounting classifications, if necessary, prior to the actual certification of the invoice;

f. Timely certification of GCPC invoices (either manually or electronically), and submission for payment to maximize rebates, and avoid prompt payment fees;

g. Taking appropriate action to prevent submission of duplicate invoices;

h. Retaining certified billing statements and supporting documents for six years, three months; and 10 years for documents using Foreign Military Sales funding; and

i. Pecuniary liability for illegal, improper or erroneous payments.

9. Approving Official (AO). The AO is the first line of defense in preventing misuse, abuse and/or fraudulent use of the GCPC. AOs should be, to the greatest extent possible, the supervisor of the CH or be in the direct line of authority of their CH, but not supervisor of their A/OPC in order to maintain a system of checks and balances within acquisition responsibilities. The AO is responsible for:

a. Reviewing and approving all CH statements and reconciling when CH fails to do so in a timely manner,

b. Reviewing all purchase documentation and verifying that CH transactions are proper, legal, mission essential and correct in accordance with government rules and regulations,

c. Signing and dating the AO account statement,

d. Notifying the A/OPC of any improper purchases and recording all improper purchases in the approved DON data mining tool,

e. Tracking purchases paid for, but not received, along with monitoring related disputes until the transaction issue is resolved,

f. Using the DON data mining tool to review transactions,

g. Validating that the CH fulfills their responsibilities,

h. Resolving any questionable purchases with the CH,

i. Notifying the A/OPC to immediately close a CH account when the CH is transferred, terminated, or is in absent-without-leave status,

j. Notifying the A/OPC of planned AO reassignment or departure,

k. Notifying the A/OPC of lost/stolen cards, and

l. Recommending dollar limits and inclusion/exclusion of other merchant category codes to further reduce the risk of misuse to the A/OPC for CHs under their purview.

10. Cardholder (CH). The cardholder uses the GCPC to acquire authorized supplies or services per their delegated authority. When making a purchase, the CH must comply with statutory, contractual, administrative and locally applicable requirements. The CH is responsible for:

a. Properly using the card to purchase authorized goods and services only,

b. Using the card ethically,

c. Ensuring availability of funds before purchase,

d. Observing authorized dollar limits on purchases to include any additional charges; i.e., shipping, currency exchange fees,

e. Purchasing supplies and services from required sources such as AbilityOne, when available, within the required time frame,

f. Instructing the vendor not to charge the GCPC until after the supplies are shipped,

g. Requesting the purchase be exempt from state sales tax,

h. Notifying the property accountability official of pilferable, sensitive, or high valued property obtained with the GCPC, in accordance with their activity’s established property accountability policy,

i. Maintaining a log for all their purchases,

j. Obtaining receipts for all their purchases,

k. Reconciling all bank statement transactions with their purchase log,

l. Contacting the merchant to resolve questionable transactions prior to contacting the bank or disputing the transaction,

m. Maintaining vigilance of identity theft schemes attempting to gain access to financial information,

n. Securing GCPC information by keeping the card in a safe, secure location, encrypting full account information when transmitting electronically, and using short account numbers if transmission is not encrypted,

o. Immediately reporting if their card is lost or stolen, first to the card-issuing bank, then to their A/OPC,

p. Destroying lost or stolen cards if recovered,

q. Returning their card per their activity IOP upon leaving the GCPC role, their agency/organization or retiring,

r. NOT using their purchase card to purchase prohibited items (see Chapter 4),

s. NOT allowing others to use their GCPC,

t. NOT splitting purchases in order to stay below their authorized spend limit,

u. NOT signing any vendor written terms and conditions that would financially bind the government without proper authority, when making a purchase, and

v. Discuss with their AO/CO or A/OPC if uncertain as to whether a purchase is appropriate.

11. Resource/Financial Manager (R/FM). The resource/financial manager authorizes funding and provides financial management support and expertise to A/OPCs, AOs/COs and CHs. The R/FM is responsible for:

a. Providing official notification of funding to program personnel,

b. Providing the AO/CO and CH with accurate accounting information,

c. Coordinating funding and spending limits with AOs/COs and A/OPCs,

d. Providing advice on legal or regulatory constraints for the use of funds,

e. Recording or ensuring formal obligations are recorded in the accounting system for transactions, and

f. Assisting the AO/CO with resolution of AO account payment/disbursing problems (overpayment or underpayment).

12. Local Legal/General Counsel. The local general counsel provides legal advice interpreting acquisition, appropriation, financial management and GCPC laws governing the use of GCPC and ethical behavior.

13. Local Contracting Office. The local contracting office provides advice interpreting acquisition and contracting policy governing the use of the GCPC, particularly when using the GCPC as a method of payment.

14. Disbursing/Paying Office. The Disbursing/Paying Office is responsible for paying the amount the AO/CO certifies to the bank. In this role, the Disbursing/Paying Office is responsible for:

a. Disbursing payments,

b. Posting records to accounting and entitlement systems,

c. Monitoring and making prompt payments,

d. Controlling valid appropriation data,

e. Establishing and maintaining electronic interface(s),

f. Ensuring the timely processing of disbursements and disbursement rejects,

g. Fulfilling responsibilities for pre-validation of invoices prior to payment, and

h. Ensuring adherence to the provisions of the Prompt Payment Act.

15. Card Issuing Bank. The card issuing bank provides GCPC services. The bank is responsible for:

a. Issuing and reissuing GCPCs,

b. Processing merchant charges and credits,

c. Processing disputed charges,

d. Processing invoice payments,

e. Making monthly CH and AO account statements available,

f. Providing Electronic Access Systems (EAS),

g. Providing training and customer service on the bank EAS,

h. Providing A/OPCs with account setup and maintenance assistance,

i. Monitoring for external fraud, and

j. Disbursing rebates to the DON based on GCPC use and prompt payment history.

CHAPTER 3

GCPC PROGRAM MANAGEMENT

1. Management Internal Controls. The internal management controls of this chapter are an integral part of managing and operating the DON GCPC program and mitigating risks of improper use.

2. Personnel Requirements. The following categories of personnel may be issued a GCPC or be appointed as an AO/CO or A/OPC to accomplish official duties.

a. Civilian Government employees.

b. Members of the Armed Forces.

c. Foreign nationals (both direct and indirect hires) subject to operational control and day-to-day management and supervision by U.S. civilian and military personnel.

Foreign national employees can serve as GCPC accountable officials, however, prior to making such appointments, Heads of Activity should consider the potential consequences when the Status of Forces Agreements (SOFAs) or other treaties do not subject foreign nationals to the same pecuniary liability as other DoD employees. If such appointments are necessary, Heads of Activity should consider implementing other mitigating controls to compensate for the lack of pecuniary liability.

d. Contractor support services are not authorized to perform CH, AO or CO duties. However, if the following requirements are met, contractors may assist an A/OPC in performing A/OPC administrative responsibilities:

(1) The primary A/OPC must provide direct oversight over the contractor.

(a) The contractor must sign a non-disclosure statement,

(b) The contractor’s Statement of Work must be explicit regarding the functions to be performed, and

(c) Contractor support access to the bank’s EAS shall not allow change/maintenance functionality. Access is restricted to ‘read only access’ for data collection/analysis needed to assist in managing the program.

Contractors acting as Purchase Card Program assistants would not be a DAO (as is required of an A/OPC).

(2) Each request for contractor support shall be approved by the HA.

3. Separation of Duties. To avoid conflicts of interest there must be a distinct separation of duties for GCPC program personnel. For example:

a. AOs/COs shall not be assigned as CHs or as A/OPCs within the same hierarchy.

b. A/OPCs will not be CHs within the same hierarchy,

c. Accountable Property Officers, Property Custodians or equivalents cannot be CHs with authority to purchase accountable items, and

d. R/FMs, Budget Managers or equivalents will not be CHs or AOs/COs with responsibility for executing their own funds to the maximum extent possible.

4. Span of Control. Span of control ratios are required to ensure appropriate oversight within the GCPC Program.

a. A single AO account will not encompass more than seven cardholder and check accounts.

b. An HL5 A/OPC will not oversee more than 300 cardholder and AO accounts and convenience check accounts.

c. Any one individual providing oversight; i.e., A/OPC, Alt A/OPC, AO/CO, Alt AO/CO, shall comply with span of control ratios across multiple hierarchies.

Consideration should be given to the number of transactions per CH account that an AO is required to review. A benchmark is no more than 150 transactions monthly per AO from all their purchase card accounts combined. The A/OPC should evaluate the timeliness and effectiveness of the AOs invoice review and certification process to ensure that the number of transactions for all card accounts allows the AO to complete a thorough review and certification.

If a command wishes to exceed the DoD guideline of more than seven card accounts assigned to an AO, they will need to submit a waiver request to CCPMD with endorsement from their HL3

A/OPC. This request must address the reasons as to why your command is requesting exception to the Navy standard. If approved by CCPMD, the waiver request will be forwarded to the DON Deputy Assistant Secretary of the Navy for Acquisition (DASN AP) for final approval review.

Monitor Span of Control monthly. Those activities that exceed span of control will be required to report on their non-compliance. If the activity does not take timely action, CCPMD will close accounts in order to have the activity back at the required span of control. Contingency and deployed accounts are included in Span of Control requirements.

5. Initial Training. All GCPC program participants will complete initial training before assuming program responsibilities. This includes all A/OPCs, AOs/COs, and CHs. Required initial training includes:

a. DAU CLG0001. All program participants are required to complete Defense Acquisition University Computer Learning Center course CLG001. The DAU Government Purchase Card Tutorial is a "once and done" requirement and does not need to be repeated as refresher training.

b. Online DON GCPC Training for their role. All program participants including the HA are required to complete the appropriate role-based online training available via the CCPMD website.

c. DOD Ethics training. All GCPC program participants are required to complete DON annual ethics training.

d. Activity IOP training. Local procedures training are provided by the activity A/OPC. Refer to activity IOP.

e. Certifying Official Training (certifying officials only).

Additional training is required for CHs who are delegated use of the purchase card via SF 1402 (Certificate of Appointment). The Head of Contracting authority determines training requirements for appointment via an SF-1402. CHs should contact their A/OPC to determine training requirements for SF-1402 appointment.

Documentation of training for all participants must be maintained by program participant and their A/OPC for the duration of the participant/employee serves in this capacity and for three years beyond.

Any CH or AO (with the exception of those who are deployed) who have not completed the required initial or biennial refresher training shall have their accounts immediately suspended by the A/OPC. Proper controls must be in place to ensure that suspended accounts are not reinstated until the next two higher levels of management have verified that the required training has been completed.

6. Refresher Training. All GCPC program personnel will complete activity IOP and purchase card refresher training within two years of completing initial training and within two years of last refresher training. Purchase card refresher training may be completed from one of the following training methods:

a. DON CCPMD sponsored regional training,

b. DAU CLG0004, or

c. Online DON GCPC Training.

7. Ethics Training. All GCPC program participants are required to complete DOD annual ethics training. The annual Ethics Training requirements for all Government employees is found in the Joint Ethics Regulation (JER), DoD 5500.7-R, as well as 5 CFR 2638.705.

Check with your local Office of General Counsel for training availability.

CHs that make purchases in excess of the Simplified Acquisition Threshold (SAT), as defined in the FAR, per fiscal year must complete an OGE FORM 450 and therefore are required to take local annual ethics training. AOs who certify in excess of the SAT per fiscal year must also complete OGE FORM 450 and take local annual ethics training. CHs and AOs who do not exceed the SAT per fiscal year thresholds may still be required to complete OGE FORM 450 and take local annual ethics training if required by their supervisor when, in the supervisor's judgment, the CH or AO otherwise has duties involving the exercise of significant independent judgment over matters that will have a substantial impact on the integrity of DON operations or relationships with non-Federal entities, or to avoid actual or apparent conflicts of interest. All ethics questions, including those pertaining to training, should be directed to the local DON Office of General Counsel and their next higher-level A/OPC.

8. Appointment of Authority. After initial training, authority to perform primary program participant roles shall be documented in writing before assuming a GCPC program role and responsibility. Activities must also establish local procedures for nominating and appointing program personnel. At a minimum, the procedures shall include furnishing each program appointee with a letter of delegation outlining the duties and responsibilities of the position. Letter shall also contain the date indicating when the letter is issued. A letter of

rescission should be issued and attached to the letter of delegation when the program participant leaves the command.

a. A/OPC authority shall be documented in an A/OPC Letter of Delegation from the HA.

b. CO authority to certify GCPC invoices shall be documented on the most current versions of the DD Form 577 and mailed to DFAS Indianapolis prior to performing CO duties. The most current version of the DD Form 577 shall also be used to rescind CO authority once CO duties will no longer be performed.

c. AO authority shall be documented in an AO Appointment letter.

It is DoD policy that the same person perform the roles of Certifying Officer (CO) and AO. CO authority to Certify GCPC invoices shall be documented on the most current version of DD FORM 577 and mailed to DFAS Indianapolis prior to performing CO duties. The most current version of the DD FORM 577 shall also be used to rescind CO authority once CO duties will no longer be performed. Signed DD Form 577s shall be maintained in the participant's file for a period of six years and three months after the individual no longer serves in the capacity as department accountable official.

d. CH authority to use the GCPC up to the micro purchase threshold shall be documented in a Letter of Delegation (LOD) specifying any limitations to supplies or services authorized to purchase and spending limits. CH authority must not exceed authority delegated to the activity.

(1) The LOD shall also document authorized use and dollar limits for using the GCPC above the micro purchase threshold for:

(a) Payment for commercial training services authorized by an Authorization, Agreement and Certification of Training Form (SF-182) up to $25,000, and/or

(b) Payment to DLA Document Services below $50,000, and/or

(c) Use of the GCPC as a method of payment to pay for orders placed on a contract by a warranted contracting

officer (KO) or ordering officer up to their delegated authority.

(2) Any other CH authority to use the GCPC above the micro purchase threshold (including use by CHs outside the United States up to $25,000, for supplies and services acquired and performed outside the United States), must be documented in a Certification of Appointment (SF-1402) issued per HCA procedures and training requirements. See NAVSUPINST 4200.85 (Series).

e. Updating Appointments. Delegation and appointment letters are valid for the duration the employee serves in their capacity. Letters shall be updated when the content or contracting authority has changed, but not simply due to the departure of the individual with signature authority.

Standard FORM 1402 (Certification of Appointment) shall be used to delegate all purchasing authority not authorized within a letter of delegation. Please refer to

NAVSUPINST 4200.85 series for specific delegation of contracting authority and training requirements.

Table 1. Summary Details

Situation	Letter of Delegation	SF-1402*
Open market purchases for services (CONUS) – only if applies if applicable to the Service Contract Act	Not to exceed $2,500	N/A**
Open market purchases for supplies (CONUS)	Not to exceed $3,000	N/A**
Construction Purchases (CONUS) – only applies if applicable to Davis-Beacon Act	Not to exceed $2,000	N/A
Open market purchases for Services (OCONUS) – only applies if applicable to the service contract act	Not to exceed $2,500	Over $2,500 Not to exceed $25,000
Open market purchases for supplies (OCONUS)	Not to exceed $3,000	Over $3,000 not to exceed $25,000
Construction purchases (OCONUS) – only applies if applicable to Davis-Beacon Act	Not to exceed $2,000	Over $2,000 not to exceed $25,000
BPA calls (services) – only applies if applicable to the Services Contract Act	Not to exceed $2,500	Over $2,500 not to exceed $150,000
BPA Calls (Supplies)	Not to exceed $3,000	Over $3,000 not to exceed $150,000
Training using SF-182	Not to exceed $25,000	N/A
Delivery Order against FSS (Services) – only applies if applicable to the Service Contract Act (SCA)	Not to exceed $2,500	Over $2,500
Delivery Order against FSS (Supplies)	Not to exceed $3,000	Over $3,000
Orders against IDTC (Services) only applies if applicable to the Services Contract Act	Not to exceed $2,500	Over $2,500
Orders against IDTC (Supplies)	Not to exceed $3,000	Over $3,000
UNICOR products only	Not to exceed $3,000	Over $3,000
Method of Payment only***	All instances	N/A

Table 1. Summary Details

DON: Refer to NAVSUPINST 4200.85 series for specific contracting authority and training requirements.

USMC: Any additional training requirements shall be at the direction of the HA or the Appointing Officials for the Marine Corps activities.

* Most types of contracting methods requiring an SF-1402 also require an HCA Delegation of Authority.

** All open market purchases above the micro-purchase threshold for supplies, services and construction require a contracting officer issue an order against a BPA,

Indefinite-Delivery/Indefinite-Quantity (IDIQ), etc… Under no circumstances would a CONUS CH be placing an open market purchase greater that the micro-purchase threshold.

*** CH provides purchase card account information to vendor for payment on the contact/order that was issued by the contracting officer.

Each letter of delegation of SF-1402 shall specify the following information:

Single purchase limits for open market.

Government sources of supply.

Billing cycle limit.

Transaction types authorized; e.g., over-the-counter, telephone orders or via the Internet.

Applicable limits for SF-182, calls against BPAs, order against Indefinite-Delivery Type Contract (IDTC), e.g., FSS, limits on placing electronic orders against completed IDIQ contracts or any limits on use as a method of payment.

When leaving the command or no longer part of the Purchase Card Program, a letter of rescission shall be issued cancelling the delegation letter and/or the SF-1402.

9. Notification of Pecuniary Liability. Pecuniary liability shall be documented and acknowledged using the most current version of DD 577 for all COs and DAOs and retained by the A/OPC. CHs and AOs not appointed as a CO are DAOs.

10. Account Setup. A/OPCs shall establish accounts based on account holder and activity delegated authority. Prior to setting up an account, the A/OPC shall verify that required training and delegations have been completed. There are three types of accounts.

a. AO Account. The AO account (billing account) is a summary of all account activity for CHs and check writers assigned under the AO's hierarchy. An AO account must be established and include a default line of accounting before the CH or convenience check account can be established.

b. CH Account. The CH account authorizes, controls and reports all purchases charged to the CH's card.

When an activity implements its Purchase Card Program, there are many things that must be coordinated. The financial details of an activity's purchase card program must be carefully planned. It is the responsibility of the A/OPC to ensure that these financial

details are coordinated with the activity's financial management and that a certified funding document exists prior to establishing purchase card accounts.

To set up an AO account within the bank EAS, the A/OPC must complete the account setup forms (available on DON CCPMD website). The A/OPC must include the account hierarchy, the default line of accounting and the credit limits. Setup forms must be signed by the current A/OPC or alternate A/OPC.

To setup a CH account within the bank, the A/OPC can use a setup form or the bank EAS. CH accounts must be established under an existing AO account. When setting up CH accounts, A/OPCs must ensure the single purchase limit, monthly credit limit and Merchant Category Codes (MCC) in the bank EAS reflect the limits established in the CH delegation documents. A/OPCs can request additional information be embossed on the fourth line of the CH card. Information on the fourth line on the card must be indicated on the CH setup form. (e.g., "For Government Use Only" "ORF Account" "Tax ID #")

Each purchase card account established in the CitiDirect system must have a valid Line of Accounting (LOA) associated with it. Also, the type of funding, referred to as the OPTI value, must be assigned as bulk or transactional. These financial issues need to be coordinated with the activity's financial management at the time the CitiDirect account is created.

Account limits shall be kept at a minimum to accomplish the mission requirements of the activity which in turn, reduces the risk of fraud, misuse and abuse of the Purchase Card Program.

Purchase Limits. There are three specific purchase limits that apply to the Purchase Card Program and provide financial controls. These limits are the billing cycle limit for the AO, the billing cycle limit for the CH and single purchase limit. These limits should be set and maintained in consideration of the mission of the activity. These limits should not default to maximum allowable limits.

Single Purchase Limit. Each CH's single purchase limit should include limits commensurate with anticipated purchasing requirements of the CH, letter of delegation and existing budget constraints.

A/OPCs should review the previous CH account expenditures for the prior 12 months as the limit for the new CH account. For new accounts for which no spending patterns exist, the A/OPC should conduct an anticipated spending pattern projection.

The limit when using the card with government sources of supply as a method of payment for properly issued simplified acquisitions and electronic orders placed against completed IDIQ contracts is $150,000 ($6.5 million for commercial items including options using the procedures of FAR 13.5; e.g., Purchase Orders, BPA

calls) and $999,999,990 for orders issued against GSA schedule contracts of other IDTCs.

Single purchase limits will be reviewed by DON CCPMD. Any CH with a single purchase limit, within the bank system, set greater than $500,000 will be required to provide written justification to CCPMD.

Billing Cycle Limit. The billing cycle limit may be assigned up to $9,999,990.00 Each CH and AO account shall include their billing cycle limit. CH and AO billing cycle limits shall be reviewed by the A/OPC, at a minimum, quarterly.

CH account. For existing accounts, the A/OPC should review the CHs expenditures for the previous 12 months, select the month with the highest expenditures and use that amount as the billing cycle spending limit.

AO Account. For existing accounts, the A/OPC should add the cycle limits for all CHs under the AO account and use two times that amount for the AO billing cycle limit.

For new accounts for which there is no spending history, the A/OPC should conduct an anticipated spending pattern projection and apply the guidelines above to the projection. In the absence of any information, a billing cycle limit of $5,000 is recommended for the CH.

Merchant Category Code (MCC) Blocks. To prevent misuse and abuse of the purchase card, the DON has blocked purchase card transactions for certain categories of merchants. Some examples include casinos, jewelry stores, drinking establishments, etc. These MCCs are automatically applied to CH account profiles at the time of setup. A/OPCs should further limit CH transactions by type of merchant by blocking MCCs that CH would not have a need to use.

c. Convenience Check Accounts. It is DON policy to minimize use of convenience checks. Convenience check accounts may only be established to meet requirements that cannot be met using the GCPC. Convenience check accounts are managed like CH Accounts and require additional oversight and reporting.

Requests must be justified in writing and approved by the HA of the installation or tenant activity and coordinated through the HL3 A/OPC.

An account set-up request form must be completed and submitted with a copy of the command approval directly to the bank.

Delegations of authority to maintain and use convenience checks shall be issued in writing specifically to the activity AO and convenience check account holder by the HA who is authorized to establish the account.

More than one checking account is allowed per activity; however, the number of convenience check accounts shall be limited to as few as feasible.

Activities fielding convenience check accounts must provide convenience check account holder with a safe or locking cabinet for storage of the checks.

An officer or equivalent DoD civilian who is independent of the office maintaining the account must audit convenience check accounts yearly on an unannounced basis. This can be the HL3 or 4 A/OPC or a HL5 A/OPC outside of the hierarchy.

In order to maintain effective internal controls, an AO or A/OPC may not perform the functions of the convenience check account holder.

Convenience check account holders are responsible for the safeguarding and security of their checks and account information.

The convenience check writer's bank account number is located on the bottom of each check and is not the number shown on the monthly billing statement.

Activities shall establish internal controls to include Convenience Check use approval at least one level above the account holder.

11. Account Controls. To control use of the GCPC, accounts shall include controls to limit the amount of a single purchase, monthly cycle spending and use of merchants with particular Merchant Category Codes (MCCs).

a. CH account controls shall reflect and not exceed the spending limits documented in the CH's delegation. CH accounts are set up to include the NAVYEXC MCC template containing merchant category codes of businesses that the Government would not normally do business. Addition of other MCCs may help further reduce the risk of misuse, but are not required.

b. AO account controls shall include a cycle spending limit equal to two times the sum of the cycle spending limits of cardholder accounts that fall under the AO account.

c. Convenience check account controls shall include a single purchase limit not to exceed the micro purchase threshold.

Forced Authorizations. If a legitimate purchase must be made from a merchant with a blocked MCC, a forced authorization is requested and HL3 A/OPC approval is required. The HL4/5 A/OPC shall provide the HL3 A/OPC with the following information via e-mail or in writing, prior to approval:

Name of the CH

Last 6 digits of the CH account

Merchant name

Transaction amount (exact dollar amount)

MCC

Validation of transaction (explain how the purchase meets the mission of the organization and why the vendor with a blocked MCC code must be used.)

Once the HL3 A/OPC has received and validated the information, the HL3 A/OPC will contact the bank to have a note placed on the CH account authorizing the transaction, not to exceed 96 hours. Once the account is noted, the merchant will be able to process the transaction (within that time period). The merchant will not be able to swipe the card, as it will still result in a decline. The merchant will need to contact the bank's customer service (telephone number located on the back of the card) to obtain a verbal approval code for the charge. The merchant will then be able to manually enter the authorization code into their terminal to process the transaction. A complete listing of MCC exclusions can be found under the "Bank Guidance" link of the Purchase Card section of the CCPMD website (https://www.navsup.navy.mil/ccpmd).

HL5 A/OPCs are required to maintain copies of the forced authorization approval in the transaction file. Should a CH have legitimate purchases that must be made from a merchant that uses a blocked MCC code an estimated three times a month or 36 times a year, they may request a waiver via their HL5,4, and 3 A/OPC from CCPMD to change the template associated with their account using the procedures outlined in the waiver process section of NAVSUPINST 4200.99B.

12. Transfer of Accounts. CH accounts shall not be transferred from one AO account to another. Instead, the CH account shall be closed and a new CH account shall be established under the desired AO account. AO accounts shall not be transferred from one HL5 hierarchy to another; instead the account must be reconciled to a zero dollar balance, closed and a new AO account opened under the new HL5 hierarchy. If there is a credit balance, then request that the bank send the A/OPC a check made out to the "U.S. Treasury."

The A/OPC shall work with their comptroller to have their paying office apply the money to the lines of accounting that generated the credit as determined by the A/OPC, AO and CH.

13. Closing CH and AO Accounts. The A/OPC shall ensure, to the maximum extent possible, that the CH account is inactive at least 30 days (one billing cycle) prior to the projected date of transfer, retirement or removal. Additionally, within the last six months, accounts used less than 3 times shall be closed. Prior to closure, the AO must verify that all transactions and payments for these accounts have cleared. Under no circumstances shall an account remain open past the official detachment date of AO or CH.

The A/OPC can close a purchase card account using the SP2 Citibank Cardholder Maintenance Form or SP2 Citibank Approving Official Set Up Maintenance Form or via the CitiDirect web site. Follow the instructions listed on the form, in particular, mark "Account Closure" in Section II of the form. The A/OPC shall retain an approved copy of this form in the official A/OPC files.

a. A CH account shall only be closed after the CH confirms that all purchases, merchant credits and disputed amounts have been posted and reconciled. Once the AO/CO has verified that all transactions and payments have cleared the account, the A/OPC will close the account. Under no circumstances shall a CH account remain active past the official transfer date or separation date of the CH. If there are transactions still outstanding, the A/OPC shall reduce the CH credit limits, as soon as practical, to $1.00 (single and monthly limits) and cut up their GCPC to avoid any more charges. This needs to be done early enough to ensure that all transactions are posted to the statement and can be certified prior to CH departure. Once all transactions have been posted, the A/OPC shall close the CH account and rescind the delegated authority. All files documenting GCPC transactions shall be turned in to the AO/CO when a CH leaves the activity for retention by the AO/CO. This will allow auditors the ability to locate documents after the CH has departed. The plastic card (and checks if CH has a convenience check) shall be destroyed per procedures in the activity IOP.

b. AO accounts shall not be closed until all CH accounts billed to the account have been closed and the invoice has been paid. When closing an AO account due to program restructure or the account is no longer needed, the AO account balance must be zero. If there is an outstanding balance, a final certification will need to occur to balance the account.

As part of the Quarterly Review, the A/OPC will compare their entire CH listing against the command's official personnel roster and close any CH accounts not verified by their personnel office. Components shall take the necessary steps to ensure A/OPCs are notified of personnel changes that would warrant cancellation of charge card authorization.

A/OPCs must ensure that the command's checkout process includes a requirement to physically turn in a departing CH's card before detachment.

AO accounts shall be closed after all CH accounts under the purview of that particular AO have been closed.

Lost or Stolen Cards. The A/OPC has the responsibility and authority to suspend or cancel purchase cards that have been compromised. Cards considered lost or stolen must be dealt with immediately.

The AO is responsible for notifying the A/OPC of cards lost or stolen. The CH will most likely be the first to realize that a card is missing and should immediately call a Citibank CAS member at 1-800-790-7206, option 4.

Should you require general assistance with cards and/or statements, contact the Citibank Help Desk toll-free at 1-800-790-7206 or if outside of North America call collect at 904-954-7850.

Closing a Convenience Check Account

Convenience checks will not be posted to closed accounts. Checks presented after an account has been closed will be returned to the merchant with an Account Closed reason code.

When closing an account with convenience checks, the A/OPC shall always:

Collect and destroy any unused convenience checks.

Ensure all checks have cleared before closing the account.

Check Disposal Procedures.

Destruction. A memo shall be prepared that includes the complete mailing address of the command; date of destruction; check number of each check; typed name, title, grade or rank and signature of the witness; and typed name, title, grade or rank and signature of the check writer. When blocks of checks are destroyed, the beginning and ending check numbers of the block may be shown. Otherwise, each check shall be listed in numerical sequence.

Verification. The check writer and at least one witness shall examine the checks to verify they are the actual checks to be destroyed, verify the check numbers with

information on the memo and sign the memo only after witnessing the actual destruction of the checks.

Disposition. Voided, compromised or checks no longer required, shall be stored in a safe or locking cabinet for storage segregated from all other checks until destroyed. The voided, compromised, or checks no longer required shall be destroyed locally at least once each quarter by shredding.

14. Inactive Accounts. The A/OPC shall ensure that CH accounts that have not been used in the previous six months or were used less than three times during the preceding six month period are closed unless the supervisor submits an acceptable justification to the A/OPC for keeping them open. Under some circumstances it may be appropriate to hold inactive accounts open. These include, but are not limited to, contingencies, deployed-status accounts, or cases when an employee is on extended sick leave or experiences a temporary disability. The handling of inactive CH accounts should be addressed in the activity IOP.

Account activity will be reviewed as part of the semiannual review process.

Once the AO has verified that all transactions and payments have cleared the account, the A/OPC will close the account.

15. Contingency Account. Contingency accounts may be set up for contingency deployment or as a back up when the primary CH is unavailable. Contingency accounts shall remain inactive until needed. The A/OPC shall ensure that any CH account designated as a contingency account is set to a credit limit of $1.00 (single and monthly limits) until the account is activated for usage. Contingency cards are included in span of control requirements (1:7 ratio accounts to AO/CO).

16. Issuing Outside of Commands and Agencies. Commands whose business operations require issuing purchase cards to a prospective CH not within their command or agency should follow these guidelines when setting up the purchase card account.

a. Both the receiving and issuing command must receive permission from their HCA with notification to the DON CCPMD.

b. The issuing command is the owner of the funding, and as such, should enter into a Memorandum of Understanding (MOU) with the receiving command (the resident command of the purchase CH). At a minimum, the MOU should address the roles of the key

personnel involved; i.e., funds administrator, A/OPC, AO/CO, etc. An MOU is required if there is support of an external customer; e.g., non-DON activity.

c. The receiving command should abide by the issuing command's IOP.

d. The HA of the issuing command shall delegate contract authority to the prospective CH(s) of the receiving command. Prior to issuing contract authority, the A/OPC of the issuing command will ensure that the prospective CH meets all of the requirements for becoming a CH.

e. The issuing command is responsible for funds management related to the issued purchase cards. This includes ensuring the proper funding is provided, as well as ensuring the integrity of the funding lines of accounting.

f. The issuing command is responsible for program oversight in Chapter 5 of this instruction. Copies of the review results will be forwarded to the HA of both the issuing and receiving command.

g. The receiving command is responsible for account oversight in Chapter 5 of this instruction.

17. Waiver Process. Request for waivers; e.g., span of control, separation of duty, MCC template, or deviations to this instruction, should be sent to the DON CCPMD via the cognizant HL3 A/OPC. The HL3 A/OPC shall forward the endorsement to the DON CCPMD for review. Once reviewed by the DON CCPMD, a written response stating approval/denial will be returned to the HL3 A/OPC. The waiver request must include a statement of the problem, the recommended solution and any necessary discussion. This information should be self-sustaining. Additional supporting information may be provided as enclosures. Waiver requests may be submitted by digitally signed email and include the following:

a. Activity name,

b. Full activity hierarchy number (HL3 to HL6),

c. Number of card accounts,

d. Average monthly number of transactions,

e. Rating and date of last external audit review of card program,

f. Length of time waiver is required, and

g. In the event of separation of duty requests for AO/CO and A/OPC, include:

(1) Steps in place to ensure independent review,

(2) Name of person in the position of AO/CO and A/OPC, and

(3) Full hierarchy string to include AO/CO level.

CHAPTER 4

USING THE GCPC

1. Authorized Use. The GCPC is authorized for making and/or paying for micro purchases of supplies, services, or construction. The GCPC is also authorized for making contract payments when a contractor agrees to accept payment by the card. Policy for using the GCPC as a method of payment for a task or delivery order over the micro purchase threshold is governed by NAVSUPINST 4200.85 (Series).

Necessary Expense Rule. When you are faced with questions regarding whether you can or cannot purchase items, the general rule is the "Necessary Expense Rule." When applying the necessary expense rule, expenditures can be justified after meeting a three-part test.

The expenditure must bear a logical relationship to the appropriation sought to be charged. In other words, it must make a direct contribution to carrying out either a specific appropriation or an authorized agency function for which more general appropriations are available.

The expenditure must not be prohibited by law.

The expenditure must not be otherwise provided for, that is, it must not be an item that falls within the scope of some other appropriation or statutory funding scheme.

An expenditure cannot be justified merely because some agency official thinks it is a good idea, nor can it be justified simply because it is a practice engaged in by private business. The important thing is not the significance of the proposed expenditure itself or its value to the government or to some social purpose in abstract terms; but the extent to which it will contribute to accomplishing the purposes of the appropriation the agency wishes to charge.

If an expenditure is directly connected with and is in furtherance of the purposes for which a particular appropriation has been made and an appropriate administrative determination is made to that effect, then the appropriation is available for the expenditure. When in doubt, seek guidance from fiscal counsel. The importance of the above paragraph is that the authorization is not whether the purchase card can be used or not but whether you can buy the particular item in question. In most cases, if the comptroller and legal office are in concurrence (that you can use appropriated funds to buy item X, etc.) then the purchase card is just the vehicle to accomplish the procurement action not the bottom line decision maker.

2. Authorized User. A GCPC may only be used by the person to whom the card was issued, within the limits of their delegated

authority. Use by anyone other than the issued CH is considered unauthorized use.

3. Proper Use. A proper purchase is any authorized purchase that was made in a correct amount under statutory, procurement, financial management, administrative, or other legally applicable requirements.

a. Statutory Requirements. The GCPC is a Government purchase and payment vehicle. The GCPC will not be used for personal use. Use of the GCPC must comply with the following statutory requirements.

(1) There must be an approved bona-fide Government need,

(2) Requirements should be defined as a minimum to meet the Government bona-fide need,

(3) There must be a legal appropriation available for what is being purchased prior to making the purchase, and

(4) Requirements cannot be intentionally split to circumvent the micro purchase threshold or other single purchase limits.

b. Procurement Requirements. Use of the GCPC must comply with the CH delegated contract authority and the following Federal and DOD procurement requirements.

(1) Use the GCPC to purchase or pay for all supplies and services at or below the micro purchase threshold.

(2) Purchase supplies which are on the AbilityOne Procurement List from AbilityOne participating nonprofit agencies if available within the timeframe required.

(3) Purchase supplies or services at, or below, the micro purchase threshold from any Federal Supply Schedule contract when a requirement can be met for a lower cost or faster delivery. Attempt to rotate orders among qualified contractors to the maximum extent practicable.

(4) Purchase of electronic and information technology (EIT) items must be compliant with Section 508 of the Rehabilitation Act of 1973, which states that Federal agencies must make their electronic and information technology accessible

to people with disabilities. Exceptions to this requirement include:

(a) When it is part of a weapon system,

(b) When it is located in spaces frequented only by service personnel for maintenance, repair or occasional monitoring of equipment, or

(c) If it would impose an undue burden (significant difficulty or expense).

(5) Purchase 'green' products and services to the maximum extent practicable. DON CHs shall advance Federal Sustainable Acquisition Policy by ensuring that 95 percent of GCPC requirements for supplies and services are met using 'green' products. Federal Sustainable Acquisition Policy does not apply to:

Purchases performed outside the CONUS

Weapon Systems

(6) Consider small businesses when making micro purchases, to the maximum extent practicable.

(7) If authorized in their LOD, a CH may use their GCPC to make payments against a contract when the payment is authorized by the KO. In this case the Government KO is responsible for Federal Procurement Data System reporting and records retention.

c. DON Directed Procurement Policy. 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. Use of the GCPC must comply with the following DON directed procurement policy to the maximum extent practicable.

(1) Office Supplies. CONUS CHs shall purchase AbilityOne Office Supplies from DOD EMALL or a local SERVMART. Small Business and Green products should be purchased to the maximum extent practicable.

(2) Incidental janitorial and sanitation supplies. CONUS CHs shall purchase AbilityOne incidental janitorial and sanitation supplies from DOD EMALL. Small Business and green products should be purchased to the maximum extent practicable.

Incidental janitorial and sanitation supplies may also be purchased at a local SERVMART.

(3) Wireless Services. CONUS CHs shall purchase wireless services and devices from the nationwide DON wireless contract awarded by the NAVSUP Fleet Logistics Center (FLC), San Diego

(4) Furniture. All CHs shall purchase office, dorm and quarters, child development, and industrial and institutional furniture from the NAVSUP FLC, Norfolk suite of strategically sourced Blanket Purchase Agreements. Furniture for ships is exempt from this policy. Exceptions to this policy must be made on a case by case basis at a level no lower than the Chief of the Contracting Office.

(5) Printing Services. CH shall purchase printing and duplication requirements and rental of duplication equipment from DLA-Document Services.

(6) Non use of DON directed sources. Occasionally it may not be practicable to meet requirements by purchasing supplies or services from the DON directed sources in items (1) and (2) above. In this case, the AO/CO will pre-approve the exception prior to the CH making the purchase and will justify the rationale for not using the DON directed source in the approved DON data mining tool.

(7) Other Supplies or Services. Requirements for supplies and services other than those listed in items (1) through (5) above may be purchased from a local open market source when the requirement can be met for a lower cost or faster delivery than purchased from a Federal Supply Schedule (FSS). Attempt to rotate open market purchases among qualified vendors to the maximum extent practicable.

The DON directed procurement policy in Chapter 4 of NAVSUPINST 4200.99B is designed to ensure compliance with Federal and DOD procurement and strategic sourcing requirements; this includes the requirements of FAR Part 8 - Required Sources of Supplies and Services. The below table lists each FAR Part 8.002 source of supply and why the source is or is not applicable when the GCPC is used to make a purchase below the micro purchase threshold. The table also shows the section of GCPC policy that addresses each source of supply in FAR Part 8.002.

Purchase documentation maintained per NAVSUPINST 4200.99B Chapter 4, section 3. e. (2) should provide the AO/CO, A/OPC or an external auditor the information needed to determine if the purchase is proper and complied with DON directed procurement policy. However, some A/OPCs prefer to simplify the GCPC purchasing and internal review process; they include in the Activity Internal Operating Procedures a requirement to use a GCPC purchase worksheet to

'check off' that FAR Part 8.001 sources of supply, and other procurement requirements are considered.

Regardless of the source, keep in mind the CH must always ensure supplies on the AbilityOne Procurement List are purchased from an AbilityOne participating nonprofit agency (NAVSUPINST 4200.99B Chapter 4, section 3. b. (2)). Sometimes it may not be practical to purchase Office of Incidental Janitorial/Sanitation supplies from a DON directed source (EMALL or SERVMART), in those instances the AO/CO should pre-approve the purchase and annotate it in the approved data mining tool per NAVSUPINST 4200.99B Chapter 4, section 3. c. (6).

FAR Part 8 REQUIRED SOURCES OF SUPPLIES AND SERVICES	Applicable when using the GCPC below the MPT?	Rationale	Policy
Agency Inventories	N	A requirement should never reach a CH if it can be met from an agency/activity's inventory. Ensuring agency inventories have been screened by the requirement initiator is the responsibility of the purchase approval authority within the activity. If a CH believes the requirement can be met using agency inventories they should contact the requirement originator.	NAVSUPINST 4200.99B Chapter 4, section 4. a. (1).
Excess from Other Agencies	N	FAR 8.102 indicates using excess from other agencies when practicable; normally the cost associated with researching the availability from other agencies for an item that costs less than $3000 is not practical.	
Federal Prison Industries	N	FAR 8.605 provides an exception that purchasing from FPI is not mandatory and a waiver is not required if acquiring listed items totaling $3,000 or less.	
Supplies which are on the Procurement List maintained by the Committee for Purchase From People Who Are Blind or Severely Disabled	Y	This requirement can be met by purchasing AbilityOne items at the local SERVMART or the 'Navy Contracts' corridor of DOD EMALL.	NAVSUPINST 4200.99B Chapter 4, section 3. b. (2); section 3. c. (1); and section 3. c. (2)

Wholesale Supply sources, such as stock programs of the General Services Administration (GSA), the Defense Logistics Agency, the Department of Veterans Affairs, and military inventory control points	N	A requirement should never reach a CH if it can be met from the supply system. Ensuring the supply system has been screened by the requirement initiator is the responsibility of the purchase approval authority within the activity. If a CH believes the requirement can be met using the supply system they should contact the requirement originator.	NAVSUPINST 4200.99B Chapter 4, section 4. a. (1).
Mandatory Federal Supply Schedules	N	The DOD has not identified any mandatory Federal Supply Schedules.	
Optional use Federal Supply Schedules	Y	FAR 13.301 c. (2) and 8.405-1 (b) allow using the GPCP to place a task or delivery order. Cardholders should use DOD EMALL or GSA Advantage to purchase from a FSS unless the requirement can be filled at a lower cost or faster delivery.	NAVSUPINST 4200.99B Chapter 4, section 3. b. (3)

d. Financial Management Requirements. R/FM participants shall ensure that proper obligations for GCPC transactions are recorded into their respective accounting and bill paying systems prior to purchase.

(1) GCPC participants should work with their Resource Manager/Comptroller to ensure that proper funding is available.

(2) Advance payments are prohibited except for tuition, post office boxes and subscriptions for publications or services that are certified as absolutely necessary for operational purposes by the activity HA.

(3) Obligations for overseas purchases are to be established at the congressionally established budget exchange rate (BER). CHs must take the fluctuation of the daily exchange rate into account when making purchases close to their authorized limit to ensure it is not exceeded.

e. Administrative Requirements. Records of each purchase shall be kept to perform a reconciliation of purchases made with the CH Statement provided by the bank. Records shall also be

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

(1) Purchase Log. Maintain either a manual or automated log that documents each purchase. The primary purpose of the purchase log is to provide documentation to support the monthly invoice certification process. The log gives the CH the necessary backup data to confirm the accuracy of their statement from Citibank. The CH uses the log to document individual card transactions and the screening process(es) used. Entries must be made for each card transaction and or convenience check issued

Entries in the purchase log may be supported by internal agency documentation such as a request for procurement document or an email request. The purchase card documentation should provide an audit trail supporting the decision to use the card and any required special approvals that were obtained

(b) The purchase log shall contain the following mandatory information:

1. Name of individual requesting the item or service,

2. A description of the item or service ordered,

3. Date the item or service was ordered,

4. The merchant name,

5. The dollar amount of the purchase,

6. Date received, and

7. Name of the individual receiving the item or service.

(c) It is highly recommended the purchase log contain comments or applicable information regarding the purchase. Examples may include:

1. Paid but not received (pay and confirm),

2. Credit received,

3. Dispute information,

4. Required sources used/not used and reason why, or

5. Legal or professional advice regarding questionable purchases.

(2) Purchase documentation. Maintain records to support the integrity of the purchase. The record of purchase shall include:

(a) The requisition documentation,

(b) Sales receipt/merchant invoice,

(c) Proof of delivery/acceptance, and

(d) Any additional documentation to support the legality of the purchase.

If a CH does not have transaction documentation, an explanation must be attached to their statement during the reconciliation process.

(3) Retention of financial documents. AOs/COs shall retain financial documents per DOD 7000.14-R, Volume 1, Chapter 9 to support financial audits. Additionally, DOD 7000.14-R, Volume 10, Chapter 23 requires original documents supporting the payment of the certified bank invoice; i.e., purchase documentation, be retained:

(a) For a period of six years and three months,

(b) For a period of 10 years when using Foreign Military Sales funding,

(c) Even if an account is terminated, and

(d) For longer than specified above, if in support of DON Financial Statement Audits. Records retention officials should check with their local comptroller for any supplemental retention guidance before disposing of financial documents.

The AO is responsible for the maintenance of all CH transactions documentation when a CH leaves the role and its associated duties. This may be due to a number of reasons including transfer, reassignment, retirement or illness.

CH Records. All purchase card transaction documentation begins with the acquisition. The CHs SHALL request copies of itemized sales receipts or other sales documents

supporting the purchase card transaction. This may include a charge card slip, cash register receipt, packing list, etc. The CH SHALL retain any documentation received from the vendor to support proof of the sale and, this will later be used to verify the transactions shown on the CH statement.

(4) Electronic Storage of GCPC Documentation. Electronic record storage requires adequate controls to ensure the integrity of the digital images accurately represent the corresponding original paper documentation and to detect changes to an original digital image. In addition, electronic storage must be in a centrally managed location that has an established backup process. Commands or activities that scan and store GPCP supporting documentation shall document controls used to ensure integrity of digital images in their IOP.

(5) Contingency Operations. DON CCPMD will issue a PCAN at the time a contingency operation is declared by DOD. All purchases in support of a DOD declared contingency operation as defined in 10 U.S.C. 101(a)(13) will need to be recorded using the bank's online purchase log within 30 days of the statement date on which the transaction appeared. The line item details associated with the transaction will need to be identified as part of the DoD declared Contingency Operation by selecting the "Contingency Operation" box within the bank EAS system. By checking the contingency operations box, the system will generate a text box allowing the CH to enter the name of the contingency and how the item purchased supports the contingency operation. Every transaction supporting the DoD declared contingency operation must be entered into the online Purchase Log within 30 days of the statement date on which the transaction appeared. Exact wording for the contingency operations name (for entry in the text box) will be provided via a PCAN form DON CCPMD at the time the Contingency Operation is declared by DoD.

Contract Clauses not allowed with use of GCPC. None of the following clauses are permitted in orders or POs for purchase card purchases:

FAR 52.213-1	Fast Payment Procedures
FAR 52.232-8	Discounts for Prompt Payment
FAR 52.232-23	Assignment of Claims
FAR 52.232-25	Prompt Payment

Document Distribution. IDTC/BOAs/POs copies shall not be distributed to the payment office, Defense Finance and Accounting Service (DFAS).

Transportation Costs.

Free-on-Board (FOB) Destination: Vendor pays the cost of transportation and includes it in cost of item(s). CHs should always attempt to obtain FOB terms.

FOB Port of Embarkation (POE): Vendor pays cost of transportation to the Defense Transportation Regulation (DTR) Aerial/Water POE or Defense Distribution Depot San Joaquin, CA (DDJC) for OCONUS. (Transportation charges from the Aerial/Water POE or DDJC to overseas are paid using TAC N820).

FOB Origin: Prepay and Add means the vendor prepays the transportation charges, but adds the charges to the invoice for reimbursement. CHs SHOULD NOT accept FOB Origin terms. [In cases where CHs must accept FOB Origin, transportation charges will be paid from the procurement Line of Accounting (LOA)].

Personal Property/Accountable Records. The CH is responsible for notifying the Personal Property Manager when any item classified as Personal Property that belongs in an Accountable Record is acquired via the purchase card.

Personal Property is defined as those items used, but not consumed, to produce goods or services in support of DON's mission. Personal Property includes: office equipment, industrial plant equipment, vehicles, material handling equipment, automated data processing equipment, government furnished equipment acquired by the Federal Government or a contractor, leased assets (capital or operating) and military equipment such as weapons, weapon systems, and weapon system components and support equipment.

Personal Property does not include: inventory items (e.g., items intended for sale), operating materials and supplies, real properties (i.e., land, buildings and structures), or items of a historical nature.

Accountable Records are maintained by the Personal Property Manager for Personal Property having a unit acquisition cost of $5,000 or more, as well as those items that are below $5,000 and meet all of the following criteria:

Pilferable. Items that have a ready resale value or application to personal possession and that are therefore, especially subject to theft.

Critical to the Activity's business/mission.

Hard to repair or replace.

Sensitive Items. Items that require a high degree of protection and control. They may include items that are governed by statutory requirements or regulations, such as narcotics and drug abuse items; precious metals; items that are of a high value, highly technical, or of a hazardous nature; and small arms, ammunition, explosives and demolition or classified material.

Classified Items. Items that require protection in the interest of national security.

Federal Procurement Data System – Next Generation (FPDS-NG) reporting requirements. Any procurement over the micro-purchase threshold requires reporting via FPDS-NG by the CH except when using the Purchase Card as a Method of Payment

Purchase Procedures. After the CH solicits price/delivery quotes from vendors, has documented the information, has evaluated the prices and has determined the best fair and reasonable price, they can proceed with transacting the purchase. The means by which to transact purchases with the purchase card is known as "transaction types".

The three transaction types, available for purchase card purchases are:

Over-the-counter – The CH makes the purchase at the vendor's location or place of business.

Over-the-phone – The CH calls the vendor to place an order and the vendor then delivers or prepares the order.

Over-the-Internet – The CH places an order via the Internet. (This transaction type requires a CH to ensure that appropriate account safeguarding measures are taken.)

Before making any purchase card purchases, the CH shall ensure that:

An approved and properly funded purchase request is presented prior to making the purchase. Each acquisition must be screened to ensure sufficient funds are committed, available and appropriate for the specific requirement to be purchased. There are no standard procedures for approving a requirement [e.g., training document (SF-182) or purchase request.] to be met using the Government Purchase Card. Some commands use sophisticated electronic systems while others use paper documents to maintain an audit trail. The most important elements that need to be captured within the audit trail must identify who approved the requirement, what was purchased to fulfill the requirement, what was delivered and who accepted the delivery on behalf of the government. This audit trail may be documented by paper, within an electronic system, or a combination of both paper and electronic systems.

The appropriate purchase instrument is used (when required) for the requirement [e.g., Blanket Purchase Agreement (BPA) Purchase Order (PO) contract, Delivery Order (DO) etc.)

The appropriate provisions and clauses are included. Federal Acquisition Regulations (FAR) 52.232-36, "Payment by Third Party", shall be included in all

Purchase Orders, BPAs and contracts where the purchase card will be used as the payment method.

Regardless of dollar amount, if written terms and conditions; e.g., Military Specifications, Federal Specifications, Conferences, etc., are required when purchasing an item or service, a purchase order/contract shall be placed by a warranted contracting officer for the item or service using the Government Purchase Card as a method of payment. The Government Purchase Card may NOT be used to directly purchase goods or services when the transaction requires Terms and Conditions as part of the transaction.

User identification, authentication and data encryption are important factors in safeguarding CH information. CHs shall only place online orders with organizations providing SSL-encrypted protection. [CHs must use a browser providing at least 128-bit capability (e.g. MS IE 5.5 or NETSCAPE 4.76 and above). Use of online ordering systems that do not provide encryption is prohibited. The CH shall comply with the authentication and identification requirements (passwords, identification, PIN #, etc.) required by the commercial vendor from whom the cardholder is acquiring supplies.

Whether the purchase is made over-the-counter, over-the-phone or over-the- Internet, the following applies:

Instruct vendors not to charge sales tax unless the location of 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. In 2008, GSA sent letters to all states and commonwealths requesting their support of the GSA SmartPay 2 follow-on card program by continuing to extend tax exemption status for Federal Government credit card purchases. GSA maintains State Tax Information from each state regarding sales tax exemption for U.S. government purchases on their website https://smartpay.gsa.gov/about-gsa-smartpay/tax-information/state-response-letter .

Note: When viewing each state in the GSA State Tax Information webpage, Purchase Cards are listed as "CBA/Purchase Card".

The CH reminds the vendor that their purchase card account may not be billed until after the material has been shipped or service provided.

Avoid back ordering or delivering partial quantities – If an item must be back ordered or a partial quantity accepted, the merchant must agree to only bill for the actual quantity shipped.

CHs must obtain copies of itemized sales receipts, or other sales documents supporting their purchase card transactions. This includes charge slips, cash register receipts, packing slips, etc. CHs must retain any documentation received from vendors to support proof of sales, as this will later be used to verify the transactions shown on the CH statements.

Except when used overseas, where the local law expressly requires that a merchant be permitted to impose a surcharge, the CH shall ensure that any credit card fees paid by the vendor are not added to the price of the items. Any overseas surcharge amount, if allowed, must be included in the transaction amount and not collected separately.

For easier statement reconciliation, the CH ensures that all items are delivered or picked up within the same billing cycle. If not practical, the CH shall follow Pay and Confirm procedures.

All contract reporting is accomplished (i.e., DD FORM 1057 or DD FORM 350).

Contingency Operations. DON CCPMD will issue a Purchase Card Advisory Notice (PCAN) at the time a Contingency Operation is declared by DoD. All transactions in support of a DoD declared Contingency Operation as defined in 10 U.S.C. 101(a) (13) will need to be recorded using the bank's online purchase log within 30 days of the statement date on which the transaction appeared.

Resolve Questionable Transactions with Vendors. In general, the quickest way to resolve questionable transactions that appear on a CH statement is to contact the vendors because they have the ability to fix many erroneous charges that can appear on a statement.

Contacting the vendor is also a quick way to determine whether a transaction needs to be disputed. When the vendor and CH disagree about a transaction, immediate actions need to be taken by the CH. In most situations, this will involve disputing the transaction and contacting the Citibank's Customer Help Desk. Citibank Government Cardholder Dispute Form and directions can be found on the CCPMD website under the "Bank Guidance" tab.

Should you require assistance with cards and/or statements, contact the Citibank Help Desk toll free at 1-800-790-7206, option 4. Outside of North America, call collect to Citibank at 904-954-7850.

Simplified Acquisition Methods.

The Government Commercial Purchase Card may be used:

To make Micro-Purchases.

As a Method of Payment.

Micro-Purchases.

The Federal Acquisition Regulation (FAR) Part 13, Simplified Acquisition Procedures, sets the Micro-Purchase Threshold at $3,000.

Exceptions:

For acquisitions of construction subject to the David-Beacon Act, $2,000.

For acquisitions of services subject to the Service Contract Act, $2,500; and

OCONUS – With the appropriate delegation of contracting authority, CHs may use the purchase card OCONUS for procurements not to exceed $25,000.

For acquisitions of supplies or services that, as determined by the head of the agency, are to be used to support a contingency operation or to facilitate defense against or recovery from nuclear, biological, chemical or radiological attack as described in FAR 13.201(g)(1), except for construction subject to the Davis-Bacon Act (41 U.S.C 428a)—

$15,000 in the case of any contract to be awarded and performed, or purchase to be made inside the United States; and

$30,000 in the case of any contract to be awarded and performed, or purchased to be made outside the United States.

Davis-Bacon Act and Services Contract Act – These two Acts apply only to the continental U.S. (CONUS), defined as the 50 states, the District of Columbia, Puerto Rico, the northern Mariana Islands, American Samoa, Guam, the U.S. Virgin Islands, Johnstown Island, Wake Island and Outer Continental Shelf Lands as defined in the Outer Continental Shelf Lands Act (43 U.S.C. 1331, et seq.) but does not include any other place subject to U.S. jurisdiction or any U.S. base or possession in a foreign country (29 CFR 4.112).

All micro-purchase requirements regardless of the simplified acquisition method used shall be made with the purchase card unless written determination by a member of the SES, Flag Officer or General Officer is provided in the purchase file. (Pertains to any award/order valued at or below the micro-purchase threshold and does not use the purchase card on a stand-alone basis or as the method of payment).

Method of Payment.

Using the GCPC to pay for commercial invoices above the micro-purchase threshold, on established contracting vehicles, is referred to as a Method of Payment. The use of the GCPC as a Method of Payment is highly encouraged.

Purchase Orders (POs). Each PO for supplies and services should contain authorization for payment via purchase card, including unpriced orders having established ceiling prices. Whether below, at or above the micro-purchase threshold, the following procedures apply:

The CH must have a delegation letter or SF 1402, Certificate of Appointment. The delegation document shall specify use of the purchase card as a payment method. CHs single purchase and billing cycle limitations should reflect authorization to use the purchase card as a method of payment.

Requisitions for purchases to be made should include the CHs name, code and telephone number.

The Contracting Officer shall include in all solicitations and awards the FAR 52.232-36 “Payment by Third Party”. The Contracting Officer must indicate in block 15 of the DD FORM 1155, Order for Supplies or Services, that payment will be with the purchase card and also include contracting officer’s name and telephone number.

The CH must provide the vendor with the valid PO number and state that the purchase card will be used for payment at the time of the PO award.

The CH shall give the vendor their purchase card number, verbally, by fax or e-mail. The CH shall inform the vendor not to charge the account until after performance/shipment occurs and to not reveal the purchase card number on any shipping/packing document.

If the PO is an unpriced PO for repair services the contractor must be instructed not to proceed beyond the original ceiling authorization without notification of the CH and approval of the Contracting Officer. The Contracting Officer may authorize the additional work/cost but shall issue a modification to the unpriced PO to complete the order. The CH must inform the vendor not to charge their card account until completion of work.

The CH may use the purchase card as method of payment for properly issued POs up to the Simplified Acquisition Threshold (SAT). Presently, this value is $150,000 or up to $6.5 million if using procedures under FAR 13.5 for acquiring commercial items.

Blanket Purchase Agreements (BPAs). The purchase card may be used to pay for firm fixed price of unpriced BPA calls issued against BPAs setup using SAT provided that:

The contracting officer shall include in all solicitations and awards the FAR 52.232-36 “Payment by Third Party”. The contracting officer must indicate in block 15 of the DD FORM 1155, Order for Supplies or Services, (or in block 18a if using Standard FORM (SF) 1449, Solicitation/Contract/Order for Commercial Items) that payment will be made with the purchase card and also include CHs name telephone number.

The $150,000 SAT shall not be exceeded for individual calls payable unless the BPA is setup using FAR 13.5 procedures. Under FAR 13.5, individual calls may be made up to $6.5 million.

CHs authorized to place BPA calls must have a Certificate of Appointment (SF 1042) stating the appropriate procurement method and individual call limitation.

The CH must receive a valid purchase requisition (written or electronic) indicating that the purchase card will be used for payment and including CH name, code and telephone number.

The CH must provide the vendor their name, telephone and purchase card numbers at the time the BPA call is made. The CH shall inform the vendor to not charge the card account until after service is rendered and to not include the purchase card number on shipping/packing documents. This information can be relayed verbally, by fax or e-mail.

Unpriced calls may be authorized for purchase card payment if made in accordance with NAVSUPINST 4200.85 (series). However, the CH must establish a firm fixed price ceiling with the vendor before placing the BPA call.

CHs must review FSS contracts to determine if the schedules can meet the requirements. For amounts not more than $3,000, the CH needs only to check one schedule, providing that vendor can meet the requirements. For those costing over $3,000, the CH must compare products/services of at least three schedules to ensure the most fair and reasonable price is secured for the Government. (See NAVSUPINST 4200.85 for additional guidance on using the GSA FSS contracts).

Method of Payment on Contracts above the Simplified Acquisition Threshold.

Delivery Orders (DO)/ Federal Supply Schedules (FSS) Contracts. The FSS contract must authorize purchase card payments for oral orders placed against the schedule for up to $9,999,900. CHs may use their PC as delegated by SF 1402 to order on DO or FSS contracts.

Should an ordering officer issue a DO on behalf of the CH, the CHs name and telephone number must be provided to the vendor. The CH must subsequently provide the vendor with their card account information verbally, by fax or e-mail.

Basic Ordering Agreements (BOAs) and orders under Indefinite Delivery Type Contracts (IDTC). The purchase card should be the payment method for firm fixed price orders issued against BOAs and for fixed price task/DOs issued against IDTCs provided that:

The contracting officer shall include in all solicitations and awards the FAR 52.232-36 "Payment by Third Party". (The Payment clause of the vendor's contract allows the vendor to request payment for the amount due, per contract terms, at the time the payment request is submitted.)

The contracting officer should specify in the IDTC/BOA the point at which each order becomes binding (e.g., issuance of the order, acceptance of the order in a specified manner or failure to reject the order within a specified number of days).

Each DO should state the purchase card is the payment method for individual orders.

The CH will provide their name and telephone number to the vendor and request to be contacted upon receipt of order.

NOTE: If the CH is unable to provide this information to the vendor the ordering officer should do so. In this case, the ordering officer must notify the CH, either in writing or electronically, that the order has been placed. A copy of the written order should be given to the CH.

After the vendor received the order, the CH should provide their purchase card account number and inform the vendor to not bill the account until shipment of supplies is made or services are rendered.

The CH must not change any terms and conditions of the order and should notify the ordering officer immediately if there are problems with delivery or performance.

The CH must verify receipt and acceptance of all items/services ordered.

The ordering officer is responsible and must complete all contract reporting related to the procurement (e.g., DD 1057/DD 350).

Individual order may be paid for no more than $9,999,900.

It is the ordering officer's responsibility to confirm all authorized verbal orders under the IDTC in writing as prescribed in FAR 16.5

Convenience Checks. Convenience checks are third party draft issues using a government purchase card account. Third party drafts may be used to acquire and pay for supplies or services. Delegation of authority to maintain and use convenience checks shall be issued in writing to the activity AO and CH check account holder by the HA who is authorized to establish the account.

Convenience Checks may only be used after the CH has made every attempt to use the purchase card.

Individual Convenience Checks CANNOT be issued in excess of $3,000.

FAR Part 18 prescribes certain contingency and emergency acquisition procedures which include an increased micro-purchase threshold. Thresholds may be increased when authorized by the Under Secretary for Acquisition and Comptroller. During a declared emergency, CCPMD will issue a Purchase Card Advisory Notice (PCAN) with specific instructions on the use of the Purchase Card and Convenience Checks.

Convenience Checks shall be issued in the exact amount of the payment and shall not be split to avoid the micro-purchase threshold.

Convenience Checks shall not be issued as an "exchange for cash" vehicle to establish cash funds.

Convenience Checks may be mailed only when internal controls are in place to avoid duplicate payments.

Use of Convenience Checks require approval one level above the account holder as outlined in activity IOP.

In order to maintain effective internal controls, an AO may not perform the functions of the Convenience Check account holder.

Convenience Check account holders are responsible for the safeguarding and security of their checks and account information. The Convenience Check account holder shall not allow anyone to use or gain access to their checks or their information.

Financial considerations for use with Convenience Checks:

Activities are responsible for all costs associated with the Convenience Check program. Convenience check fees are $1.10 per check and 2.48% of the value.

Special Attention Items.

Training – For amounts at $25,000 and below, the purchase card shall be used for commercial training (individual and group) using SF-182 as long as the following conditions apply:

Training is an off-the-shelf event, conference or instructional service available to the general public and if a group training event, priced the same for everyone.

Training or financial officer shall ensure Section C, Block 6 of a properly issued SF-182 cites "Payment will be made via a Commercial Government Credit Card".

Local activity procedures shall be followed for funds obligation.

Prior to forwarding SF-182 to Human Resources, Section C, Block 6 must include detailed CH information (name, card number, card expiration data and telephone number).

If none of the conditions above are met, use of the GCPC for training may not exceed the micro-purchase threshold of $3,000.

Printing and Duplication – The DON must use DLA-Document Services for all printing and duplication purchases. If using the GCPC, the CH must ensure that the appropriate block of DD FORM 282 shows that the payment will be made with the GCPC. Also, the CHs name and telephone number should be stated in the special instruction/remarks block. DO NOT INCLUDE YOUR PURCHASE CARD NUMBER ON THIS FORM. After completing the printing request, DLA-DOCUMENT SERVICES will contact the CH to obtain the purchase card account number for billing purposes. CH and activities may obtain a publication entitled "How to Complete and Submit the Department of Defense Printing Requisition (DD FORM 282)".

DLA-Document Services is the only authorized document provider for the DON. All printing and duplication jobs must go through DLA-Document Services. DLA-Document Services can most always meet printing and duplication jobs overnight when submitted via the DLA-Document Services online ordering system. DLA-Document Services does not have the authority to approve a waiver to use commercial print suppliers, only the Government Printing Office (GPO) has this authority [Section 504, Title 44 USC]. However, if necessary, DLA-Document Services will assist with a waiver request to the GPO for requests prior to job completion. All questions concerning definitions of printing, duplicating, etc., should be referred to the DLA-Document Services Customer Interaction Center, at 1-866-736-7010 or email at: custinfo.docsvcs@dla.mil. Additional information concerning the DLA-Document Services inline ordering system, distribute and print and other capabilities can be found at the DLA-Document Services website: http://www.documentservices.dla.mil/

Information Technology Procurement Approval and Oversight – The procedure for procurement of Information Technology products is centrally managed by SPAWARSYSCOM.

All IT procurement requests must be reviewed and approved using an Information Technology Procurement Request (ITPR) Smart Form.

ITPR's under $500,000 will be approved by the Echelon II Command Information Officer (CIO).

ITPR's over $500,000 will be forwarded by the requesting Echelon II to SPAWARSYSCOM for approval.

All requests for IT, regardless of dollar amount, will be entered on an ITPR Smart Form and documented prior to purchase.

Requests for handheld wireless devices must be purchased via a Fleet Industrial Supply Center (FISC) contract and contain a FISC contract number. FISC contract number not required for OCONUS.

Requests for non-tactical radios will be reviewed and approved by the Enterprise Functional Area Manager (FAM).

Ordering from Non-Appropriated Fund Instrumentality (NAFI) and Exchanges.

CHs are authorized to procure from NAFI/Morale, Welfare and Recreation (MWR) organizations. Prior to ordering from NAFI/MWR organizations, cardholders must screen the requirements from the mandatory government sources of supply. Supplies and services from the exchanges or NAFIs are not considered agency inventories for the purpose of this procedure.

Contracting with NAFIs/Exchanges does not automatically establish price reasonableness. CHs should independently determine that the prices found at the NAFI/Exchanges are fair and reasonable.

The rules for using NAFI/Exchanges OCONUS are governed by the following limitations:

The supplies provided shall be from stock on hand at the Exchange as of the date of the order and;

The order may not provide for the procurement of services not regularly provided by the Exchange.

Hazardous Materials (HM). Government personnel Ashore are not authorized to use the GCPC to obtain HM from commercial sources outside the Regional CHRIMP Centers (RCCs). Open purchase of HM from the RCC is authorized. The primary method of payment for HM by RCC personnel is the GCPC. Refer to COMFISCS Instruction 5090.1 for further guidance.

BER versus Daily Exchange Rate. Per the FMR, Volume 6A, Chapter 7, Paragraph 070106.c, "The DoD Components shall record foreign currency obligations at the installation level in dollars, at the budgeted rate or at the congressionally established budget exchange rate for direct program of affected appropriations as reflected in applicable committee reports or the appropriate appropriation acts". Therefore, obligations for overseas purchases are to be established at the BER. The purchase card shall be used to buy and/or pay for all requirements valued at or below the micro purchase threshold. The purchase card shall be used to make open market purchases for supplies and services not to exceed the micro purchase threshold. CHs outside of the U.S., with appropriate delegations of contracting authority, may use the purchase card for purchases not to exceed $25,000. These limitations are not dependent on the daily exchange or BER. They are absolute. Transaction amounts for overseas purchases will post at the bank using the daily exchange rate existing on the date the transaction is actually received by the bank. Prudent CHs must take the fluctuation of the daily

exchange rate into account when making purchases close to their authorized limit to ensure this limit is not exceeded.

Conference Fees. Conference fees should be placed on the purchase card, regardless of whether food/lodging is included in the cost. A conference fee that includes meals or an event that has been authorized for the employee to attend is a proper use of appropriated dollars. If meals or lodging is included in the conference fee, the traveler must so indicate when filing for travel expenses that meals and/or lodging were provided so the government does not pay twice, but instead, reimburses the traveler for legitimate charges only (reduces per diem). Travel card policy states that conference fees may be placed on the travel card, but ONLY when feasible to do so (less than $25, not aware of fee until at conference, etc.). The travel card is not structured to accommodate conference fees.

Gasoline or Oil for DON-owned vehicles and/or vessels. CHs may use their purchase card to procure gasoline or oil for DON vehicles and vessels only when the Fleet Card is not accepted and the purchase is under the micro purchase threshold. OCONUS CHs may use the purchase card to purchase gas coupons for DON OCONUS owned Vehicles. Fleet Cards may be used for cars, trucks and forklifts, in addition to small boats, tugs or barges as authorized by the activity. Fleet Cards may also be used to purchase fuel for DoD owned/leased vehicles and equipment. Premium and special unleaded fuel is strictly prohibited unless required by the vehicle manufacturer. The Fleet Card is not authorized to obtain aviation fuel.

Utility Bills. CHs may use the purchase card to pay for charges resulting from utility services. Utilities under this authorization are defined as water, sewer, electric, natural gas and propane. Utility charges can only be paid for with the purchase card under the following conditions: The utility does not assess a service charge or fee for using the purchase card as method of payment; and the charge does not exceed $9,999,900 per transaction.

Appliances in the Workplace. This includes coffee pots, microwaves, refrigerators and other related items.

General Rule: The acquisition of kitchen equipment purchased for the purpose of supporting civilian and military employees in the workplace is generally allowable provided the following conditions are met:

Appropriations are available to pay for items such as refrigerators, coffee pots and microwaves when the primary benefit of their use accrues to the agency, notwithstanding a collateral benefit to the individual.

Agencies shall develop policy to ensure uniformity in the use of appropriations to acquire this equipment and determine the usefulness of appliances such as these in light of operational benefits, such as employee health and productivity, and the responsibility to provide a safe work environment.

Appropriations are not used to provide any equipment for the sole use of an individual and that agencies locate appliances acquired with appropriated funds

only in common areas where they are available for use by all personnel. It should also be clear that appropriated funds will not be used to furnish goods, such as the coffee itself or microwaveable frozen foods to be used in the kitchen area.

Use of the GCPC outside the Continental United States (OCONUS). The United States for the purpose of this Desk Guide means the 50 states and the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, the Commonwealth of Northern Mariana Islands, Guam, American Samoa, Wake Island, Johnston Island, Canton Island, the outer Continental Shelf and any other place subject to the jurisdiction of the United States (but not including lease bases). CHs with appropriate delegations of contracting authority may use the purchase card up to $25,000 on a "stand-alone" basis.

Conditions for use of this authorization are as follows:

The purchase is made OCONUS for use OCONUS.

The purchase is for a commercial item,

The purchase is not for work to be performed by employees recruited within the U.S.,

The purchase is not for supplies or services originating from or transported from or through sources identified in FAR Subpart 25.7,

The purchase is not for ball bearings or roller bearings as end items, and

The purchase does not require access to classified or Privacy Act information.

The purchase does not require transportation of supplies by sea.

CHs exercising this authority must receive training per NAVSUPINST 4200.99B (additional training may be required at the direction of the activity CO/HA or Appointing Official for the USMC) and be appointed via an SF-1402.

CHs using the purchase card above the micro purchase threshold shall ensure that requirements are competed among at least three vendors or a sole source justification is completed. In addition, CHs shall ensure that all written requirements above $10,000 are posted in a public place for 10 days, all purchase prices are determined fair and reasonable and written documentation is provided in the purchase CH's purchase file establishing the basis for determining the prices fair and reasonable.

OCONUS use of the purchase card in contingency, humanitarian or peacekeeping operations. The following applies:

OCONUS CHs with appropriate delegations of authority, who have been properly appointed to support humanitarian, contingency or peacekeeping operations may be authorized to use the purchase card on a stand-alone basis up to the simplified acquisition threshold in support of overseas contingency operations, as defined by 10 U.S.C. 101(a) (13), and humanitarian or peacekeeping operations as defined by 10 U.S.C. 2302(8).

OCONUS use of the purchase card, on an open procurement basis up to the simplified acquisition threshold in support of humanitarian, contingency or peacekeeping operations is subject to the following requirements:

The conditions noted in paragraph 11, noted above have been met,

The supplies and services being purchased are immediately available, and

One delivery and one payment will be made.

4. Purchasing Internal Controls. The following internal management controls should be followed to ensure proper use of the GCPC.

a. Separation of Function. CHs are required to ensure separation of the purchasing function per NMCARS 5203.101-1. The same person shall not initiate the requirement, award the purchase action and receive, inspect and accept the supplies or services. Activities shall establish procedures and controls in their IOP to ensure that there is a 3-way separation of function to prevent personal conflicts of interest and fraud, waste and abuse. If circumstances preclude an individual from performing a single function, at a minimum, a two-way separation of function for all GCPC transactions must occur to protect the integrity of the procurement process. The individual responsible for the award of a contract or placement of an order shall not perform the receipt, inspection and acceptance function.

(1) 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. Requirements should be approved by a person of authority in the Activity prior to purchase by a CH.

(a) Requirements for weapon system items that are safety of flight and configuration control items; e.g., critical application items, critical safety items, and items essential to

end item or weapon system performance, shall be acquired from the supply system and are not authorized for open market purchase using the GCPC.

(b) Requirements for weapons system items assigned under the Integrated Materiel Management (IMM) program must be acquired from the IMM manager. The IMM manager may authorize use of the GCPC for purchase of weapon system items below the micro purchase threshold that are:

(1) Assigned a supply system code for local purchase (acquisition advice code AAC) or otherwise grants authority to purchase locally, or

(2) Urgent non-standard material items (identified by part number but not assigned a national stock number).

(c) Requirements for non commercial items, with written Government terms and conditions, are not authorized for open market purchase using the GCPC and shall be placed on a contract.

(d) Requirements shall not be split to circumvent the micro purchase threshold or a CH authorized threshold.

(e) Recurring requirements for the same or similar supplies or services that exceeds the micro purchase threshold over a one year period shall be forwarded to the local contracting office to establish a BPA to meet future requirements.

(2) CHs shall make purchases per the CH responsibilities listed in Chapter 2 of this instruction and policy for proper use listed in Section 3 of this Chapter. Purchases can be made via DOD EMALL, GSA Advantage, SERVMART, the internet, over the phone or over the counter. The CH shall obtain documentation from the merchant showing the item(s) purchased, the unit price, the total amount, date of the transaction, shipping/handling, and tax (as applicable).

(a) CHs may request their HL3 A/OPC coordinate with the bank to allow authorization of valid purchases blocked by an MCC. HL5 and HL4 A/OPCs shall validate all CH requests.

(b) CHs should not make purchases from merchants that use a third party payment vendor; i.e. PayPal, unless no other merchant is available.

(3) An individual other than the CH shall record receipt/delivery of items delivered or services provided, and submit a record of receipt/delivery to the CH. The record of receipt/delivery shall include:

(a) Date received,

(b) Items received at the time of delivery (may annotate on the sales invoice, packing slip, bill of lading, or other document available),

(c) Signature of the person verifying delivery (or electronic equivalent),

(d) Printed name of the person recording delivery,

(e) Telephone number of the person recording delivery, and

(f) Office designator or address of the receiving official.

In cases where the CH is picking up the material at the vendor's location, the end user or other designated receiving personnel shall legibly print their name and title, then sign and date the receipt confirming independent receipt and acceptance of the material or services.

In cases where the material is not received by the CH, the CH shall obtain an email acknowledging receipt of the material to show proper separation of function and receipt.

In the event the CH is the end user, the CH may sign the vendor receipt. However, the CH shall ensure another person within the command co-signs, along with their printed name and title and dates the receipt.

An audit trail documenting who initiated the requirement, what was ordered, what was received and who received it is required to show separation of function. This may be accomplished by using either an electronic material management system, email or by having readable hand signed documentation. Purchase Card Program participants shall follow the procedures outlined in their activity's IOP.

5. Prohibited Purchasing Actions

a. Cash Refunds. Under no circumstances will the CH accept a cash refund for non-receipt of, returned or damaged items initially purchased using a GCPC. The CH shall only accept credit to the account. (If necessary, request a check payable to the U.S. Treasury.)

b. Vendor Rebates, Incentives, Gift Cards/Checks. Under no circumstances will the CH accept vendor gift cards/checks, vendor rebates or other purchase incentives that can be converted to personal use. If received, these items must be turned over to the A/OPC for destruction and disposal.

PayPal/Third Party Vendors. Most times the CH does not know the vendor is using a third party payment merchant (e.g., PayPal) until after the fact. Use of these services does not enable DoD/DON to block inappropriate purchases either systemically or at the card account level through MCC tools. In addition, these services do not offer our program officials the same dispute and chargeback protection offered by VISA.

Where it is identified that the purchase will be processed via third party payment merchant, the CH should make every attempt to choose another merchant with whom to procure the goods and/or services. If it is still found necessary to procure using a third party payment merchant, the AO must ensure there is adequate supporting documentation showing that there was a detailed review of the purchase and that the use of the third party payment merchant was unavoidable.

Third Party payment merchants will be considered high risk transactions and will require a detailed review. If the transaction is not flagged by the DON approved audit tool then the AOs are required to add the transaction into the audit tool to initiate the review whenever a third party payment is identified.

Split Purchases. The “intentional” breakdown of a single requirement into separate purchases merely to get around the micro-purchase threshold is prohibited.

Split Requirements. The “intentional breakdown of a single requirement into separate purchase requests to get around the micro-purchase threshold is prohibited.

The “Requirement” is the quantity known at the time of the buy.

6. Prohibited Purchases. For a complete listing, full explanation and background information on prohibited purchases; refer to NAVSUPINST 4200.85D, enclosure (2). Purchases prohibited by DON purchase card policy are listed below.

a. Items or services not for Government use or of a personal nature such as fines, court costs, bail and bond

payments, alimony, child support, dating and escort services, casino gaming chips, off-track betting, travel or travel-related expenses, tax payments, payment of salaries and wages, gifts and mementoes.

b. Monetary items or services such as wire transfers, savings bonds, gift card, money orders, travelers' checks foreign currency.

c. Buildings and/or land or lease of long-term rental. Long term is defined as one month.

d. Commercial vehicles. Sales, rental and lease of vehicles to include boats, vessels, helicopters are prohibited.

e. Repair of GSA-leased vehicles.

f. Transportation of household goods, freight and logistics shipments.

g. Aircraft fuel and oil.

h. Purchases from contractors or contractor agents who are military personnel or civilian employees of the Federal Government.

7. Purchases That May or May Not Be Proper. Appropriation law and specific statutory authority are guiding considerations when determining what may or may not be purchased using the GCPC. Guidance on application of appropriation law is available in the GAO Principles of Federal Appropriations Law (Red Book). Additionally, procurement and supply policies may require additional approvals before purchasing some items to ensure safety, compatibility or compliance with non GCPC policies. The Purchase Card portion of the CCPMD website provides detailed information to assist GCPC program personnel in determining if a specific item or supply is a proper use of the GCPC. NAVSUPINST 4200.85 (Series) also provides guidance on what may or may not be purchased. The local Office of General Counsel should be consulted to provide guidance on what may or may not be purchased.

8. Improper Use. Preventing improper use of any GCPC requires constant management oversight. It is the responsibility of **all** program participants to ensure the GCPC is used properly and only for authorized purchases. AOs/COs will report all improper, fraudulent, abusive, or negligent use of the GCPC to

the A/OPC so appropriate corrective action can be taken. Improper use is tracked using the DON approved data mining tool. Use the following categories to track improper use.

a. Exceeds minimum mission need.

b. Personal use.

c. Exceeds authorized limits.

d. Split purchase.

e. Prohibited item.

f. Failure to use mandatory sources.

g. Unauthorized use.

Prohibited and Special Attention Items.

Please note that the listing below is not all-inclusive. For a complete listing, full explanation, and/or background information on prohibitions referenced in this section, refer to NAVSUPINST 4200.85(series), enclosure (2). Not all of the prohibitions found below require special approvals. Certain items on the prohibited list can in fact be paid for with the purchase card if all of the necessary terms and conditions are met within an associated contract. Others may be procured using traditional purchase methods (e.g., purchase orders, BPA calls, etc.) and paid for using the purchase card.

Advance Payments General Rule: Except for requirements such as subscriptions for publications (e.g., Navy Times, Federal Contracts Reporter, Commercial Clearing House Inc, etc.) and post office box rentals advance payments are prohibited. Subscriptions must be held to a minimum consistent with operational requirements. Accordingly, each subscription request must contain certification by the senior official (HA, CO, Head of Activity, Director, etc., per U.S. Code Title 31) at the requesting command that a magazine/periodical is absolutely necessary for operational purposes.

Exception: Tuition - 10 U.S.C. 2396 (a)(3) states, "An advance under an appropriation to the Department of Defense may be made to pay for tuition." Tuition is also listed as an exception in SAP policy - NAVSUP 4200.85 (series) under the list of prohibited and special attention items for SAP. Further tuition guidance is contained in DOD FMR, Volume 10, Chapter 4, "MISCELLANEOUS ADVANCE PAYMENTS" Paragraph 040107 entitled "Tuition", which states: "For instructions on payment procedures, refer to paragraph 120212." FMR, Volume 10, Chapter 12, Paragraph 120212 Tuition, paragraph C states: “Advance Payment. Advance payment of tuition and other expenses is authorized either when the training facility renders or refuses to render a billing, or advance payment is indicated in Section G on the SF 182. The public voucher will identify the training facility by name and address and indicate the amount and serial number of the check drawn to the trainee for the purposes of books, library and laboratory services. The original and two reproduced copies (front and back) of the Agency

Finance/Disbursing copy of the SF 182, copy 6 or 7, must be submitted to the disbursing office to support payment of the advance. The original Agency Finance/Disbursing copy of the SF-182, copy 6 or 7, will be endorsed by the disbursing officer to reflect the advance payment and will be transmitted with the check to the trainee."

Advertising Advertising contract actions are not authorized unless specific approval has been granted in accordance with DFARS 205.502. For civilian personnel advertising, the Secretary of Navy (SECNAV) has delegated the approval authority to officers in command and officers in charge of all Navy and Marine Corps field activities. Authority to approve the publication of paid advertising in newspapers for all other purposes is delegated, without power of re-delegation, to the Chief of the Contracting Office. Synopsizing in the Government-wide point of entry as required by FAR 5.2 is not included in this general prohibition. Military recruitment advertising in high school and college publications may be paid in advance, but not in excess of $500 per single contract. The SECNAV has delegated authority for Navy recruiting advertising to the Head of Activity, Navy Recruiting Command (NAVCRUITCOM) and Head of Activity, Naval Reserve Force with power of re-delegation as follows: NAVCRUITCOM - The Chief of Naval Personnel has authorized an increase from $1,000 to $2,500 for the specific media advertising purchase limit for COs of Navy recruiting districts commensurate with the current micro purchase threshold.

Business Cards Flag officers, SES and general officers may authorize the printing of business cards, limited to using existing software and agency-purchased stock or cards procured from The Lighthouse for the Blind, Inc., if the cost of this source is equivalent or less than producing the cards on a personal computer. Business cards obtained under this authority shall be used for those positions that require business cards in the performance of their official duties. The two exceptions to this policy are:

(1) The purchase of business cards for NAVCRUITCOM. Business cards may be paid for by public expense (appropriated funds) only by those engaged in recruiting, i.e., for personnel initiating and maintaining direct contact with prospective recruits in the recruiting process. The content of the card however, is limited to the name of the recruiter, title or rank, recruiting office address, telephone and fax numbers, internet address and official activity seal of the recruiting command. The title “recruiter” must be used in conjunction with the individual name to identify the card as recruiting material. White index paper stock not to exceed 110 lbs in weight must be used in conjunction with black ink or Navy blue #3 ink or Marine green ink.

(2) DOD/DON policy authorizes general, flag or SES members to authorize printing of business cards for those organizations or positions that require business cards in the performance of their official duties.

Employee Identification Tags. GAO has determined that employee identification tags are not personal in nature. Therefore, activities may use appropriated funds to purchase these items (for use by military and/or civilian employees) when the requiring activity/command determines that use of employee identification tags is necessary for mission accomplishment and mandates their use. These items will remain the property of the government.

Cash Advances General Rule: CHs are prohibited from using their purchase cards to obtain cash advances.

Holiday and Other Seasonal Decorations General Rule: CHs/buyers are authorized to use appropriated funds to obtain seasonal decorations for use in public areas. Contracting officers

must consider local customs and constitutional issues such as the freedom of speech and religion prior to making any such awards. Therefore, it is appropriate that decisions to use appropriated funds for these items be made by installation Heads of Activity within the context of local customs and practices. Additionally, installation Heads of Activity are responsible for the use of base resources and are therefore, in the best position to ensure the exercise of prudence and discretion in authorizing the purchase and display of seasonal decorations. The purchase of holiday and/or seasonal greeting cards is not a proper charge against appropriated funds.

Clothing, Safety/Specialty

(1) Safety Clothing. Footwear or Ergonomic Equipment. Requests for any type of Personnel Protective Equipment under Occupational Safety and Health Administration and its implementing regulations, i.e., safety clothing, footwear or ergonomic equipment require written approval from the safety officer.

(2) Special Clothing and Equipment. Appropriations are available for the purchase and maintenance of special clothing and equipment for the protection of personnel in the performance of their assigned tasks. In order for an item to be authorized, it must satisfy the following requirements (and will remain property of the Government) in order for these items to be procured with appropriated funding:

(a) The item must be "special" and not part of the ordinary and usual furnishings an employee may reasonably be expected to provide for himself,

(b) The item must be for the benefit of the government, that is, essential to the safe and successful accomplishment of the work and not solely for the convenience of the employee,

(c) If the nature of the work is destructive to clothing (e.g., working in a mess hall or cleaning an oil tank), or

(d) The employee must be engaged in hazardous duty,

(e) The clothing meets the government's "minimum need" and will remain Government property with the government assuming responsibility for issuing, tracking, cleaning, storage and repair of the clothing

Commercial Vehicles, Purchase of General Rule: CHs shall not use their cards to purchase commercial vehicles. Sales, rental and lease of vehicles to include boats, vessels, helicopters and similarly classified requirements or other requirements that require written contract terms and conditions are prohibited.

Commercial or GSA Vehicles, RENTAL/LEASE of (Without Drivers) General Rule: CHs are not authorized to use their purchase cards to rent/lease commercial or GSA vehicles including boats, vessels, helicopters, etc. due to contractual requirements.

Fireworks Display General Rule: Purchase CHs may not use appropriated funds to purchase fireworks.

Incentive Music and Equipment General Rule: Except for specifically programmed music, the purchase of music and equipment for broadcasting (including radios, automatic record players or phonographic records) for entertainment purposes is generally not authorized. Exception: Specifically programmed music may be purchased based on a written determination by the Head of Activity describing how the acquisition would improve morale, benefit the command, etc., and thereby qualify as a necessary expense under the necessary expense rules. This prohibition also does not preclude the expenditure of appropriated funds for the purchase of a public address system required for intra-station communication.

Lodging and Meals General Rule: The purchase of lodging and meals for individual employees on temporary duty is not authorized. Employees on temporary duty are responsible for arranging, obtaining and paying for their own lodging and meals. Each employee then submits a voucher detailing expenses and is reimbursed on the basis of the voucher, as provided in the Joint Travel Regulations. This is the usual method of incurring and paying for travel expenses.

Exceptions: When it is in the best interest of the Government, the contracting officer may enter into a contract with a commercial concern for rooms or meals, or both, for employees on temporary duty as there is no express prohibition in doing so other than the restriction on the rental of space in the District of Columbia. However, the statutory or regulatory limitations on per diem rates or actual expense rates are equally applicable to contracts or purchase orders entered into by agencies for lodging or meals. Naval Reserve activities are reservists during authorized drill periods. Constraints on reservist eligibility and maximum price per reservist meals are contained in B-195133, 60 Comp. Gen. 181, 19 JAN 81 40 U.S.C. 34 (1976) BUPERSINST 1001.39 (series).

Luggage General Rule: The purchase of luggage for employees or service members for carrying personal belongings while on official travel orders is not authorized. The prohibition is based on the principle that normally, the purchase of luggage is a personal expense. Not included in the prohibition are sea bags issued to service members and briefcases, etc., furnished for the express purpose of carrying official documents associated with duties of the service member or employee. In addition, furnishing luggage as a travel expense is also prohibited. Exceptions: Where an employee is required by his official duties to perform extensive travel requiring luggage, a determination may be made that it would be unreasonable to require the employee to furnish luggage at his own expense. Thus, appropriated funds may be used to buy luggage for such employees performing excessive travel, but only on the conditions that:

(1) the luggage would become Government property,
(2) be stored in Government facilities, and
(3) not be used for any personal business.

What constitutes excessive travel is not precisely defined. However, in the Comptroller General decision cited below, service members were on official travel 26 weeks each year. The Comptroller General emphasized that the purchase of luggage would be permitted only in highly unusual circumstances. Reference: Comp. Gen. B-200154, Unpublished, 12 February 1981.

Medical and Dental Care From Civilian Non-Federal Sources: General Rule: CHs shall not use their cards for the purchase of individual medical and dental services. Exception: One noted exception is for NAVCRUITCOM use of pre-induction physicals for recruits. U.S.C. 7901 provides that agencies have specific authority to include medical examinations, including pre-employment exams without charge to applicants in the health programs they are authorized to establish.

Membership Dues General Rule: The purchase of club, association, organization, etc., memberships which solely benefit individual Government employees or officers and not their agency or activity is prohibited. Exceptions: The use of appropriated funds for membership dues for an activity or agency is permissible if the membership contributes to the fulfillment of the mission of the activity or agency. The payment of membership dues for an individual is authorized only by specific appropriations, by express terms in a general appropriation, or in connection with employee training pursuant to 5 U.S.C. 4110. References: 5 U.S.C. 5946; 5

U.S.C. 4110; 24 Comp. Gen. 814, 1945; 31 Comp. Gen. 398, 1952; 33 Comp. Gen. 126, 1953; 57 Comp. Gen. 526; 53 Comp. Gen. 429; DOD FMR Vol. 5

Navy Exchange Purchases General Rule: The purpose of the military exchanges and other morale, welfare and recreation activities is to provide goods and services to enhance the quality of life of service members and their families. Pursuant to 10 U.S.C., DOD Exchanges and other Non-Appropriated Fund Instrumentalities (NAFIs) are authorized to contract with Federal agencies to provide goods and services beneficial to the efficient management and operation of the exchange or NAFI activity.
Policy: Contracting officers must continue to screen all requirements for their availability from the mandatory Government sources of supply identified in FAR 8.001. Supplies and services available from exchanges or NAFIs are not considered agency inventories for the purpose of this enclosure. Contracting officers are reminded that the purchase card is the preferred method of accomplishing micro purchases including those from exchanges or NAFIs. Micro purchase requirements must be rotated among qualified suppliers. Purchases above the micro purchase threshold must be competed to the maximum extent practical. Also, contracting with exchanges or NAFIs does not automatically establish price reasonableness. Contracting officers must independently determine exchange or NAFI prices fair and reasonable. When contracting with exchanges or NAFIs, the provisions of OMB Circular A-76 apply. NAFI performance of a commercial activity is considered "in-house" or Inter-Service Support performance. For additional guidance on A-76 applicability, see NAVSUP Policy letter SA 98-20. The present rules for contracting with exchanges and NAFIs OCONUS (including Hawaii and Puerto Rico) remain unchanged. The restrictions of 10 U.S.C. 2423 and 2424 still apply. The specific limits are as follows:

(1) The contract or purchase order cannot exceed $50,000.
(2) Supplies provided shall be from stock of the exchange on hand as of the date of the contract or purchase order.
(3) The contract may not provide for the procurement of services not regularly provided by the exchange.

Ozone Depleting Substances General Rule: Purchase CHs are not authorized to purchase ODS materials.

Personal Services General Rule: Except where specific statutory authority exists, purchase CHs may not contract for personal services using the purchase card.

Pesticides General Rule: Unless prior approvals are obtained from cognizant pest management consultant at the appropriate Naval Facility or Bureau of Medicine and Surgery Division, purchase CHs are not authorized to contract for purchase of pesticides.

Plaques, Ashtrays, Paperweights and other Mementos as Give-Away Items General Rule: The use of appropriated funds to buy give-away items such as plaques, cuff links, bracelets, ashtrays, greeting cards, paper-weights, cigarette lighters, novelty trash-cans, key-chains and similar mementos is prohibited. All such give-away items are viewed by the GAO as personal gifts, the purchase of which does not constitute a necessary and proper use of appropriated funds. GAO has long held that appropriated funds may not be used to acquire items that are not specifically set forth in an appropriation act. Exceptions: The only exception for purchasing give-away items is when there is a direct connection between such items and the purpose for which the appropriation was made and if the item is essential to the carrying out of such purposes.

(1) Official Representation Funds. If a requiring activity has received an expense-operating budget of official representation funds, the funds may be used to purchase mementos of a nominal cost used in connection with official ceremonies, dedications or functions. Such mementos may not exceed $305 in cost. The mementos must be command mementos such as plaques and not personal items. Such mementos will not be presented to DOD personnel. In all cases, when items are presented within the authority of SECNAVINST 7042.7K, a complete record must be maintained by the authorization or sub-authorization holder to include the name of the recipient and the reason for the presentation.

(2) Awards Military Personnel. Appropriated funds may be used to purchase medals, trophies, badges, and similar devices for award to members of the armed forces, military units, or agencies for excellence in accomplishment or competition (excluding sports and welfare activities). The end of a tour of duty alone is not sufficient justification for presentation of a plaque unless superior professional performance is being recognized concurrently. Badges or buttons are authorized in recognition of military personnel for special services, good conduct and discharge under conditions other than dishonorable.

(3) Awards to Civilian Personnel. Appropriated funds may be used to purchase plaques to be given to civilian employees as authorized awards for recognition of special contributions or in conjunction with employee recognition programs.

(4) Recognition items for recruitment or retention (including reenlistment) purposes may be purchased using appropriated funds only if all of the following criteria are met:

(a) Each recognition item shall be of nominal or modest value (less than $50 per item).

(b) Items should be designed to recognize or commemorate service in the armed forces, such as coins, medals, trophies, badges, flags, posters, and paintings. This could include an item displaying the logo of the command in which the individual served, to recognize and commemorate their service.

(c) Documented justification will be maintained that establishes the basis for the recognition of individual(s) receiving an item.

(d) Functions conducted for the purpose of presenting such items shall be treated as recruiting functions with the recipients treated as persons who are the objects of armed forces recruiting efforts. As such, appropriated funds may be used to provide small meals and refreshments as provided for in 10 U.S.C. 520c.

Printing and Duplication DLA-Document Services is the only authorized document provider for the DON. All printing and duplication jobs must go through DLA-Document Services. DLA-Document Services can typically meet printing and duplication jobs overnight when submitted via the DLA-Document Services online ordering system. DLA-Document Services does not have the authority to approve a waiver to use commercial print suppliers, only the Government Printing Office (GPO) has this authority (Section 504, Title 44 USC). However, if necessary, DLA-Document Services will assist with a waiver request to the GPO for requests prior to job completion. All questions concerning definitions of printing, duplicating, etc. should be referred to the DLA-Document Services Customer at: custinfo.docsvcs@dla.mil. Additional information concerning the DLA-Document Services online ordering system to distribute and print and other capabilities can be found at the DLA-Document Services Website: http://www.documentservices.dla.mil/.

Purchase from Government Employees or Businesses Owned or Controlled By Government Employees General Rule: Purchases from Government employees (military or civilian) or from business organizations substantially owned or controlled by Government employees are generally prohibited.

Radio Frequency and Wireless Devices General Rule: Unless prior approval from the Installation Spectrum Management Office is obtained, purchase CHs are not authorized to procure radio frequency or wireless devices. Radio frequency and wireless devices include, but are not limited to: fixed and mobile radio transmitters, radars, microwave radios, computer wireless technology and Commercial Off The Shelf radio frequency wireless technology. [NOTE: This section does not apply to Radio Frequency Identification Devices.]

Exception: Wireless services and equipment obtained from either the Nationwide Department of Navy Wireless Contracts or NMCI contract. Exception: The purchase of exact replacement parts for existing systems does not require approval provided approval was obtained for the original purchase.

Refreshments/Food Reference: DOD Office of General Counsel memo of 1 September 2005. General Rule: Food is a personal expense for which appropriated funds are not available absent legal authority. The following is a list of recognized exceptions, some of them overlapping, to the general rule in the context of conferences, meetings and events.

(1) Award Ceremonies. Food may be purchased only if:

(a) the award recipients are either Federal employees or military members,

(b) the award recipients are publicly recognized, and

(c) the authorized agency official has determined that food materially advances the recognition of the recipient.

(2) Cultural Awareness Ceremonies. Food may be purchased only if:

(a) the food is part of a formal program intended to advance EEO objectives and to make the audience aware of the cultural or ethnic history being celebrated,

(b) the food is a sample of the food of the culture and is being offered as part of the larger program to serve an education function, and

(c) the portions and selection of dishes do not constitute a meal for which appropriated funds are not available under this exception.

(3) Training

(a) Appropriated funds may be used to cover food costs that constitute a non-severable portion of the registration or attendance fee for a training program.

(b) Food costs are considered non-severable if they are billed as part of the overall costs of the conference and the conference costs cannot be reduced by foregoing the food or by breaking out the food costs as a separate optional item.

(c) The cost of food provided at a training program conducted by the Government is presumed to be severable because the Government is responsible for arranging the program.

(d) If food costs are a severable part of the registration fee, appropriated funds are available for such costs only where necessary for the employee to obtain the full benefit of the training. For example, where essential training is conducted during a luncheon session, food may be provided at Government expense. Simply labeling a session as a “training event” is not sufficient; instead, the event must be a substantive program designed to improve trainee and agency performance.

(4) Functions conducted for the purpose of presenting recognition items for recruitment or retention (including reenlistment) purposes shall be treated as recruiting functions with the recipients treated as persons who are the objects of armed forces recruiting efforts. As such, appropriated funds may be used to provide small meals and refreshments as provided for in 10 U.S.C. 520c. More detail in reference to conferences by non-Federal entities, by another Government agency and formal DOD conferences is given within this memo and is available on the CCPMD website for reference.

Reprographic Equipment General Rule: The purchase/lease/rental/trial/replacement or change in rental or lease plan of reprographic equipment is not authorized unless the requestor has complied with the requirements of the Navy Reprographic Equipment Program. The requestor must obtain written approval from the cognizant DLA Document Services for all shore copying equipment with speeds of 71 or more copies per minute. (Examples of reprographic equipment are: copiers and high-speed copiers, Diazo process equipment, laser printers and duplicating equipment.)

Sensitive Compartmented Information in Contracts General Rule: CHs are not authorized to enter into negotiations that will include requirements for contractor access to sensitive compartmented information unless the customer has staffed the requirement through Commander, ONI, Code ONI-522.

Shipboard Habitability Equipment Including Furniture, Laundry/Dry Cleaning and Food Service Equipment General Rule: Only furniture, laundry, dry cleaning and food service equipment in the following categories may be procured for installation in afloat units:

(1) Furniture found in S9600-AD-GTP-010, U.S. Navy Shipboard Furniture Catalog, with Change A,

(2) Laundry and dry cleaning equipment found in S6152-B1-CAT-010, Navy Laundry and Dry Cleaning Catalog,

(3) Food service equipment found in S6161-Q5-CAT-010, The Shipboard Food Service Equipment Catalog, and

(4) Habitability equipment as discussed above, manufactured following Navy standard and hull type drawings, military, Federal or authorized commercial specifications, and/or proven by certified test and evaluation or approved and controlled shipboard performance testing use.

Transportation, Purchase of General Rule: The purchase of transportation/logistic shipment is not authorized. Ordering freight transportation services is a function of activity material transportation officer who may issue a GBL to effect movement of supplies.

(1) Logistics Shipments. Defined as shipments of material not identified as administrative shipments. When approved by Navy Operational Logistical Support Center (NOLSC) and per the Defense Transportation Regulation, Part II, Cargo Movement, the use of Commercial Bills of Lading (CBLs) vice GBL is authorized. Under normal circumstances, the activity transportation officer will process these requirements. If you have no transportation officer, the activity that performs transportation officer services for you will process these requirements. To use CBLs for Navy freight shipments, a commercial Forms and Procedures Account is required and must be obtained by contacting the NOLSC Transportation Code 032C, 1667 Piersey Street, Norfolk, VA 23511-2806, DSN 646-5469 or COM 757-443-5469.

(2) Administrative Shipments. Administrative shipments consist of items such as: general correspondence, personnel records, payroll records, laboratory samples (except whole blood and urine samples which are paid by Secure Web Transaction, electronic storage media (computer tapes, floppy disks, compact disks, videos), blueprints, legal/financial/recruiting/ contracting or similar documents and technical manuals not requisitioned directly from stock. Shipment of administrative material shall be funded by the local activity requesting shipment and will be shipped by the U.S. Postal Service whenever possible. When use of the USPS is not possible due to size/weight restrictions and a commercial carrier must be used, the procedure is as follows: Use the activity purchase card and cite command Operations, Maintenance and Navy funds. Exceptions: Another commercial carrier can be used if the postage of the carrier is equal to what would have been charged by USPS, an established contract exists or urgency of the shipment is a concern. References: DOD 4500.9-R, Defense

Transportation Regulation (DTR), Parts I-VI, date varies per part.DTR, Part II (Cargo Movement), Chapter 206.

Travel or Travel Related Expenses General Rule: The purchase card cannot be used to pay for Government employee travel or travel related expenses (e.g., expenses associated with official travel including transportation, lodging or meals). Exception: Conference fees that include lodging/meals, conference rooms, meeting spaces and local transportation such as Metro fares (EZ Pass), subway tokens, etc.

Uniform Items General Rule: Uniform items that are part of the seabag are issued to Navy personnel upon enlistment and are to be replaced by the member with an annual cash allowance (Clothing Replacement Allowance). Therefore, seabag items will not be purchased with appropriated funds except as provided below. Organizational or personal protective clothing (aiguillettes, special safety shoes, disposable coveralls, etc.) is the property of the organization, remains with the organization and is paid for with appropriated funds.
Exceptions:
(1) Seabag items can be issued or replaced as work clothing and procured using appropriated funds for mess management specialists (e.g., tee-shirts, trousers, caps, aprons) and for personnel whose work is of a destructive nature to clothing (e.g., cleaning fuel oil tanks, entering boilers, decontamination work).
(2) Shoulder sleeve unit identification marks. Initial provision is free to each attached member and paid with appropriated funds.
(3) Nametags are optional uniform items. Appropriated funds may be utilized to purchase employee identification tags when a command determination is made justifying that their use is reasonably necessary for mission accomplishment. As with organizational clothing, these items are the property of the organization and remain with the organization.
(4) Identification badges available through the supply system (e.g., Chief Master at Arms) are to be purchased with appropriated funds. Other identification badges (e.g., Presidential service, Joint Chiefs of Staff or locally designed badges) are not to be purchased with appropriated funds.

Visual Information (VI) Equipment General Rule: VI production equipment may not be provided to, acquired for, or used by non-VI activities or personnel. For VI equipment policy, contact CNO (N09C1) VI Equipment and Activities Policy Officer at (202) 433-3790; DSN 288-3790.
(1) Visual Information-Audiovisual (VI-AV) production including interactive video acquisition. General Rule: Per OPNAVINST 5290.1A, contracting for the development of VI-AV including interactive multimedia AV/VI productions in the Navy is prohibited unless approved and assigned by CNO (N09C4). For questions regarding this policy, contact CNO (N09C1) VI/AV Production Policy Officer at 202-433-3714 or DSN 288-3714.

Water, Bottled General Rule: The GAO has held that in a variety of cases under the "necessary expense rule" appropriated funds should not be used to pay for subsistence or to provide "free food" to Government employees while at their duty stations. As such, bottled water is considered personal expense and Government salaries are presumed adequate to enable Government employees to provide their own food and beverage. Activities still wishing to supply water coolers for the purpose of providing bottled or spring water to individuals within the workplace should establish a "water fund" to cover such rentals.

Exceptions:. Appropriated funds may be used to supply safe drinking water if the local water has been tested by medical/health professionals and classified as non-potable due to health concerns. (Proof of the classification must be maintained on file).

Withdrawal of Tax-Free and Specifically Denatured Alcohol General Rule: The purchase of tax-free and specifically denatured alcohol is not authorized unless a permit from the Bureau of Alcohol, Tobacco and Firearms has been issued.

Gift Cards There are many programs that allow awards for outstanding individuals, including on-the-spot cash awards. The GCPC shall not be used to purchase gift cards for any program (including on-the-spot cash awards) using appropriated funds.

CHAPTER 5

GCPC PROGRAM OVERSIGHT

1. Account Oversight

a. CH Account Statement Reconciliation and Approval. CHs should periodically review the transactions within the bank electronic access system prior to the end of the billing cycle. CHs are required to reconcile the CH statement against the purchase log. The CH must sign their statement to indicate approval of the entire statement after all transactions have been validated. The CH shall complete the reconciliation process within five (5) working days of statement availability and forward the CH signed statement and all documentation to the AO/CO. The reconciliation process consists of comparing the CHs records/documentation against the electronic statement (eStatement) provided by Citibank. Immediately upon receipt of the monthly eStatement, the CH must review all information, verifying charges, credits, outstanding disputes and refunds, annotation of discrepancies, etc. If the CH is unable to review the monthly eStatement (due to illness, leave, temporary duty assignment, etc.), the CH, AO or designated alternate AO is responsible for the review and certification. However, the CH is still responsible for reviewing the monthly statement, even after the AO has performed the review. The step-by-step procedure for the eStatement reconciliation process is explained in the Tutorial on the CitiDirect website located at www.cards.citidirect.com. The tutorial is located under the “Assistance” menu.

(1) The CH will consider any statement charge they did not make as fraudulent until they have investigated the circumstances related to the charge. Depending upon the circumstances, the CH shall request a merchant credit, report the purchase to the bank as external fraud or dispute the charge before approving their statement.

(2) The CH will follow ”pay and confirm procedures” if items shipped are not received at the time of reconciliation.

(3) To allow for AO/CO review and future audit, the CH will ensure each transaction has the required documentation per Chapter 4.

(4) The CH’s AO/CO, or designated Alternate AO/CO, will reconcile the CH statement when the CH is unavailable to perform

their monthly reconciliation; however, the CH is still required to reconcile and approve their account statement upon return.

b. AO/CO Transaction Review and AO Account Reconciliation. Once the CH has approved their entire CH statement, they shall forward the electronic or “hard copy” file to the cognizant AO/CO. The AO/CO is required to approve or reject each purchase made by the CHs under their authority. The AO/CO will reconcile purchases billed to their account within five (5) working days from receipt of the CH signed statement. Account reconciliation shall be accomplished by the AO/CO reviewing supporting documentation for each purchase made by CHs under their AO account to ensure the CH reviews have been completed properly, supporting documentation is obtained and correct, receipt of property has been properly documented, and verifying that all transactions were necessary and valid Government purchases. When the AO/CO has completed their review of all CH statements submitted for his/her card accounts, the AO/CO shall approve the statement as legal, proper, and correct in accordance with his/her responsibilities. AOs/COs will certify bank statements for payment immediately upon AO account reconciliation.

(1) The DON requires use of automated data mining techniques/systems to identify potential improper GCPC use. AOs/COs will review transactions selected by the approved DON data mining tool as soon as they are notified by the audit tool that a CH transaction has been identified for their review.

(2) The AO/CO will add to the approved DON data mining tool any improper transaction they identified during their statement reconciliation if the improper transaction was not selected by the tool.

c. Invoice Certification. DON activities shall electronically certify GCPC invoices using the bank EAS or the Navy Enterprise Resource Planning System to the maximum extent practical. The cost of transaction processing by DFAS is significantly less if processed electronically rather than manually. Manual invoice certification shall comply with established DFAS or local financial system procedures. The AO/CO will follow up to ensure payment processes were correctly completed and the payment posts in the correct amount to the bank EAS.

The AO is responsible for:

The accuracy of information stated in a voucher, supporting documents and records.

Computation of a certified voucher under sections 3528 and 3325 of Title 31, United States Code.

Legality of proposed payment under the appropriation or fund involved

Providing advice to accountable officials

Seeking advance fiscal decisions from legal counsel

Repaying a payment that is determined:

Illegal, improper or incorrect because of inaccurate or misleading certificate.

Prohibited by law

Does not represent a legal obligation under the appropriation or fund involved.

Verification of Supporting Documentation. AOs and CHs are required to maintain adequate documentation on all purchase card transactions.

It is the A/OPCs responsibility to ensure that the AOs and CHs are maintaining their documentation. There must be a paper trail for every transaction to allow an auditor to completely recreate the circumstances of each purchase, understand its mission essential nature and verify the appropriateness of the vendor selection.

Pay and Confirm. The DON Purchase Card Program policy includes a policy called "Pay and Confirm". This policy applies to situations where a CHs monthly statement includes a legitimate transaction for a purchase for which the goods and or services have not been received. The "Pay and Confirm" policy directs the CH to approve payment of the transaction if there is a reasonable expectation that the goods and or services will be received before the next statement. That's the "Pay" portion of the policy.

The "Confirm" part of the policy places the responsibility on the CH to track the transaction to completion. The CH must confirm the receipt of the purchase before the next billing cycle. If the goods and/or services are not received before the next billing cycle, the CH must initiate the dispute process with the bank.

The "Pay and Confirm" policy has two primary benefits. First, the policy greatly reduces the number of unnecessary disputes. Disputes against late delivery transactions can create a significant administrative workload, both to file the dispute and then to undo the dispute when the goods are delivered. If there is a reasonable expectation that the goods and services will be delivered, it's best to pay the statement.

The second benefit to the "Pay and Confirm" policy is that it simplifies the financial process and helps to manage delinquencies. Delinquencies, which are bank billed transactions that are over 60 days due for payment, often caused by financial

glitches that result from statements with disputed transactions. The "Pay and Confirm" policy helps to avoid these situations.

Dispute Procedures. When disputing a transaction, it is the CHs responsibility to track the discrepancy to its complete conclusion. Ultimately, a formal dispute filed with the bank will either be decided in favor of the merchant or the CH. However, errors can also happen in the settlement of the dispute. For example, the finding could be in the CHs favor but the credit could be applied to the wrong account. For this and other reasons, the CH must track all disputes to their completion. It is the CHs responsibility to ensure that the government's interest is protected and that the dispute is properly credited and resolved efficiently. The CH must work closely with the AO to track disputes to completion.

d. Delinquent Payment. Accounts become delinquent 30 days from the statement date if the bank has not received payment. Unpaid balances 60 days from the statement date are considered 30 days past due and shall not exceed one percent of the activity's current balance. DOD policy requires the issuing bank suspend any AO account that goes over 60 days past due. All CH accounts under an AO account will be suspended should the AO account exceed 60 days past due (or 90 days since the statement date), regardless of the amount. AO accounts that exceed 150 days past due (180 days since the statement date) will result in all accounts for the entire HL5 Activity being suspended.

(1) Before initiating suspension procedures, the bank is required to contact and notify the A/OPC and AO/CO on two separate occasions.

(2) When an account reaches 45 days past due, the bank will request payment for the undisputed principal amount in writing or by documented telephone call to the A/OPC and AO/CO. The bank will also provide a pre-suspension/pre-cancellation report that identifies the undisputed amount that is overdue.

(3) If payment for the undisputed principal has not been received 55 days past due, the bank will notify the A/OPC and AO/CO electronically or in writing that suspension will take place if the payment is not received by the 5th calendar day after notification. The bank will also provide a POC to assist in resolving the past due account.

(4) If payment for the undisputed principal has not been received 60 days past due, the bank will suspend the account. The suspension will automatically be lifted once the undisputed principal amount has been paid and posted at the bank.

(5) Requests for suspension exemptions for AOs/COs with operational emergencies may be granted on a case-by-case basis. Exemption requests must be submitted in writing from the HL3 A/OPC to DON CCPMD. Exemption requests must include a statement describing what actions will be taken to resolve account delinquencies.

e. Over Payments. Accounts become overpaid due to duplicate certifications and payments, inaccurate manual certifications, erroneous postings by the bank or credit transactions that exceed debit transactions on a single invoice (Net Credit Invoice). Overpaid accounts have a credit balance of Government funds that could be used to fill other DON requirements. The A/OPC and AO/CO should follow the procedures found on the CCPMD website to reconcile any AO account with a credit balance. CCPMD will suspend AO accounts with credit balances more than 120 days old.

Bank Rebates and Charges.

The DON contract with Citibank provides the Navy with opportunities to control expenses and generate revenue. Both of these positive financial controls are directly related to controlling payment delinquencies. Under the contract with Citibank, the Navy can earn financial rebates (get money back from the bank) for early payment of its invoices. Invoices not paid promptly not only lose the rebate opportunity but result in the bank charging the Navy interest on the outstanding amount of the delinquent invoices. A/OPCs should monitor the agency's delinquent situation to ensure it remains under control.

Fraud Indicators may be found in the following:

Documentation:

Photocopies instead of original documents.

Missing documentation (Requisition to support purchases, required approvals, etc.).

Obvious changes or whiting-out of information.

Information that is backdated.

Repetitive Purchases:

Splitting requirements to avoid certain requirements or restrictions, i.e., micro-purchase threshold.

Not equitably distributing business among suppliers could indicate favoritism.

Purchases to Vendors That Do Not Appear Mission Related:

Suspicious Merchant Category Codes (MCC), i.e., Casinos, hotels, jewelry stores.

Services:

Performance that appears out of the scope of work that was originally agreed upon. (Actual performance does not match contractual statement of work.)

Overruns and variances. (Approvals are not documented, explanatory justifications missing, etc.)

Contractor estimates equal to Government estimate. (Personnel releasing advance information to contractor)

Purchases of high value items at low prices or low value items at high prices.

Returns/Credits:

Did the Government receive the full credit for the item purchased?

Is there a pattern of errors in billings, returns or credits?

Disputes:

Frequent or repetitive disputes by a single cardholder.

Lost or Stolen Cards:

Frequent or repetitive reports of lost or stolen cards by a single cardholder.

Discovery of Improprieties.

The CH is ultimately responsible for purchase card transactions being proper and notifying the AO of any information that impacts the propriety of certifying the monthly invoice for payment. Notification to the AO must be done in writing and upon receipt of the monthly statement. If transactions or credits are not included on the current statement, the CH must retain the applicable documentation until the transaction or credit appears and the purchase can be reconciled. The CH must then sign the statement containing those transactions, attach all supporting documentation and forward the package to their AO or designated alternate AO.

The AO is responsible for ensuring that all purchases made by the CH were appropriate and that the charges are accurate. The AO must resolve all questionable purchases with the CH. If an unauthorized purchase is detected, the AO must notify the A/OPC

and other appropriate personnel within the command in accordance with the Internal Operating Procedure (IOP).

After review, the AO will sign the CHs monthly statement of account and maintain the documentation in accordance with agency procedures.

All disciplinary actions taken should be documented regardless of the method (i.e., copies of e-mails identifying concerns/issues, suspension of accounts, etc.)

Account Suspension/Closure.

In most cases of fraud, misuse and/or abuse of the purchase card, it will be the A/OPCs responsibility to revoke and/or suspend the offending CHs' accounts. The A/OPC is the person with the CitiDirect system authority required to shutdown compromised accounts.

The A/OPC can close a purchase card account using the *SP2 Citibank CH Maintenance Form* or on-line with CitiDirect. Ensure the purchase limits of the account are set to $1.00 to prevent any unwanted charges while waiting for the final closing of the account. Follow the instructions listed on the form, in particular, mark "Account Closure" in Section II of the form.

The A/OPC shall retain an approved copy of this form in the official A/OPC files. FAX the form to 866-745-8185 (605 330-6801 from overseas) or mail to: Citibank Government Services, P.O. Box 6125, Sioux Falls, SD 57117-6125.

All closures will be completed within 3 business days.

f. Convenience Check Account Oversight and Reporting. There is additional oversight and reporting policy for convenience check accounts.

(1) Convenience check transactions cannot be disputed through the bank and must be resolved directly with the merchant or payee. Accounts that have checks written for any amount over $3,000 must be closed and that check writer can no longer have a convenience check account.

(2) An officer or equivalent DOD civilian who is independent of the office maintaining the account must audit convenience check accounts yearly on an unannounced basis. This can be the HL3 or HL4 A/OPC or a HL5 A/OPC outside of the hierarchy.

(3) There is a statutory requirement to report to the Internal Revenue Service, on an annual basis, convenience check payments made to contractors/merchants. Reportable payments include payments for services, rent, medical training, maintenance fees, instructors, teachers, speakers, etc.,

regardless of the dollar value. If the payment was for goods and services combined, it must be reported.

Law requires DoD to report payments made to contractors/merchants. An automated procedure is in place to report on a routine basis, all Purchase Card transactions. This automatic process does not require any action from the CH. However, the procedure does not apply to convenience check payments. All payments for services made via convenience check must be reported to both the vendor and the IRS.

The 1099M Reporting Requirement refers to an IRS FORM 1099M, *Miscellaneous Income*. This is the form used to report to the vendor your total payments to them at the end of the calendar year. The law requires Convenience Check writers to provide this form to the vendor which they in turn use for their tax reporting purposes. Remember – this requirement is only for Convenience Check payments and that Purchase Card transactions are automatically taken care of for you.

DFAS Columbus currently provides a stand-alone software program for 1099M tax reporting on all convenience check payments, to all convenience check account holders. Should account holders choose not to use this service they are liable for issuance of the 1099M directly to the vendor and the electronic filing to the IRS in the proper format. If this is not done, the command is responsible for any tax fees levied by the IRS for failure to report. This fine can be $50 per required 1099M form.

Instructions for accessing the 1099 Tax Reporting Program can be found in https://dfas4dod.dfas.mil/systems/1099/. To obtain access, users must complete two system access forms, DD form 2875 and DD form 2869. Carefully follow the instructions for completing the forms. All check writers and Agency Program Coordinators must complete both forms. Fax completed forms to 614 693-5452 or DSN 869-5452, or scan and email them to cco.checks@dfas.mil. Prior to accessing the 1099-TRP, all users should read the Convenience Check User's Manual (PDF).

Since 1099-Misc data is reported to the IRS on a calendar year basis, it is critical that information for all Convenience Checks issued during the calendar year is entered into the 1099 Tax Reporting Process by December 31st of each year. Any data that is entered past this cut-off date will not be included in the yearly reporting completed by the Defense Finance and Accounting Service (DFAS). In this case, your Agency will be responsible for issuing the 1099s and reporting the information to the IRS.

CHs will need the following information to complete the 1099 reporting requirement:

Check Date

Check Number

Check Amount

Merchant's Legal Name (Name used on their tax filings)

Sole Proprietor's Name (If applicable)

Merchant's Legal Address including Street, City, State and Zip-code.

Merchant's Tax Identification Number (TIN). Note: A TIN can also be an Employer's Identification Number (EIN) or a Social Security Number (SSN).

Brief description of type of service/purchase.

All of the information required for 1099 reporting can be found on an IRS FORM W-9, *Request for Taxpayer Identification Number and Certification*. Vendors are required to provide you with a W-9 upon your request.

2. Program Oversight. Program oversight is required to ensure effectiveness of purchasing and management internal controls and includes monthly, quarterly and semiannual reviews. Monthly reviews are conducted by HL5 A/OPCs to provide reasonable assurance of the effectiveness of management controls to mitigate program risk. Quarterly reviews focus on verifying program participants. Semiannual reviews are performed at the end of the March and September billing cycles and are a consolidation of the previous six monthly reviews.

a. Monthly Reviews. The monthly review consist of a review of transactions to ensure effectiveness of purchasing internal controls and a review of training, span of control, accounts controls and delinquencies to ensure effectiveness of program management controls. Monthly reviews are performed using the approved DON audit tool. Reviews at each hierarchy level are automatically submitted to the next higher level A/OPC. HL5 A/OPCs must complete their monthly review within 30 calendar days of the end of the billing cycle. HL4 and HL3 A/OPCs each have 10 calendar days to complete their monthly review.

The activity HL5 A/OPC shall conduct or oversee/manage the monthly review process. The review shall consist of an assessment of transactions and a review of management controls. The AO will conduct a 100 percent file review of transactions using a DON approved audit tool to ensure compliance with purchase card policy.

This review should include:

Accuracy of CH Purchase log entries.

Compliance of CH Delegation letter.

Proper Separation of Function is performed.

Ensure all purchases made by the CH within purview are appropriate and that the charges are accurate.

Verify that supporting transaction documentation exists for card accounts prior to certifying the monthly invoice.

Ensure proper receipt, acceptance and inspection is accomplished for all items being certified for payment.

Certify the monthly invoice in a manner that maximizes purchase card rebates and minimizes prompt payment penalties. AOs and CHs are reminded that prompt payment penalties begin accruing on the 31st day after receipt of the official invoice. AOs are pecuniarily liable for payments they certify.

Three important aspects of purchase card transactions for the AO to examine during transaction verification are:

Transaction Type. The CHs account and delegation of authority shall identify the types of transactions the CH is authorized to execute (i.e., over-the-counter, telephone orders of via the internet).

Merchant Category Code (MCC) Blocks. A DON-wide purchase card transaction block is currently in place and is automatically applied to the CH account profile at time of set-up. A/OPCs can further limit CH transactions by type of merchant by blocking certain categories of vendors for use by a particular CH or by all activity CHs.

Convenience Checks. Convenience checks are third party drafts issues using a government purchase card account. Third party drafts may be used to acquire and to pay for supplies or services.

The AO shall review and assess all transactions identified by the audit tool. If questions or discrepancies are discovered by the AO during the file review, the AO will add these transactions to the audit tool review to document the discrepancy.

HL 5 A/OPCs shall conduct program oversight using the reports available through the custom reporting tool (Citibank Custom Reporting System) to proactively monitor the program. At a minimum, the following shall be monitored/reported as indicated:

Span of Control. A/OPCs shall monitor span of control monthly. AO to CH account ratio shall not exceed 1:7. A/OPC to total CH and AO account ratio shall not exceed 1:300. Those activities that exceed span of control will be required to report on their non-compliancy. If the activity does not take timely action, DON CCPMD will close

accounts in order to have activity back at required span of control. Contingency and deployed accounts are included in span of control requirements.

Delinquency. All HL5 A/OPCs should monitor their delinquencies, at a minimum, on a weekly basis by verifying that payments have posted at the bank and to resolve any unpaid suspended invoices. Accounts become delinquent 30 days from the statement date if the bank has not received payment. Unpaid balances 60 days from the statement date are considered 30 days past due and shall not exceed one (1) percent of the activity's current balance.

> Those major commands that exceed the one (1) percent delinquency standard will be required to report reasons for not meeting the standard. The HL3 A/OPC shall consolidate any activity responses into one report and forward them to DON CCPMD by the 15th of each month (e.g., June cycle closes on June 19th. Activities exceeding the one (1) percent standard must report to DON CCPMD by July 15th).

Credit Limit Review. Credit limits of AOs and CHs shall be reviewed on a quarterly basis. Spending limits should be tied directly to funding allocated for each card account. These spending limits should be established by the responsible fund certifying official and should be consistent with historical spending patterns to ensure adequate funds availability and minimize Government liability.

Inactive Cards. Accounts that have not been used more than three times in the last six months should be closed. If the accounts are noted as either deployed or contingency accounts, credit limits shall be set at $1.00 (allows for inactive accounts to remain open).

Convenience Checks. Convenience checks shall not exceed $3,000. Accounts that have checks written for any amount over $3,000 must be closed and that check writer can no longer have a convenience check account.

CH Delegation of Authority and AO Appointment. It is the responsibility of the HL5 A/OPC to ensure that each CH has procurement authority to satisfy mission requirements and each AO has a letter of appointment. CH procurement authority is delegated using a Letter of Delegation or an SF-1402. In addition, to ensure proper authorized spending limits are adhered to, HL5 A/OPCs shall ensure that the purchase card account profile (within the bank's online card management system) does not exceed the limits in the delegation document. AO responsibilities and billing cycle limits are documented in an AO Appointment Letter.

Bank Electronic Access Systems (EAS). All A/OPCs are required to have access to the bank's EAS to provide oversight of their Agency's Purchase Card Programs. Setup forms can be found on the DON CCPMD website under the bank guidance tab. Bank access allows the A/OPC to review transactions, set up CH accounts and

run reports required for audit and day-to-day operations of the program. Forms require the signature of the Agency A/OPC or the next higher level A/OPC for approval.

The HL5 A/OPC will review every AO's transaction assessment in the audit tool and either concurs with the AO assessment or rejects the assessment back to the AO requesting additional information.

The HL5 A/OPC will also review 100 percent of all transactions NOT identified by the audit tool to ensure awareness of purchasing activity within their hierarchy. At their discretion, the A/OPC may add additional transactions to the review and require the AO to complete an assessment of these transactions as part of the normal monthly review.

The HL5 A/OPC will record the corrective action for those transactions where a policy infraction occurred.

HL5 A/OPCs must complete their monthly review within 30 calendar days of the end of the billing cycle.

HL4 and HL3 A/OPCs will spot-check all lower level monthly reviews in the audit tool each cycle.

HL4 and HL3 A/OPCs each have 10 calendar days to complete their monthly review.

The HL5 A/OPC may defer a review requirement for an AO within the audit tool when they are unavailable to conduct a review (e.g. sickness, reassignment). The deferment shall not exceed 30 days without prior HL 3 approval. The HL 3 A/OPC shall ensure that all deferred reviews are completed at the time of the Semi-Annual review submission.

If the monthly review cannot be completed using the audit tool because an AO or A/OPC is deployed and has insufficient access to the application, the HL 3 A/OPC may then mark them as DEPLOYED in the audit tool and approve completion of the monthly review. The AO or A/OPC will complete the monthly review manually then update the audit tool upon completion of the deployment.

Due dates for the monthly review will be established within the activity IOP but shall not exceed 55 days past the cycle date. Compliance with the due date is critical for workflow reviews within the audit tool. Any HL5 review not completed within 30 days of the set due date will have the account suspended at the HL5 by the HL3 A/OPC.

Completing monthly reviews using the audit tool will document AO and A/OPC oversight and become the input to the semiannual review.

b. Quarterly Reviews. Quarterly HL5 A/OPC shall compare their entire CH listing against the command's official personnel

roster and close any CH accounts not verified by their personnel office.

Quarterly Briefings. It is recommended that the HA receive quarterly briefings regarding the status of the program. Topics to consider for these briefings should, at a minimum, include the number of cards, spending patterns, delinquency issues, instances of misuse, abuse or fraud, corrective actions taken and results of monthly reviews/semiannual reviews.

Office of Management and Budget Reporting (OMB). OMB report inputs are due to DON CCPMD approximately 15 days after the quarter ends.

HL5 A/OPCs shall report the following to their HL 3 A/OPC for consolidation and submission of one input form to CCPMD:

Number of CHs with spending limits greater than $3,000 with contracting officer warrants (SF-1402), Certificate of Appointment per Federal Acquisition Regulation 1.603.

Number of CHs with spending limits greater than $3,000 with delegations other than contracting officer warrants.

OMB Report data may be obtained from the audit tool for those activities that are current with their automated monthly reviews.

c. Semiannual Review. The DON GCPC semiannual review is required to ensure adherence to internal controls and ensure the HA is involved in each activity's GCPC Program. The semiannual review is performed by the HL5 A/OPC using the approved DON audit tool and is an aggregate of the activity's monthly reviews for the past six months. Results are briefed to the HA and then reported to the A/OPC at the hierarchy level directly above their activity. HL4 A/OPCs, if assigned, will summarize the reports provided by the activity A/OPCs below them, review results with their HA and submit a consolidated report to their HL3 A/OPC. The HL3 A/OPC will consolidate all command semiannual review results, review results with their HA and submit a consolidated HL3 semiannual review report to CCPMD by 15 June and 15 December.

The HL 5 A/OPC shall report to the HA on all actions taken on all deficiencies noted in the semi-annual review. A signed statement that the HA reviewed all findings and concurs with the disciplinary actions taken on any noted findings on the semi-annual review results is required to be sent to the HL 3 A/OPC. The reporting periods for the semi-annual reviews shall encompass

the billing cycles of 20 March through 19 September and 20 September through 19 March. The semi-annual review shall consist of two reviews:

Evaluation of Internal Operating Procedures and Management Internal Controls.

Transactional review.

Evaluation of Internal Operating Procedures (IOPs) and Management Internal Controls. The following areas, at a minimum, must be documented review:

IOP. Review to ensure compliance with current DoD/DON regulations and directives. IOP must be on file and in compliance with current NAVSUPINST 4200.99.

Training. Ensure training is current for all participants and documentation is maintained by the A/OPC for the duration the participant serves in this capacity and for three years beyond.

Appointment of Authority. Letters of Appointment, Letters of Delegation and DD577s must be current and on file.

Purchase Request. Ensure Integrity of process by checking for signatures of approval of purchase, quantity matches and funding approval.

Compliance with micro-purchase procedures.

Separation of Function procedures.

Invoice Certification. Each transaction reviewed, statement approved within 5 days by the CH, invoice certified for payment within 10 days of receiving.

Internal procedures to resolve disputes and monitor command delinquencies.

Use of the purchase card as a method of payment.

Span of Control (Card accounts to AO and AO accounts to A/OPC)

Delinquencies. A/OPCs should monitor their delinquencies by verifying that payments have posted at the bank and resolving any unpaid or suspended invoices. Accounts become delinquent 30 days from the statement date if the bank has not received payment. Unpaid balances 60 days from the statement date are considered 30 days past due and shall not exceed one percent of the activity's current balance.

Account spending limits (monthly and single transaction limits). Spending limits should be tied directly to funding allocated for each card account. Contingency and or deployed accounts should be set to $1.00. Amounts in the CH profile should never exceed the authorized amounts in the Letter of Delegation.

Screening for mandatory sources; Documentation should be included in transaction file folder that sources were screened and or used, if not, justification should be provided within the file.

Rotation of Vendors. CH must rotate micro-purchase requirements among qualified suppliers to the maximum extent practicable.

Indentify any Management Internal Controls deviations and action taken or planned to rectify the situation.

Signed semi-annual reviews must be on file with a copy of the corrective actions taken.

Convenience Check Accounts. An independent review of the convenience check account must be completed on an annual basis. An officer or equivalent DoD civilian who is independent of the office maintaining the account must audit Convenience Check Accounts yearly on an unannounced basis. This can be the HL3 or 4 A/OPC or a HL 5 A/OPC outside the hierarchy. Checks should be stored in a secure location.

Transactional Review. The HL 3 A/OPC will provide the format for the transactional review. The following areas, at a minimum, must be covered in the transactional review:

Purchases that exceed minimum need to support DON mission.

Purchases not for Government use but for personal use.

Purchases that exceed authorized limits. Refer to the CH's Letter of Delegation when reviewing transactions.

Requirements that were split to circumvent the micro-purchase threshold.

Prohibited Purchases and Prohibited Purchase Actions.

Deviation from DON Directed Procurement Policy.

Improper use of the GCPC. Each transaction reported needs to include the following:

Item purchased

Dollar value of the transaction

How the transaction was discovered.

Listing of all disciplinary/administrative actions taken

Date of disciplinary/administrative action taken

Name of activity

Hierarchy number

Date of transaction

The HA shall formalize local policies and procedures within the IOP identifying the formal and informal disciplinary actions and or corrective measures (to include repayment to the government) that will be levied by the command as a result of reviews revealing non-compliance with policies or procedures, fraud, misuse and or abuse by program participants.

A copy of the report shall be provided to the activity HA and HL3 A/OPC (through HL4 A/OPC when applicable). The HL 5 A/OPC shall report to the HA on all actions taken on all deficiencies noted in the semi-annual review. A signed statement that the HA reviewed all findings and concurs with the disciplinary actions taken on any noted findings on the semi-annual review results is required to be sent to the HL 3 A/OPC. Specific due dates will be determined by the HL 3 A/OPC.

HL5, 4&3 A/OPCs must complete all monthly reviews between 20 September and 19 March in PAT by 15 May. On 1 June, CCPMD will use data in PAT to prepare reports for the DON HA briefing. (This briefing will include a status report of those HL3 Commands that have not completed their reviews in PAT). The signed HL 3 HA Report and Auxiliary Worksheets are due to CCPMD by 15 June.

HL5, 4&3 A/OPCs must complete all monthly reviews between 20 March and 19 September in PAT by 15 November. On 1 December, CCPMD will use data in PAT to prepare reports for the DON HA briefing. (This briefing will include a status report on those HL3 Commands that have not completed their reviews in PAT). The signed HL 3 HA Report and Auxiliary Worksheets are due to CCPMD by 15 December.

Semi-annual HL 3 A/OPC Reporting. The A/OPC shall report to the HA on all actions taken on all deficiencies noted in the semi annual review. A signed statement that the HA reviewed and concurs with the disciplinary actions taken on any noted findings o the semi-annual review results is required to be sent to the DON CCPMD with the semi-annual report. The semi-annual report, internal weakness and the signed statement are due to CCPMD by 15 June and 15 December of each year depending on the reporting period.

Consolidate the HL 4 and 5 A/OPC responses, using the excel spreadsheet provided for submittal.

Name of the HA who reviewed the semi-annual results. HL 3 A/OPCs should submit, to the DON CCPMD the name of the HA that signed off on the statement that they reviewed and concur with the results and disciplinary actions taken on any noted findings. (Signed statement sent separately)

Total number of participants in each category such as HAs, A/OPCs, AOs and CHs. Show documented evidence of mandatory training completed or explanation if not 100% current.

Total number of Convenience Check Accounts that have been audited within the past year. (if not 100% audited provide explanation).

Questionable transactions.

- Purchases that exceed minimum need to support DON mission.
- Purchases not for Government use but for personal use.
- Purchases that exceed authorized limits. Refer to the CH's Letter of Delegation when reviewing transactions.
- Requirements that were split to circumvent the micro-purchase threshold.
- Prohibited Purchases and Prohibited Purchase Actions.
- Deviation from DON Directed Procurement Policy.
- Improper use of the GCPC. Each transaction reported needs to include the following:
  - Item purchased
  - Dollar value of the transaction
  - How the transaction was discovered.
  - Listing of all disciplinary/administrative actions taken
  - Date of disciplinary/administrative action taken
  - Name of activity
  - Hierarchy number
  - Date of transaction
- Special Emergency Procurement Authority
- Follow-up on last Semi-annual review. Address repeat findings and weaknesses not corrected.
- Weakness in Management Internal Controls. The following areas at a minimum must be documented for the IOP and Management Internal Controls review:
  - IOP. Review to ensure compliance with current DoD/DON regulations and directives. IOP must be on file and in compliance with current NAVSUPINST 4200.99.

Training. Ensure training is current for all participants and documentation is maintained by the A/OPC for the duration the participant serves in this capacity and for three years beyond.

Appointment of Authority. Letters of Appointment, Letters of Delegation and DD577s must be current and on file.

Purchase Request. Ensure Integrity of process by checking for signatures of approval of purchase, quantity matches and funding approval.

Compliance with micro-purchase procedures.

Separation of Function procedures.

Invoice Certification. Each transaction reviewed, statement approved within 5 days by the CH, invoice certified for payment within 10 days of receiving.

Internal procedures to resolve disputes and monitor command delinquencies.

Use of the purchase card as a method of payment.

Span of Control (Card accounts to AO and AO accounts to A/OPC)

Delinquencies. A/OPCs should monitor their delinquencies by verifying that payments have posted at the bank and resolving any unpaid or suspended invoices. Accounts become delinquent 30 days from the statement date if the bank has not received payment. Unpaid balances 60 days from the statement date are considered 30 days past due and shall not exceed one percent of the activity's current balance.

Account spending limits (monthly and single transaction limits). Spending limits should be tied directly to funding allocated for each card account. Contingency and or deployed accounts should be set to $1.00. Amounts in the CH profile should never exceed the authorized amounts in the Letter of Delegation.

Screening for mandatory sources; Documentation should be included in transaction file folder that sources were screened and or used, if not, justification should be provided within the file.

Rotation of Vendors. CH must rotate micro-purchase requirements among qualified suppliers to the maximum extent practicable.

Indentify any Management Internal Controls deviations and action taken or planned to rectify the situation.

Signed semi-annual reviews must be on file with a copy of the corrective actions taken.

Convenience Check Accounts. An independent review of the convenience check account must be completed on an annual basis. An officer or equivalent DoD civilian who is independent of the office maintaining the account must audit Convenience Check Accounts yearly on an unannounced basis. This can be the HL3 or 4 A/OPC or a HL 5 A/OPC outside the hierarchy. Checks should be stored in a secure location.

Include with each identified area the following:

Activity Name

Hierarchy Number

Action taken or planned to rectify situation

Date Resolved

Identify whether the weakness is a new or previous weakness.

How weakness was identified (A/OPC internal review, external audit, etc…)

Review to ensure the IOP is updated to reflect new instruction and any policy announcements. Every activity is required to have an IOP.

Identify any activities that do not have a current IOP in place. Include activity name and hierarchy.

List all activities noting those that did not submit a signed letter of concurrence from their HA.

Purchases that exceed the minimum need to support DON mission. A purchase exceeds minimum mission need when its quality, quantity or price is disproportionate to satisfying a particular set of requirements in a given instance. Purchases of authorized goods or services, at terms (e.g., price, government need or both, are considered abusive.

The HL 3 A/OPC should submit two documents to CCPMD:

Excel Spreadsheet

A completed transaction detail spreadsheet with all the corresponding tabs completed. Ensure that all the fields for every infraction within each tab are completed. If fields are left blank,

the semi-annual review will be returned as incomplete and documented as a late submittal.

This format is required for the HL3 A/OPC submittal to CCPMD. This excel template may also be used by the HL 5 A/OPC to submit their transactional review to the HL 3&4 A/OPC however, the HL 3 A/OPC may choose not to have the HL5 submit their transactional review in the same format.

Signed statement from HA.

A copy of the component report shall be provided to the component HA. The A/OPC shall report to the HA on all actions taken and all deficiencies noted in the semi-annual review. A statement signed form the HA is required to be sent to the CCPMD in command letterhead with the semi-annual report. This statement should validate that the HA has reviewed and concurs with the disciplinary actions taken on any noted findings on the semi-annual review results.

If semi-annual and/or monthly reviews reveal situations of non compliance with purchase card rules, the A/OPC should meet with the AO to discuss the issues. Discussion results should be documented and filed with appropriate CH and/or AOs file.

CCPMD will issue a Purchase Card Advisory Notice (PCAN) prior to each Semi-Annual Review reporting period with specific reporting instructions. The intent is to simplify and standardize the input from all Activity level A/OPCs so that information can be accurately compiled at each hierarchy level (up to the DON HL 2, CCPMD). CCPMD will ensure to the maximum extent possible that Semi-Annual Review reporting is accomplished using reports and information captured by the audit tool.

The A/OPCs should provide copies of review results as appropriate to all program participants and to the AOs activity HA. This important step in the review process provides the HA with the necessary documentation to take appropriate follow-up action.

External Audit Notification. The HL5 A/OPC shall notify their chain of command and the DON CCPMD (via the HL3 A/OPC) when an investigation or audit commences and ends. The HL5 A/OPC is also required to report any failures and corrective actions taken to their HL3 A/OPC (through HL4 A/OPC when applicable) which in turn shall report to DON CCPMD when outside auditors review the Purchase Card Program. This includes Naval Audit Service (NAVAUDSVC), PPMAP, DoD Inspector General, internal reviews, etc. When reporting a Naval Criminal Investigative Service (NCIS) investigation, provide the point of contact information and case number, if assigned, to allow for direct follow up from DON CCPMD.

CHAPTER 6

DISCIPLINARY GUIDLINES

1. Guidelines

a. The DOD has taken actions to strengthen personal accountability within GCPC programs and has implemented the disciplinary guidelines contained in references (i) and (j). Disciplinary actions will depend upon the severity of the infraction and may impact the CH's access to classified information.

2. Policy

a. It is DOD policy that improper, fraudulent, abusive or negligent use of the GCPC is prohibited. This includes any use at establishments or for purposes that are inconsistent with the official business of DON or with applicable regulations. The supervisor of the responsible individual or parties will be informed in a timely manner so appropriate corrective, disciplinary or adverse action may be taken.

b. Supervisors who receive information indicating that a civilian or military employee has engaged in any potential fraud, misuse or abuse of a GCPC, shall take appropriate corrective or disciplinary/adverse action, including further investigation if needed. Restitution should be made by the responsible party/parties. Restitution can be made with a check payable to the U.S. Treasury via the activity's comptroller.

c. The intent of this policy is to ensure that management emphasis is given to the important issue of personal accountability for GCPC fraud, misuse and abuse. There is no intent to deprive managers and supervisors of their discretion in handling GCPC misuse in a manner appropriate to each individual case. The circumstances of each individual case will determine the appropriate type of disciplinary/adverse action, if any, that may be imposed. A progression of increasingly severe penalties is often appropriate in the case of minor instances of misuse, but more serious cases may warrant the most severe penalty for the first offense if abuse or fraudulent activity is prevalent. Clearly there is no single response appropriate for all cases. While the merits of each case may vary, timeliness, proportionality and the exercise of good judgment and common sense are always important. Where applicable, full consideration must be given to the relevant

"Douglas Factors" as provided in Douglas v. Veterans Administration, 5 MSPB 313 (1981).

3. Disciplinary Guidance

a. Civilian Personnel. In taking corrective or disciplinary action against civilian personnel, commanders or supervisors shall use reference (i) as authoritative guidance. GCPC offense(s) may be framed in any lawful manner. Civilian personnel penalty guidelines shall address offenses with respect to Government GCPCs and shall indicate that the penalty of removal from Government service is an available maximum penalty for a first offense when appropriate, as determined by the deciding official. The servicing Human Resources Office (HRO) should assist the supervisor who is considering corrective or disciplinary/adverse action with the selection of the charge and appropriate penalty based on the Navy's past practice, collective bargaining agreements and negotiated discipline policies if applicable, regulatory guidance, applicable case law and good judgment of the supervisor taking the disciplinary or adverse action. Coordination with the local HRO and the appropriate legal office should occur early in the process, as required by Navy policy. See Table 1 for an example of potential schedule of GCPC offenses and recommended remedies or penalties for such offenses.

When taking corrective or disciplinary action against civilian personnel, HAs and supervisors shall use appropriate human resources manual as additional authoritative guidance. The official administering the disciplinary or corrective action must consult with the servicing human resources office and if appropriate, guidance should also be requested from the local legal office. In addition, coordination with appropriate bargaining union representative must be made (if applicable) in accordance with local collective bargaining agreement.

TABLE 1

Examples of Disciplinary Action

The chart below is one example of a GCPC offense and recommended remedies or penalties for such offenses.

OFFENSES	FIRST OFFENSE	SECOND OFFENSE	THIRD OFFENSE
Unauthorized use of or failure to appropriately monitor use of Government Commercial Purchase Charge Card	Reprimand to removal	14-day suspension to removal	30-day suspension to removal

b. Military Personnel. Military personnel who misuse, abuse or commit fraud with the GCPC shall be subject to actions available in reference (j), including counseling, admonishment, reprimand, non-judicial punishment (Article 15, Uniform Code of Military Justice), court-martial and administrative separation. In appropriate cases, pecuniary liability, referral for criminal prosecution in civilian courts, and civil enforcement action are other ways to hold military personnel personally accountable for charge card misuse. In taking corrective or disciplinary action against military personnel who misuse or abuse the GCPC, commanders or supervisors shall use the procedures established for each action by the appropriate military department and consult with their legal advisors as necessary. In addition to corrective or disciplinary action, military personnel who misuse their GCPC may have their access to classified information modified or revoked if warranted in the interest of national security. Commanders and supervisors shall follow previously issued guidance to ensure that security clearance reviews are conducted when the holder of a GCPC comes under investigation for card misuse.

4. Relationship to Security Clearances. The review of the security clearance of the individual involved (or the modification or revocation of such security clearances in light of this review) in GCPC misuse, abuse or fraud cases is not a disciplinary action and should not be treated as such. However, this does not preclude a separate and independent review of such misuse, abuse or fraud by the appropriate security manager per references (i) and (j). Modification or revocation of a

security clearance will result in appropriate action which could include reassignment or removal.

Officials initiating any form of investigation of allegations of fraud, misuse or abuse of authority involving the GCPC must notify the HA and Local Security Manager within 72 hours of the initiation.