



# U.S Army Contracting Agency Contracting Center of Excellence

Purchase Card Program  
FY2008  
Purchase Card Operating Procedures

*"Performing while transforming with excellence everytime!"*



**Celebrating Our Military**

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## GLOSSARY of ACRONYMS

ABO – Alternate Billing Official
ACA – Army Contracting Agency
AFARS – Army Federal Acquisition Regulation Supplement
APC – Agency Program Coordinator
AXOL – Access Online
BO – Billing Official
BPA – Blanket Purchase Agreement
C.A.R.E. – Customer Automation Reporting Environment
CAP – Corrective Action Plan
CAP – Computer/Electronic Accommodation Program
CCE – Contracting Center of Excellence
CFR – Code of Federal Regulations
CH – Cardholder
CSQI – Cardholders Statement of Questioned Items
CSR – Customer Service Representative
CW – Check Writer
DAPS – Defense Automated Printing Services
DAU – Defense Acquisition University
DFARS – Defense Federal Acquisition Regulation Supplement
DFAS – Defense Finance and Accounting Services
DOD – Department of Defense
DODFMR – DOD Financial Management Regulation
DTS-W – Defense Telecommunications Services – Washington
EDI – Electronic Data Interchange
FAR – Federal Acquisition Regulation
GPC – Government Purchase Card
GSA – General Services Administration
HQDA – Headquarters Department of the Army
IDIQ – Indefinite Delivery-Indefinite Quantity
JAG – Judge Advocate General
JFTR – Joint Federal Travel Regulation
MCC – Merchant Category Code
MFR – Memorandum for Record
MPL – Monthly Purchase Limit or Cycle Limit
NCR – National Capital Region
NIB – National Industries of the Blind
NISH – Formerly the National Industry of the Severely Handicapped
PBO – Property Book Officer
PCOP – Purchase Card Operating Procedures
RM – Resource Manager
SOA – Statement of Account
SPL – Single Purchase Limit
U.S.C. – United States Code
USAPD – United States Army Publishing Directorate

## Chapter

# 1

## 1. INTRODUCTION

The Federal Acquisition Regulation (FAR) stipulates in Part 13.201(b) that “the Government-wide commercial purchase card shall be the preferred method to purchase and to pay for micro-purchases.” Micro-purchases are defined as procurements up to \$3,000 using appropriated funds.

The General Services Administration (GSA) has been issuing contracts to banks for purchase card services for Federal agencies since 1989. In fiscal year 2006, the government has saved over \$1.7 billion in administrative and transaction expenses through process efficiencies brought about using the purchase card versus a purchase order. In addition, \$156 million has been received from earned incentives.

CCE participates in this program under GSA’s contract with U.S. Bank GSA Credit Card Contract.

The Government Purchase Card is an internationally accepted VISA purchase card, which may be used to –

- a. make purchases up to **\$3,000 (the new micro purchase limit)**; (except for the purchase of services covered under the service contract act).
- b. place a task order or delivery order up to \$25,000 **ONLY** if placed against an already existing contract, such as a GSA Schedule contract, other CCE indefinite quantity contract, or Blanket Purchase Agreement (BPA);
- c. procure commercial training below \$25,000 using the DD Form 1556 ; and,
- d. make payments when the contractor agrees to accept the card.

CCE supports Cardholders (CH) and Billing Officials (BO) from all DOD agencies and issues delegation of authority letters to CHs and appointment packages to BOs authorizing their participation in the purchase card program. Rules, regulations, policies and procedures (in addition to FAR and DFARS) governing the purchase card program must be followed.

This policy applies to all types of contract actions unless a general or flag officer or a member of the Senior Executive Service (SES) must make a written determination that the source or sources available do not accept the purchase card.

CCE’s FY 2008 Purchase Card Operating Procedures (PCOP) is effective October 1, 2007. This edition supersedes the previous versions of this document. This document supplements procedures from the Army Government Purchase Card Regulation AR 715-xx. Due to substantial revisions made to the document for FY 2008, it was not practical to highlight each change. It is the responsibility of all purchase card program participants to read and comply with the policies and procedures contained in this document.

## **SUMMARY OF CHANGES FOR THIS YEAR:**

Chapter 2 – CCE Purchase Card Points of Contact have been updated.

CCE's new website address

Chapter 4 – Change in the micro purchase limit to \$3,000

Revised list of Agency Points of Contact

Chapter 6 – New version of C.A.R.E. called Access Online (AXOL) due to be implemented in FY 2008.

Chapter 11 – JWOD name change to Ability One.

Chapter 12 – Guidance regarding printing service points of contact and the purchase of uniforms.

The bank's website at [https://www2.usbank.com/cgi\\_w2/cfm/impac/impac\\_login.cfm](https://www2.usbank.com/cgi_w2/cfm/impac/impac_login.cfm) has additional information available. The Army Regulation AR-715-xx Government Purchase Card Program is located at: [http://www.usamraa.army.mil/pages/pdf/Army\\_GPC.pdf](http://www.usamraa.army.mil/pages/pdf/Army_GPC.pdf)

To search within the electronic version of this document, use the keyboard and hold down the Control (Ctrl) key and press F.

**2. POINTS OF CONTACT**

CONTRACTING CENTER OF EXCELLENCE GPC POINTS OF CONTACT		
<b>Maryjo Byrd</b> Associate Director	Contracting Center of Excellence 5200 Army Pentagon Attn: Purchase Card Program Room 1C256 Washington, DC 20310-5200	Tel: 703-697-3673 Fax: 703-695-9750 <b><u>Maryjo.Byrd@hqda.army.mil</u></b>
<b>Christina Bolar</b> Division Chief Purchase Card Program	Address same as above	Tel: 703-693-5012 Fax: 703-695-9750 <b><u>Bolarcy@hqda.army.mil</u></b>
<b>Agency Program Coordinators</b>	Address same as above	Tel: Air Force: 703-695-0597/693-0767 Army: 703-693-5004 703-697-2509 DOD/Navy: 703-697-3152
<b>Purchase Card Trainer:</b>	Address same as above	Tel: 703-693-0767

**General Contact Information**

[GSASMAPAY@hqda.army.mil](mailto:GSASMAPAY@hqda.army.mil)

Questions  
 General Inquiries

<http://cce.hqda.pentagon.mil>

CCE Web Address

[http://ice.disa.mil/index.cfm?fa=card&site\\_id=738&service\\_provider\\_id=2189](http://ice.disa.mil/index.cfm?fa=card&site_id=738&service_provider_id=2189)

ICE Comments

[bolarcy@hqda.army.mil](mailto:bolarcy@hqda.army.mil)

Reviews and Waivers to policy

<https://access.usbank.com>

U.S. Bank Access (AXOL) System

U.S. Bank Customer Service:

888-994-6722

**CCE Fax Number:** 703-695-9750

## 3. TRAINING

All Government Purchase Card program participants must successfully complete mandatory training prior to becoming BOs or CHs and must also complete recurring training requirements.

DOD mandates all CHs and all BOs complete the DAU on-line purchase card training. Current DOD guidance requires offices that issue Government Purchase Cards provide local training to augment the on-line training. The CCE orientation class focuses on policies and procedures, localized issues for CCE customers, such as who to contact within CCE for assistance, information on ABILITY ONE, purchase card ethics information from our legal office, and review issues we are seeing within our program when audits are conducted and how to prevent them. Knowing about these things is a preventive measure for violations in what is now a highly visible program with continual Congressional interest.

### *a. INITIAL TRAINING (includes DAU Registration)*

#### 1. DEFENSE ACQUISITION UNIVERSITY (DAU) TRAINING

- (a) See paragraph (c) below for instructions on registering with DAU.
- (b) CLG001 DOD Government Purchase Card – All BOs, ABOs and CHs must complete this training. This must be completed before you will be scheduled to attend the CCE orientation training.
- (c) DAU REGISTRATION. Each DoD service, e.g., Army, Navy, etc., has a specific training office that acts on your application request for training. Each category of students has a specific registration system. The Army uses the ATRRS system as its registration system. The instructions below are generic but comprehensive enough to answer most questions. Each application program has a tutorial listed on the left hand menu. The labels directing you to this information vary. Click this link for a consolidated list of all application programs for all student categories <http://www.dau.mil/registrar/Military%20personnel%20Welcome.asp>.

### **STEP BY STEP GENERIC INSTRUCTIONS**

1. Know in advance which class and section you want to attend, e.g., CLG 001 DoD Government Purchase Card, CLM 003 Ethics, CLG 004 Government Purchase Card Refresher Training.
2. Once the application screen appears, **click on Main Menu in the top right hand corner** of the screen, or click on the “Continue to...” button at the very bottom of the page.
3. When the Main Menu screen appears, there will be a menu at the left. Under the student module click on “Apply for Training”. From the training category click on “Continuous Learning Modules”. Press the “Search Button”. **Ensure that FY08 is selected. Select a DAU course from the module drop down list.** The program may prompt you to update your student profile. Fill out the application completely. **Ensure your email address is correct on your profile.**

4. Press the “SUBMIT” button at the end.
5. Your application will be forwarded to DAU for enrollment in their Virtual Campus. If you do not have an account on the DAU Virtual Campus, one will be created for you. Within 24 hours, you should receive a welcome email from DAU stating you have been enrolled and can start the course.
6. To access your course you will need to log onto the Atlas website at <https://learn.dau.mil> using the password provided to you via email. If you forget, you may retrieve your login information anytime by logging onto the website and clicking on either “Forgot Password” link or “Forgot Username” link.
7. Once you log into the site, click on the “I acknowledge” button, then click on the course title to open the course material.

NOTE 1: The DAU website is not a CCE sponsored website. If you experience any problems with the DAU website or have any comments, contact their help desk at [dauhhelp@dau.mil](mailto:dauhhelp@dau.mil) or at 1-866-568-6924.

## 2. CCE BASIC GOVERNMENT PURCHASE CARD ORIENTATION TRAINING

- (a) Orientation training is a three-hour classroom training designed to brief the federal, defense and CCE regulations, policies and procedures pertaining to micro-purchases and simplified acquisitions. Separate classes are held for CHs and BOs.
- (b) The training gives personnel an overview of their responsibilities and instruction in areas such as mandatory sources of supply, restricted and unauthorized purchases, recordkeeping, Section 508 training, the Federal Green Procurement Preference Programs, and an ethics briefing from Chief Attorney Legal Services (CALs).
- (c) No new purchase cards will be issued and no new BOs will be appointed until the CH or BO has successfully completed the mandatory on-line DAU DOD Government Purchase Card training and CCE Orientation Training.
- (d) Orientation Training provided by other agencies or commercial providers does not fulfill the CCE training requirement. If a CH will later be appointed as a BO, the CCE Orientation Training for BOs must be completed prior to appointment. If a BO will later be appointed as a CH, the CCE Orientation Training for Cardholders must be completed prior to appointment.
- (e) A list of all the CCE GPC Training Classes are provided below:

**CCE SCHEDULE OF GPC TRAINING CLASSES – FY 2008**

<b>COURSE #</b>	<b>TITLE</b>	<b>TARGET AUDIENCE</b>	<b>PREREQUISITE</b>	<b>LENGTH</b>
CCE001	Orientation Training for Cardholders	Prospective CHs	DAU CLG001	3
CCE002	Orientation Training for Billing Officials	Prospective BOs and ABOs as well as others who want to learn about our program	DAU CLG001	3
CCE003	Advanced Purchase Card Training	CHs who have authority >\$3,000 as well as their BO and ABO	None	2
CCE004	Refresher Training	Current CHs, BOs, and ABOs who want to complete refresher training in person	None	2
CCE005	Refresher Training including Advanced Refresher Training	CHs, BOs, and ABOs who have previously taken our Advanced Training	CCE003	3

3. Access Online (AXOL) TRAINING

AXOL (an upgrade to the C.A.R.E. system) is the new web-based electronic access system developed by U.S. Bank that provides electronic invoicing and electronic payment. AXOL training is now provided online by US Bank at <https://wbt.access.usbank.com>. It includes an overview of the AXOL system as well as responsibilities for the cardholder, billing official and resource manager. During FY08 CCE will launch an additional (not required) AXOL training course. The course will be announced in our quarterly newsletters and will be posted on our website. When the course is announced, training may be requested by sending an e-mail to [gsasmartpay@hqda.army.mil](mailto:gsasmartpay@hqda.army.mil).

4. SECTION 508 TRAINING

Section 508 training has been included in CCE orientation training and does not need to be completed separately. Certificates of completion are still required for those BOs and CHs who completed CCE orientation training prior to 1 October 2005.

*b. REFRESHER TRAINING & ADDITIONAL TRAINING*

1. REFRESHER TRAINING

Once a year, all CHs and BOs are required to complete refresher training.

- (a) Refresher training can be completed by taking the course entitled “CLG004 Government Purchase Card Refresher Training” from the DAU web site.
- (b) Refresher Training can also be completed in-person at a two-hour CCE Refresher training course. Email [gsasmartpay@hqda.army.mil](mailto:gsasmartpay@hqda.army.mil) to schedule training.

2. ETHICS TRAINING

Once a year, all CHs and BOs are required to complete ethics training. (The ethics briefing received during Orientation training does not fulfill this requirement because it is not of sufficient length.) Training is available on-line or in person, depending on your agency requirements.

- (a) ALL ARMY PERSONNEL must complete their yearly ethics training by attending a face-to-face briefing conducted under the direction of the Office of General Counsel. Self-certification/supervisor certification of cardholder(s) is acceptable as proof of attendance. For customers in the Pentagon, please check the Office of General Counsel website at <http://www.hqda.army.mil/ogc/MONTHLY%20ET%20MAIN.htm> for information on ethics training that will be conducted in the Pentagon.
- (b) Other personnel may also attend a briefing conducted by their Office of Legal Counsel or take the training on-line at: [http://www.defenselink.mil/DODgc/defense\\_ethics/](http://www.defenselink.mil/DODgc/defense_ethics/).

NOTE: The link on the DODGC website titled “Government Purchase Card Training” does not satisfy CCE’s requirement for GPC training.

- (c) DAU also offers an on-line ethics course, CLM003 Ethics Training for Acquisition Technology and Logistics.

3. ADVANCED TRAINING (\$25,000 PURCHASE CARD AUTHORITY) AND ANNUAL RECERTIFICATION.

See Chapter 14 for details on completing advanced training and recertification.

*c. FILE RETENTION*

All certificates must be retained for a period of six (6) years and three (3) months to show verification of training for review purposes. Forward a copy of each certificate to our office at [GSASMPAY@hqda.army.mil](mailto:GSASMPAY@hqda.army.mil) or fax to 703-695-9750 so we can update our training database.

## 4. ESTABLISHING & MAINTAINING ACCOUNTS

Good business practices and effective management controls require employees to be adequately trained prior to performing the operating requirements. All Government employees involved in the day to day operation and management of the purchase card shall be trained in accordance with the procedures in Chapter 3. They should be fully aware of the benefits as well as the responsibilities that come with having a purchase card account. Upon completion of the training, a written request must be submitted to establish the account. Instructions for creating the account are provided below:

### *a. ESTABLISH A PURCHASE CARD ACCOUNT*

There are three (3) steps required to establish a purchase card account:

1. Complete the DAU on-line purchase card training. (See Chapter 3 for further guidance). A certificate showing completion of this course is required prior to enrolling into the CCE Orientation class. Fax your certificate to CCE at 703-695-9750 or e-mail it to us at [GSASmartPay@hqda.army.mil](mailto:GSASmartPay@hqda.army.mil).
2. Complete the CCE Purchase Card Orientation Class.
3. The agency must submit a request to create the account or assign the BO/ABO/CH, whichever is applicable. A sample memorandum detailing what must be included is at the end of this chapter. E-mail the memorandum to [GSASMAPAY@hqda.army.mil](mailto:GSASMAPAY@hqda.army.mil) or fax it to 703-695-9750. This memo should be submitted prior to attending the CCE Purchase Card Orientation class. Ensure the request includes:
  - (a) The BO and ABO who will have fiducially responsibility for certifying the billing statement.
  - (b) CHs who are responsible for purchasing on behalf of the organization. To perform duties effectively, CHs should be able to understand relevant laws and regulations, procurement methods and standards, and what constitutes an authorized transaction.

NOTE: In accordance with the DODFMR Volume 5, Chapter 1, Section 01505, Separation of Duties, in order to minimize the risk of loss to the Government, key personnel can serve no more than one function. Key duties such as authorizing, approving and recording transactions; issuing or receiving assets; making payments; preparing checks and check signing; certification of funding; and reviewing or auditing shall be assigned to separate individuals.

- (c) Account limits for the CH and BO. The BO must coordinate monthly and single purchase limits with his/her agency's resource manager/resource advisor. The BO's monthly limit is a cumulative total of all CH's monthly limits. CHs have two (2) types of limits:
- (1) **A CH's single purchase limit** is the maximum dollar amount authorized per transaction. If a CH attempts to make a purchase that exceeds the single purchase limit the transaction will be rejected by U.S. Bank. Splitting purchases to avoid rejection of the transaction is a violation of the law. In accordance with FAR Part 13, the micro-purchase threshold is \$3,000. Neither CHs nor check writers can exceed the micro-purchase threshold for purchases. CHs may be authorized to use the purchase card to pay for training up to \$25,000 using the DD Form 1556. In addition, with advanced Government Purchase Card training, CHs may be authorized to order or pay for supplies and services up to \$25,000. See Chapter 14 on requesting changes to purchase limits above \$3,000.
  - (2) **A CH's monthly purchase limit** is the maximum amount a CH can spend in a billing cycle. If a CH attempts to make a purchase that exceeds the monthly purchase limit, the transaction may be rejected by U.S. Bank. Changes to the CH's monthly purchase limit are discussed in Paragraph c. Account Maintenance.
  - (3) **The BO's monthly purchase limit** is the combined total of all CHs' monthly purchase limits within the BO's account. This spending limit must be realistic. It is reset automatically the day after the end of the billing cycle and not carried forward. For example, in May, a BO's monthly limit was \$5,000 and only \$4,800 was spent – in June, the monthly limit would return to \$5,000. Changes to the BO's monthly limit are discussed in Paragraph c. Account Maintenance.
  - (4) **The Cycle Limit** is a new limit developed by US Bank this year. The cycle limit is the same as the monthly purchase limits described in (3) and (4) above.
  - (5) **The Billing Officials credit limit is 3 times the billing officials monthly limit. This limit is required by billing officials when contacting US Bank customer service.**
  - (6) **The Other limits** such as quarterly and yearly limits may be set by your agency's resource manager.
    - i. Appointment Package - The BO and ABO will receive an appointment letter along with an appointment package from CCE.
      1. **DD Form 577** – This Appointment/Termination Record Authorized Signature form is required to be completed by all primary and alternate billing officials. In order to avoid payment delays, it is extremely important that the BO submits the original DD Form 577 from the appointment package to DFAS immediately. DFAS will not process payment requests without receipt of this document.

2. **Processing Out Form** – This form is required to be completed by all Primary Billing Officials leaving the purchase card program. A sample form is provided at the end of the chapter.
- ii. **CHs will receive a Delegation of Authority Letter.** It is important that prior to making a purchase the CH receive a delegation letter. The delegation letter provides the authorization for using the purchase card up to the specified dollar amount. This will not exceed \$3,000 unless a special delegation letter has been issued for purchases up to \$25,000.

**Air Force Accounts Only:** When creating a new BO account for Air Force personnel, an Air Force Form 4009 must be submitted along with the nomination memorandum.

*b. PROCESSING REQUESTS*

1. Upon receipt of the memorandum for a new CH or BO, the APC will process applications for the CH and/or BO and forward to the bank. The bank will process the application(s) and mail the purchase card to the CH. For customers in the Pentagon, the card will be sent directly to CCE. Your APC will contact you to pick up the card when it arrives. When the purchase card arrives, CHs activate the account by calling the bank at the toll free number provided with the card. The CH must also register the card in C.A.R.E. using directions provided during orientation training.
2. After you submit your complete request to CCE for the purchase card account, total processing time by the APC is 48 hours after receipt of required documentation. This includes the time to submit the application to U.S. Bank, to request the access codes and to prepare and distribute the appointment/delegation letters. It takes three (3) to five (5) business days to receive passwords and user IDs for BOs and alternates. Once the APC submits the application to U.S. Bank, the card is sent out within 24 hours. The total mail time from U.S. Bank is 7 to 10 days.

*c. ACCOUNT MAINTENANCE*

1. Once the account is created, in order to make changes (e.g., deleting CHs, replacing BOs, changing limits, etc.) you will need to submit an e-mail to the CCE APC referencing the managing account number. The memorandum needs to include the CH's or BO's full name, e-mail address, complete office mailing address, telephone number, fax number and purchase card limits for the new purchase limits, CH(s) and/or BO(s). Memorandums should be submitted via e-mail to [GSASMARTPAY@hqda.army.mil](mailto:GSASMARTPAY@hqda.army.mil) or by fax to 703-695-9750. See Sample Memorandum at the end of this chapter.
2. Changes to existing accounts will occur within 48 hours. Requests to cancel accounts will occur within 24 hours.
3. **The span of control for cardholder accounts to BO is no more than 7:1.**
4. **DOD requires accounts with no activity in six (6) months are subject to being cancelled.**
5. **If any of the following accounts require changes, the information must first be processed through your applicable agency point of contact:**

ACSIM Lillie Jones Phone: 703-601-0379	AMVID Stephen Smith Phone: 703-697-0702
APD Paul Jeffries; Sheila Flood Phone: 703-325-6228/703-602-2270	Center of Military History Reginald Bell Phone: 202-685-2711
Tri-Care Management Agency Jack Perry Phone: 703-681-1143 x5429	ITA Angela Vines-Crosson Phone: 703-588-8516
Joint Staff Gary Herman Phone: 703-697-2071	OCAR – OA23 Activities Abrom Rosvi Phone: 703-601-0657
G8 Stephen Jones 703-614-2728	
Missile Defense Agency William Garcia Phone: 256-955-5059	Defense Security Service Robert Crepeau Phone: 703-325-5344

The following agency point of contact does not require changes to be submitted through him first, but requests you forward a courtesy copy to his attention:

Headquarters, Air Force Larry Bickel Phone: 703-697-8223
--

*d. DEPARTING THE AGENCY*

Prior to departure from your agency, you should ensure that there is proper succession planning. Your agency needs to nominate a replacement and begin the training process for the selected individual at least 30 days prior to your departure. This will allow your replacement to receive formal training as well as any on the job training (if needed) while you are still serving in your current role.

1. Supervisor of the BO and ABO: The supervisor or agency head is responsible for designating a BO and an ABO.
2. BO: The BO must review and sign the CCE Processing Out Form included in the BO Package upon completion of items a-h annotated on the form. See sample on page 18.
3. CH: The CH must destroy his/her card in front of a witness and the BO must notify the APC in writing that the card has been physically destroyed.
4. Both: All transactions/statements must be certified/approved in C.A.R.E. prior to departure from the agency.

*e. CLOSURE OF ACCOUNTS*

1. Managing Accounts: The BO must submit a memo to the central e-mail box at [GSASMAPAY@hqda.army.mil](mailto:GSASMAPAY@hqda.army.mil) to request closure of the managing account. By closing the managing account, all CHs listed under the account will be closed as well.
2. CH Account: The BO must submit a memo to the central e-mail box at [GSASMAPAY@hqda.army.mil](mailto:GSASMAPAY@hqda.army.mil) to request closure of an individual CH account. This request should identify the name of the CH and the last eight digits of the CH account number to be closed.
3. Upon receipt of the request to close the account, the APC will process the request within 24 hours. Although the account is closed, the account will remain in the Transaction Management module in C.A.R.E., if there is an existing balance. Once the account balance is \$0.00, the account can be purged. The account will no longer show in the Transaction Management module in C.A.R.E. six (6) months after the account has been purged. Refer to Chapter 16 for additional details on remaining credits.
4. When a CH leaves the agency, or has lost the privilege of using the card, the card must be destroyed. An employee of the agency must witness the destruction. After the card is properly disposed of, the BO will request closure of the account by notifying CCE at [GSASMAPAY@hqda.army.mil](mailto:GSASMAPAY@hqda.army.mil). Included in the message will be the name of the employee witnessing the purchase card's destruction.

## SAMPLE MEMORANDUM

MEMORANDUM FOR Contracting Center of Excellence (CCE)

ATTN: Purchase Card Program

SUBJECT: (Check Action Required, e.g. Establish New Account, \_\_\_\_ Add Cardholder, \_\_\_\_ Replace Billing Official, \_\_\_\_ Change Limits/Change Address)

BO Account Number:

BO Name:

Agency Name & Full Address:

Office Phone:

Fax no:

E-mail Address:

Date completed DOD Government Purchase Card On-line Training:

Date attended CCE Purchase Card Orientation Training:

BO's Supervisor's Name:

Phone:

Alternate BO Name:

Agency Name & Full Address:

Office Phone:

Fax no:

E-mail Address:

Date completed DOD Government Purchase Card On-line Training:

Date attended CCE Purchase Card Orientation Training:

Cardholder's Name:

Agency Name & Full Address:

Office Phone:

Fax no:

E-mail Address:

Date completed DOD Government Purchase Card On-line Training:

Date attended CCE Purchase Card Orientation Training:

Card will be used to purchase: \_\_ Office Supplies \_\_ Training \_\_ IT \_\_\_\_ Other Specify\_\_\_\_\_

Fund Cite:  
Master Account Code (AIR FORCE USE ONLY):

Resource Manager:  
Office Phone:  
Single Purchase Limit:  
Monthly Purchase Limit:  
Office Limit:

\*Authorized Signature

\*\*\*\*\*

**NOTE TO BO:**

The BO must coordinate monthly and single purchase limits with his/her agency's resource manager/resource advisor.

\* The memorandum must be signed by the billing official's supervisor when establishing a new account for your agency. All changes to the account must be signed by the billing official (or their alternate). Electronic signatures are authorized.

**Sample  
PROCESSING OUT FORM FOR BILLING OFFICIAL  
LEAVING CCE PURCHASE CARD PROGRAM**

- a. As a BO you are responsible for ensuring that all of your billing cycles within C.A.R.E. are certified before leaving your agency and all the files are present and in order.
- b. As the supervisor of the BO you are also responsible for ensuring that a replacement is assigned 30 days prior to departure of the Primary BO or the ABO. This includes making sure that the replacement has had all of purchase card training that is required by CCE as stipulated in Chapter 3, Training. The replacement is required to take over the duties as a BO prior to departure of the current individual. The ABO will become the Primary BO when the BO has left the agency without a new BO being designated and trained, and a new ABO must be named. However, the ABO may not assume the role of the BO for a period greater than 45 days. During those 45 days a new BO needs to be designated and trained.
- c. As a BO you are required to turn over all your records to your new BO. Any charges, rebates and credits must be cleared from your account before transferring the account to the new BO. All problems under your account while you were the BO must be solved.
- d. As a BO you are required to ensure that prior to your departure, if your agency does not have a replacement or an ABO, you must notify your CCE Agency Program Coordinator and request that the account be suspended until a new BO is appointed to the account.
- e. Until a new BO is appointed to this account, the ABO of record assigned to this account is \_\_\_\_\_. A copy of the appointment letter is attached.
- f. My BO records have been turned over to \_\_\_\_\_ (name).
- g. My DD Form 577 (Section IV) has been completed and forwarded to my payment office, copy attached.
- h. My C.A.R.E. user id is \_\_\_\_\_.

By signature hereon, I acknowledge my processing out of CCE Purchase Card Program as a billing/certifying official. I have read and understand my responsibilities as outlined above. I understand my right to request relief of liability for payment certified due to an inadvertent administrative error. I further understand that this letter will remain in effect until revoked in writing by the Appointing official (or his/her successor).

\_\_\_\_\_  
Supervisor of the Billing Official

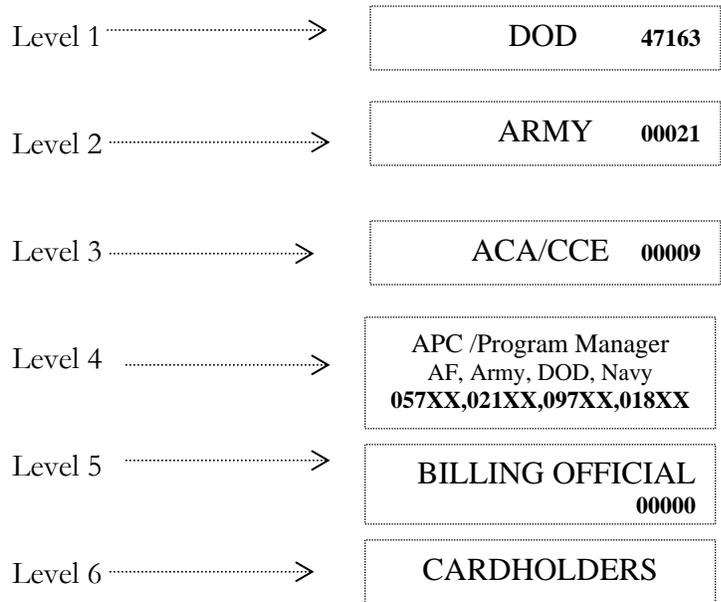
\_\_\_\_\_  
Date

\_\_\_\_\_  
Billing Official

Chapter  
 5

**5. RESPONSIBILITIES OF KEY PERSONNEL**

The GPC program contains various structures and designations defined in this chapter. This overview has been established to provide a solid system of checks, balances and audit controls from the lowest to the highest level within each organization. There is a six-level reporting hierarchy, which is outlined below. This chapter further defines the roles and responsibilities of each level within the program. The Program Management Office (PMO), Component Program Manager (CPM), Agency Program Coordinators (APCs), Cardholders (CHs), Billing Officials (BOs), Resource Managers (RMs), DFAS, and Property Book Officer (PBO)/Equipment Account Custodian (EAC) are all responsible for the success of the GPC program.



CCE’s Purchase Card Program is the executive agent for the purchase card administration and oversight of all participating DOD agencies. The CCE Purchase Card Program consists of two branches: the Program Administration Branch and the Review Branch.

The Program Administration Branch, comprised of Agency Program Coordinators (APCs), supports the purchase card accounts with a wide range of customer service activities.

The Review Branch performs the Congressionally-mandated oversight function.

*a. DOD PROGRAM MANAGEMENT OFFICE (DOD PMO) Level 1*

The roles and responsibilities of the PMO include:

1. Responsible for the overall management, oversight and support to the GPC program.
2. Develop, prepare and review performance metrics.
3. Implement rules and guidelines to help program manager's track and report high-risk transactions.
4. Maintain DOD-wide blocked Merchant Category Code (MCC) list.
5. Interface with the issuing bank or charge card processor on contract requirements.
6. Provide feedback to the bank regarding fraud queries.
7. Provide quarterly reports on span of control and inactive accounts.

*b. COMPONENT PROGRAM MANAGER (ARMY) Level 2*

The roles and responsibilities of the CPM include:

1. Serve as the Service's representative with the PMO.
2. Assist and ensure APCs perform their responsibilities.
3. Design and maintain hierarchies and select subordinate APCs.
4. Provides feedback to quarterly reports to the PMO.

*c. MACOM/DEFENSE AGENCY PROGRAM COORDINATOR Level 3*

The roles and responsibilities of the APC include:

1. Implement, administer and monitor the CCE Purchase Card Program subject to DOD and Army policies;
2. Establish and implement CCE specific policy and guidance;
3. Ensure internal controls are in place to minimize fraud, waste, and abuse;
4. Serve as liaison to the Army headquarters and the servicing bank; and,

5. Provide program support to CCE level 4 Agency Program Coordinators and CCE customers.

#### REVIEW BRANCH

The Review Branch provides oversight and monitoring of all purchase card accounts. Services they perform include:

1. Conducting reviews of all billing official accounts every fiscal year.
2. Fostering good stewardship of resources.
3. Improving processes.
4. Evaluating and strengthening management controls.
5. Assessing and reducing risk.
6. Ensuring agencies establish and maintain internal controls to provide reasonable assurance that the goals and objectives of the purchase card program are being met, and safeguards against fraudulent, improper, and abusive purchases are adequate.
7. Assessing program results and communicating the results so systemic problems can be identified and addressed.
8. Implementing corrective action plans.
9. Request the suspension of accounts until discrepancies are resolved.
10. Improving the performance and accountability of the Government Purchase Card program.
11. Develop CCE's surveillance plan.

#### *d. SERVICES AGENCY PROGRAM COORDINATOR (APC) Level 4*

The roles and responsibilities of the APC include:

1. Assist CHs and BOs in fulfilling their responsibilities within the program.
2. Serve as primary contact for CHs and BOs.
3. Serves as a liaison between the bank and DFAS.
4. Set up new purchase card accounts and perform account maintenance.
5. Provide CH and BO training.

6. Maintain training records.
7. Maintain span of control between BOs and CHs.
8. Monitor and facilitate resolution of account delinquency problems.
9. Monitor CARE transactions monthly to take action against questionable charges.
10. Issue delegation letters to CHs and appointment letters to BOs.
11. Approve single purchase and monthly purchase limits and determines merchant categories.
12. Assist in resolving billing disputes, unauthorized card use, card loss or theft.
13. Suspend, cancel, and close purchase card accounts when necessary.
14. Report account activity to the appropriate level of management.
15. Attend annual GSA SmartPay Conference and other meetings pertaining to the program.

*e. BILLING OFFICIAL Level 5*

The roles and responsibilities of the BO include:

1. Conduct surveillance of cardholder account covering a 12 month period.
2. Maintain original documents such as invoices, receipts, appointment letters, etc.
3. Approve all purchases.
4. Verify transactions to be legal, mission essential, in accordance with government rules and regulations.
5. Develop, disseminate and implement written internal control procedures to ensure compliance with the purchase card policies and procedures that includes:
  - (a) Maximum monthly purchase limit for each account;
  - (b) Maximum monthly limit for each CH;
  - (c) Maximum amount per transaction for each CH;
  - (d) Method of funding;
  - (e) Safeguarding of purchase card;
  - (f) Record retention and file documentation;
  - (g) Controls to mitigate waste, fraud, and abuse;
  - (h) Coordinating with the resource manager to establish purchase limits and to ensure CH's accounts are bulk funded prior to making purchases;
  - (i) Ensuring that a prospective CH completes required training before submitting a request to add a new CH to the account (**See Chapter 3**);

- (j) Ensuring CHs understand their purchase authority to buy only those items required to support the mission;
  - (k) Verifying and certifying monthly statement;
  - (l) Monitoring rebates;
  - (m) Conducting and documenting reviews of each of their CHs once a year by using the checklist in Chapter 9;
  - (n) Ensuring that all expendable items are properly tracked;
  - (o) Ensuring that all material weaknesses are reported to management;
  - (p) Reviewing previous report findings to ensure corrective action was taken. **See Chapter 9.**
6. Remain current and disseminate information impacting the purchase card program.
7. Forward the DD Form 577, Appointment/Termination Record – Authorized Signature, to DFAS.
8. Act as certifying official under the DODFMR Volume 5, Chapter 33, responsible for:
- (a) Information stated in a voucher, supporting documents, and records;
  - (b) Computation of a certified voucher under sections 3528 and 3325 of title 31, U.S.C.;
  - (c) Legality of a proposed payment under the appropriation or fund involved;
  - (d) Issuing advice to accountable officials; and,
  - (e) Seeking advance decisions under 31 U.S.C., section 3529 from the DOD Office of Deputy General Counsel (Fiscal), or designee.

#### ALTERNATE BILLING OFFICIAL

The roles and responsibilities of the ABO include:

1. **Only** in the absence of the BO will the ABO execute the duties of the BO.
2. Be appointed and trained by CCE.
3. Obtain his/her own unique identifying password and user ID for C.A.R.E., and access the same managing account number as the BO.
4. Access CARE once a month to preclude your password from expiring.
5. Shall not be a CH under the BO's account.
6. Alternate billing official shall not assume the role of the BO for a period greater than 45 days.

#### *f. CARDHOLDER (CH) Level 6*

The roles and responsibilities of the CH include:

1. Safeguard the credit card (convenience checks) to avoid unauthorized use.

2. Activate the card within ten (10) calendar days of receipt.
3. Ensure legitimate government need is documented.
4. Obtain written approval prior to purchase.
5. Conduct required screening for mandatory sources, such as: UNICOR or NIB/NISH, for availability prior to making a buy with a commercial vendor.
6. For purchases above the micro purchase limit, conduct market research (see chapter 14).
7. Ensure that the merchant accepts the Government Purchase Card and ships items purchased within 30 days. No backorders are authorized.
8. Ensure that purchases made are authorized.
9. Use the card to purchase and/or pay for official supplies and services in support of agency's mission. Ensures that no items are purchased for personal use.
10. Rotate purchases equitably among vendors when practicable.
11. Verify price reasonableness for micro-purchases in accordance with FAR Part 13.106-3.
12. Place orders for services that are covered under existing contracts pursuant to the terms of the contract. Examples include telecommunication airtime services, auto repair services, maintenance agreement or janitorial, yard and maintenance services covered under existing contracts.
13. Obtain an itemized invoice/receipt from the vendor and verify accuracy before signing.
14. Ensure documentation supports independent receipt and acceptance.
15. Enter transactions in the C.A.R.E. Transaction Log.
16. Keep purchase card invoices/receipts (and other supporting documentation) to verify posted charges from the bank against the data entered in the C.A.R.E. Transaction Log.
17. Reconcile CH's monthly purchases against purchase card receipts in C.A.R.E.
18. Approve all cycle activity for CH Account in Transaction Management within three (3) business days after the billing cycle ends.
19. Resolve all discrepancies with vendors. If CH disputes cannot be resolved with the vendor, submit a dispute form to the bank within 60 days of receipt of the billing statement on which the charge first appeared. The bank will not assist the CH in resolving untimely disputes or disputes over sales taxes or shipping and handling charges. **See Chapter 7.**

20. Coordinate with PBO to assure that all items requiring tracking are either recorded on a property book or hand receipt.
21. Forward original invoice/receipts and supporting documentation to BO at the end of each billing cycle once the monthly statement is approved.
22. Report lost, stolen, or compromised cards immediately to the bank. Notifies the BOs within one (1) business day. BOs are required to submit a written report to the APC within five (5) business days. **See Chapter 19.**
23. Contact U.S. Bank customer service at 888-994-6722 if a transaction is declined to determine the reason and take appropriate action.
24. Destroy purchase cards prior to termination/cancellation/closing of accounts. **See Chapter 4.**
25. Ensure sales tax is not charged to the government.

## **OTHERS**

### *g. AGENCY POINTS OF CONTACT*

Agency POCs are named in Chapter 4. Their responsibilities are:

1. Remain current on information impacting the purchase card program.
2. Ensure dissemination of current information impacting the purchase card program.
3. Receive, review and act upon the BO's review report and monitor progress of any corrective action to a successful completion.
4. Coordinate succession planning and account maintenance requests with the APC. (With the exception of the Air Force agency point of contact.)

### *b. DFAS*

The roles and responsibilities of DFAS include:

1. Monitor and disburse payments accordingly.
2. Post records to the accounting and entitlement systems.
3. Establish electronic interface to enable Electronic Funds Transfer (EFT) payments to the bank.
4. Ensure signature card is on file prior to making any payment.
5. Ensure adherence to the provisions of the Prompt Payment Act.

6. Control the Parent Rule Set in the CARE system.
7. Notify APC, within one day, of rejects and interest penalties assessed to BO accounts.

*i. MANAGERS OF PROGRAM OFFICIALS*

Managers of purchase card program officials are defined as supervisors, who have supervisory control: implied or written; direct or indirect.

1. Responsible for the fiscal conduct of appointed purchase card personnel.
2. Initiate and follow-up on investigations when appropriate.
3. Ensure everyone qualified is aware of their responsibilities and appointed in writing.
4. Determine the need for the card and how it will support the agency's mission.
5. Ensure adequate and timely succession planning.

*j. PROPERTY BOOK OFFICER/EQPT CUSTODIAN*

The roles and responsibilities of the PBO/EAC include:

1. Ensures established property control and accountability procedures are developed and disseminated to all personnel who are entrusted with the acquisition of Government property and equipment.
2. Assists the CCE review team in review of the purchase card account to ensure that property accountability procedures are being followed. For additional information please contact the following: Army – 703-602-7847 or Air Force – 703-697-7141.

*k. RESOURCE OR FINANCIAL MANAGER (RM)*

The roles and responsibilities of the RM include:

1. Provide bulk funding to BO accounts to cover anticipated GPC purchases for a specified period;
2. Establish funds for each managing account in advance of purchases;
3. Can serve as a BO, ABO and CH provided they are not the agency's fund certifier with signature authority (**prohibited from being PBOs**);
4. Maintain accurate budgetary data pertaining to amount obligated to BO's accounts;
5. Ensure the obligation document is forwarded to the appropriate payment office;

6. Generate standard purchase card reports in C.A.R.E. on a monthly basis. Review reports to ensure that the BO is certifying the bill within 5 days of the end of the billing cycle; and,
7. Assign default and alternate lines of accounting to BO and CH accounts.

## 6. C.A.R.E. & THE PAYMENT PROCESS

**NOTE:** In FY 2007, U.S. Bank launched a new electronic access system called Access On-line (AXOL) for all its Government Purchase customers. Your agency will be notified as soon as the milestone schedule has been provided for transition and training. (At this time, CCE is projected to migrate to AXOL in FY 2008. We will keep you informed of any updates to this schedule.) AXOL has a HTML-based architecture that improves system operation and also offers additional features not presently available with the C.A.R.E. system such as access to 24 months of data in the Reports Module and less-frequent password changes. In FY07 20% of US Bank customers implemented AXOL.

The Customer Automation and Reporting Environment (C.A.R.E.) is a web-based electronic access system that provides account payment, setup, maintenance, and reporting. The DOD Purchase Card Program Management Office has the responsibility to coordinate the fielding of C.A.R.E. for our agency. Agencies that have fully implemented C.A.R.E. and are paying their bills on-line are maximizing the rebates offered by U.S. Bank. The C.A.R.E. system may be accessed from home or work by going to <https://care.usbank.com>.

The billing cycle for all DOD accounts ends on the 19<sup>th</sup> of each month. If the 19<sup>th</sup> is a Saturday, Sunday, or holiday; the billing cycle ends on the previous business day.

**User IDs and passwords:** CHs register their own cards in the C.A.R.E. system after they receive their cards. BOs and ABOs receive a request from their APC for verification data as part of their appointment packages. Once this data is provided, the APC requests user IDs and passwords for the BO and ABO. No sharing of user IDs or passwords is allowed. Everyone will be required to have his/her own password and user ID to access the system. In addition, BOs will have a separate password and user ID for each managing account. **BOs that provide their user ID and password to CHs or any other person in order for them to enter C.A.R.E. and pay an invoice on their behalf are guilty of willful negligence and will be disciplined. Anyone other than the BO who certifies an invoice in C.A.R.E., representing himself as the BO, is guilty of a false certification of an official financial document and will be disciplined.** Under the False Claims Act, 31 U.S.C. §§ 3729-3733, those who knowingly submit, or cause another person or entity to submit, false claims for payment of government funds are liable for three times the government's damages plus civil penalties of \$5,500 to \$11,000 per false claim. Purchase Card Accountable Officials and Purchase Card Certifying Officers have pecuniary liability for erroneous payments in accordance with DOD Directive 7000.15, "DOD Accountable Officials and Certifying Officers," and Chapter 33, "Accountable Officials and Certifying Officers," of Volume 5, DODFMR. The amount of the pecuniary liability is determined under Chapter 33, Volume 5, DODFMR.

a. ACCESSING C.A.R.E.

1. Click on the C.A.R.E. website - <https://care.usbank.com/>.
2. Once in the website, the screen will show the License Agreement that was approved under Government contract and is accepted by all C.A.R.E. users. Review and then click - **I Accept**.
3. Enter your **OWN** user ID and password.
4. From the Menu in the left frame, click on **Transaction Management**.

When you access C.A.R.E. for the first time, if you receive any software updates, or get a new computer, after you click on Transaction Management, your system may appear to hang/quit. An information technology specialist with “administrator rights” must log in and go through the same procedures as stated above to download the Java Applet and software updates administered by the bank. After the computer has downloaded the software, the administrator will log off and you can log back on using the same steps identified above.

The Transaction Management screen should now be visible. This application allows CHs and BOs to view, maintain, approve, reject, dispute, and reallocate funds transactions on-line.

b. CARDHOLDER APPROVAL

CHs are required to approve their statement within three (3) business days after the close of the billing cycle. The C.A.R.E. system will not allow you to approve any statement prior to the close of the billing cycle. CHs must reconcile all transactions (credits and debits) before they can approve their statement. The following three (3) tabs are what you will see: CH Accounts, Transactions, and Transaction Log.

1. To view your account – From the CH Accounts tab, click the CH account and the cycle date. This activates the Transactions and Transaction Log tabs.
2. CHs are required to create a new log entry immediately after making a purchase. Click on the Transaction Log tab to add detailed information about the transaction. CHs are required to enter the following data:
  - (a) NOTE: For CHs with \$25K purchase limits, the Comment section is where you will list the information that is required for Contract Action Reporting (See Chapter 14).
  - (b) Transaction Date.
  - (c) Date Received.
  - (d) Merchant Name.
  - (e) Transaction Amount.
  - (f) Requestor Name.

- (g) Shipped To (if address is different from the CH’s physical address).
- (h) Comment – please provide a brief description of the items purchased and other relevant information.

3. When U.S. Bank receives notification from the vendor of a transaction; U.S. Bank pays the vendor and posts the transaction to the Transaction tab, usually within 24 – 48 hours. Click on the Transactions tab to view, reconcile, dispute, reallocate or approve a transaction. To perform your specific task you must select a tab from the lower portion of the screen.

- (a) Transaction Detail – details (i.e., vendor, date, amount, and status) are listed under this tab.

NOTE: If sales tax is charged, immediately contact the vendor to receive a credit to your account.

- (b) Additional Trans. Detail – displays additional information, (e.g., sales tax or purchase ID). Depending upon what information the vendor provides, this may or may not be displayed.

- (c) Trans. Line Item Detail – displays description, unit of measure, tax amount, total amount, and discounts. Depending upon what information the vendor provides, this may or may not be displayed.

NOTE: Cardholders without transaction activity for six (6) months will automatically be deleted from access to the C.A.R.E. system and will be removed from the BO’s account.

- (d) Log Detail – reconcile a posted transaction.

- (e) Log Line Item Detail – Can be used to enter item description and quantity, if desired.

4. CHs can reconcile transactions immediately after they post to the account. If a transaction posts to the account every day, a CH can approve the transaction every day up to the close of the billing cycle. CHs are locked out 15 calendar days after the close of the billing cycle. If lock out occurs, only the BO or ABO can reconcile the CH’s transactions.

- 5. When the transaction changes from Pending to Approved, highlight the next transaction and repeat the process until all transactions have been reconciled.
- 6. After the billing cycle closes, the CH approves the statement from the CH’s Accounts tab within three (3) business days. The following message appears:

*I certify that except as may be noted herein or on supporting documents, the purchases and amounts listed on this account statement: (1) Are correct and required to fulfill mission requirements of my organization. (2) Do not exceed spending limits approved by the Resource Manager. (3) Are not for my personal use or the personal use of the receiving individual. (4) Are not items that have been specifically prohibited by statute, by regulation, by contract or by my agency. (5) Have not been split into smaller segments to avoid dollar limitations. All purchase card transactions are subject to review to identify instances of potential fraud, waste, and/or abuse. Click **Approve**.*

- 7. Inform the BO that your statement is ready for review and approval in the C.A.R.E. system. Forward all original invoices, receipts, and other documentation to the BO.

c. BILLING OFFICIAL CERTIFICATION

BOs are required to certify the statement within five (5) business days after the close of the billing cycle. No one other than the BO (or the alternate in his/her absence) can certify the statement for payment. BOs will not be able to certify the statement until all their CHs have approved all their transactions and their statements.

1. Access your account using the steps listed in paragraph a. When you access C.A.R.E., the following four (4) tabs will be shown at the top of the screen: Managing Accounts, CH Accounts, Transactions, and Transaction Log.
  - (a) Under the Managing Accts Tab, click on the BO name and the cycle date.
  - (b) Click on the CHs Accts Tab – each CH will be displayed along with their account number and total amount for the billing cycle.
2. The total amount and status of transactions will be visible in the lower portion of the screen.
  - (a) Click on the CH's name to bring up the CH account summary information for the selected cycle.
  - (b) The Transactions and Transaction Log tabs are highlighted and can now be viewed.
3. Click on the Transactions tab to view each transaction in detail. If the status column to the left of any transaction shows "Pending", the CH is responsible for reconciling that transaction. Five (5) additional tabs are shown mid-screen:
  - (a) Transaction Detail
  - (b) Additional Trans Detail
  - (c) Trans Line Item Detail
  - (d) Log Detail
  - (e) Log Line Item Detail
4. After the close of the billing cycle, review all transactions and return to the Managing Account tab to certify the statement.
  - (a) Click the Certify button at the bottom right of the Managing Accounts tab.
  - (b) The following statement is shown:

*Pursuant to authority vested in me, I certify that this invoice (billing statement) is correct and proper for payment, except as may be noted herein or on supporting documents. Click **Certify**.*

5. Clicking the Certify button denotes your electronic signature for payment to DFAS. Once the statement is certified, the cycle status updates.
6. After the statement is certified, the transactions may be viewed; however, no further actions can be performed except for disputes. As an option, the BO can also view the CH transactions by running the Cardholder Full Transaction Detail Report. See paragraph e.

d. BILLING STATEMENT RECONCILIATION

1. AGENCIES NOT USING C.A.R.E. FOR PAYMENT:

**CARDHOLDER:**

The CH obtains a Statement of Account (SOA) from U.S. Bank then:

- (a) Attaches all receipts and other supporting documentation; and,
- (b) Signs the SOA and forwards the packet within five (5) business days after receipt of the SOA to the BO for review and approval.

**If a charge is not considered to be valid, the CH implements dispute procedures. See Chapter 7. The CH will still be required to sign the SOA, but must annotate the discrepancies and attach a copy of the Cardholder Statement of Questioned Item form (CSQI). Disputes will not impede the timely forwarding of the SOA to the BO.**

NOTE: In cases where the CH will not be available to perform the monthly reconciliation (i.e., vacation, TDY, sick leave, mobilization, etc.), it is the CH's responsibility to notify the BO and arrange for the reconciliation to be performed by the BO.

NOTE: In cases where the CH does not have the SOA available (e.g., the SOA did not arrive or is lost), the same information is available on the BO's Billing Statement. Reprints of lost statements are available from U.S. Bank and should be requested by the CH.

**BILLING OFFICIAL**

Each month the BO receives a monthly statement from the bank. This statement has a summary of all transactions made by the CHs during the billing cycle.

- (a) The BO may also print the statement through C.A.R.E. by following these steps:
  - (1) Log onto the C.A.R.E. system.
  - (2) Select **Account Statement** from the left menu.
  - (3) Type the BO account number or name in the space provided, and then click **OK**.

(4) Select a statement date from the drop down menu and click **OK**. The statement will appear in Adobe Acrobat® format.

(b) The BO will reconcile the supporting documents and the bank's monthly statement against the CHs' purchase log. Once this reconciliation process is completed, the BO will approve the statement for full payment by entering the payment amount and signing in the appropriate area on the statement. When this is completed, the BO will:

(1) Forward the original monthly statement to the paying office within 10 business days of receipt.

(2) File a copy of the monthly statement with the CHs' original SOA and supporting documentation.

*e. REPORTS*

Various reports are available in C.A.R.E.

1. To access the reports, click on the **Reports** link from the main page.
2. Click on **TSYS**, then on the report category, then on the report you are trying to access.
  - (a) Click **Run** on the top menu bar.
  - (b) Depending upon the report that is to be viewed, the system also allows you to select your own range of dates, default dates, posting, and cycle dates.
3. **Standard Report Categories** – These reports have a pre-defined layout. You can view your accounts on-line, print them, or save them in Excel® on your computer.
  - (a) Member Lists – identifies all members that have accounts.
  - (b) Past Due Reports – shows all accounts that are delinquent or suspended.
  - (c) Exception Reports – shows delinquent, disputed and unusual spending activity and suspicious vendors.
  - (d) Summary Reports – shows spending and vendor analysis, merchant category codes, and equitable distribution of business.
  - (e) Data Files – shows detailed and declined transactions, transaction authorizations and activities.
  - (f) Transaction Management Reports – shows account activity detail, CH full transaction details, transaction log analysis.
  - (g) Administration Reports – mainly for Resource Management use; shows information pertaining to child rule sets, default accounting codes, and alternate accounting codes.

4. **Ad-Hoc Reports** – These are customized reports that you create and save using tools provided in the WebFOCUS® Managed Reporting Environment.

f. TRAINING

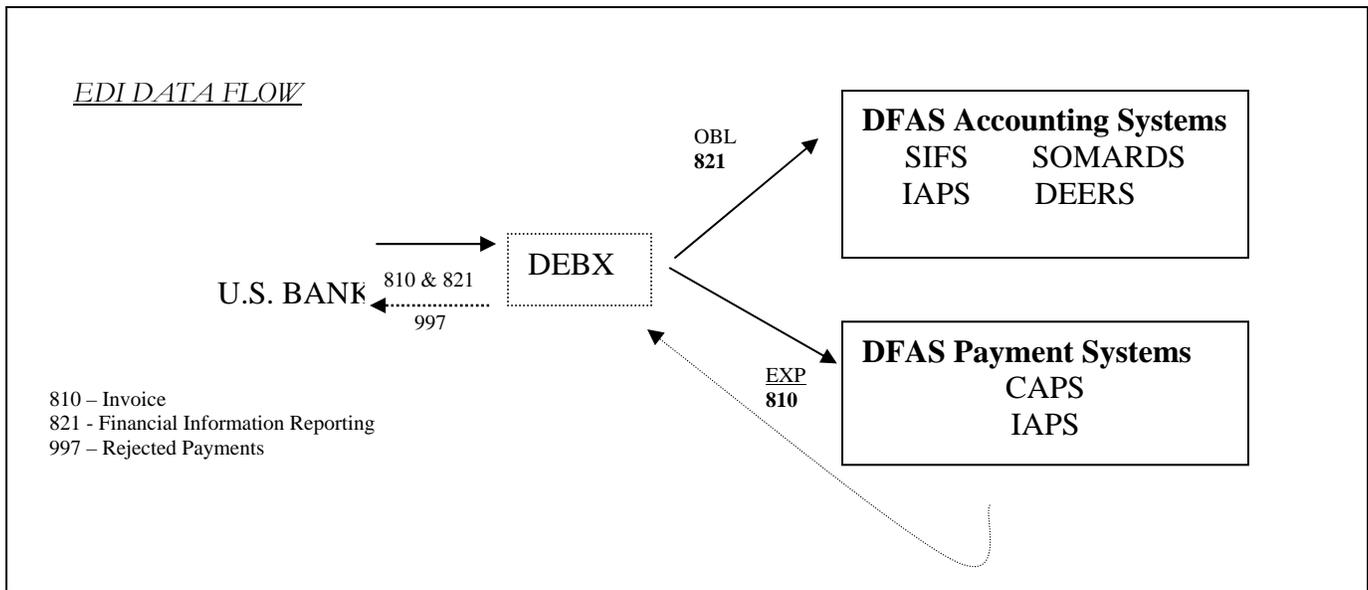
1. CCE provides C.A.R.E. training for all CHs and BOs as part of their Orientation Training. See Chapter 3.
  - (a) In addition, optional Web Based Training (WBT) is available. WBT provides all users with an in-depth understanding of the C.A.R.E. system and access to on-line manuals. Access at: <https://wbt.CARE.usbank.com>. You can also access it from the C.A.R.E. website by clicking on the **E-Services** box on the top of the menu page.
  - (b) Enter the user name: **USBANK**. U.S. Bank changes the password every 45 days. To obtain the password contact your APC or U.S. Bank help desk directly at 888-994-6722. After entering the password click on **Government Program Manager** and then **Government Commercial Process Platform (CPP)**.
  - (c) The following tutorials are available for your viewing:
    - (1) C.A.R.E. overview – exhibits the functionality of the C.A.R.E. system
    - (2) WBT Overview – gains access to on-line manuals
    - (3) Lessons – simulating the role of the BO in the C.A.R.E. system
    - (4) Docs – user manuals and business white papers
    - (5) Open C.A.R.E. – C.A.R.E. is opened in a separate browser to apply lessons learned
    - (6) System Reqs – displays operating system requirements
    - (7) Army Financial Management – set up child rule sets, alternate accounting codes, setting financial controls, and reporting
    - (8) Air Force Financial Management – set up child rule sets, alternate accounting codes, setting financial controls, and reporting
    - (9) Army Demo Program – C.A.R.E. demonstration
    - (10) Air Force Demo Program - C.A.R.E. demonstration
    - (11) To access the CH module click on the **CH** oval.
2. WBT is also available for AXOL. Interested users can access the site at <https://wbt.access.usbank.com/>. Contact your APC for the current password since these will change every 45 days. The information on this site is being updated monthly as changes occur with AXOL. We do NOT recommend that you attempt to

complete this training for certification at this time. We'll provide specific instructions prior to your agency's migration to AXOL if any WBT is required or suggested.

g. PAYMENT PROCESS

DFAS, the Purchase Card Program Management Office (PMO), Army, Defense Information Systems Agency (DISA), and U.S. Bank have implemented the purchase card through an Electronic Data Interface (EDI) process of which C.A.R.E. is a part. This initiative offers significant benefits to both the acquisition and financial management communities. EDI is a computer-to-computer exchange that will significantly increase purchase card rebates and significantly decrease errors and reduce costs associated with processing invoices and payments manually.

**Timely payments are an important step to avoid Prompt Payment Act Interest Penalties and to reduce delinquencies. The Army standard for delinquent accounts is 0.75%, while CCE's goal is 0%. Once the BO certifies the monthly statement, payment will be made within approximately 10 days.**



**U.S. Bank** – Upon the BO certifying their account in the C.A.R.E. system, transactions 821 (Obligation/Accrual) and 810 (Certified Invoices) are simultaneously generated by U.S. Bank on the first business day following the close of the monthly cycle.

All transactions are filtered through the Defense Electronic Business Exchange (**DEBX**), which serves as a hub between U.S. Bank and DFAS.

**DFAS** – Downloads the transactions from the DEBX for accounting and vendor payments. DFAS is responsible for receipt and processing of all X12 821 (Obligation/Accrual) transactions and X12 810 (Certified Invoices).

**Processing 821 Transactions** – Depending upon the system you are using, the 821 transactions will automatically be processed in the first Standard Industrial Fund System (**SIFS**), Standard Operations and Maintenance Army

R&D System (**SOMARDS**), or Integrated Accounts Payable System (**IAPS**) update following receipt of the 821 transactions. Results of processing the 821 will appear in the Standard Financial System (**STANFINS**) Report. The Accounts Payable area of the supporting DFAS Vendor Pay Office will be responsible for correcting any rejects (**997**) of 821 transactions. Processing of 821 transactions will result in recording of an obligation for the full amount of purchases for the cycle, and the commitment balance recorded in IAPS will be de-committed, if applicable, for the amount of the recorded obligation.

**Processing 810 Transactions** – After verifying that all 821 transactions have successfully processed in the IAPS or Computerized Accounts Payable System (CAPS), the BO assigned to an account will certify their consolidated invoice. Certification of the consolidated invoice results in the release of the 810 Certified Invoice transactions. The 810 transactions will be processed in first IAPS update after receipt. The 810 transactions are matched to the 821 transactions and the accrual is liquidated. The payment of 810 transactions is processed following “Pay & Confirm” procedures. As a result the payment is scheduled on the earliest available payment date scheduled by the DFAS disbursing office. The receipt confirmation is accomplished by the BO approving their account.

NOTE: If the **Certify/Approve** button is not enabled, it indicates one or more of the following conditions:

- **Cycle Date** was not selected after selecting a Managing Account Number.
- The statement is for some reason not eligible to be approved (e.g., all the CH statements are not yet approved).
- Billing cycle has not ended.
- The invoice has already been approved.

## Chapter

# 7

## 7. SUSPENSIONS & DISPUTES

### a. ACCOUNT SUSPENSION

1. DOD policy is to pay its invoices in a timely manner. The Army standard for delinquent accounts is .75%, while CCE's goal is 0%. U.S. Bank will suspend accounts that are 60 days past due. Before suspension, the bank will notify BOs and APCs of the pending suspension. If the account goes beyond 90 days past the due date, the BO will be required to meet with the Purchase Card Branch Chief. No further card transactions will be allowed on that account until such time as the account is paid in full with appropriate interest.
2. When U.S. Bank receives payment in full, the account will automatically be reinstated. When the account is suspended, no purchases can be made. Accounts suspended more than twice in a 12 month period may be cancelled.
3. To re-establish a cancelled purchase card account, please coordinate with your resource manager or the DFAS office to obtain the date paid, amounts paid and check number. Submit this information to the CCE APC at [gsasmartpay@hqda.army.mil](mailto:gsasmartpay@hqda.army.mil).
4. Suspension timeline: Failure to adhere to the payment timeline results in interest penalties. If receipt and acceptance cannot be verified, the cardholder shall protect the Governments rights by disputing the transaction. Disputes must be filed within 60 days of the date of the invoice. The cardholder must track disputes to completion.

#### **31 Days**

Interest Accrues from this date if payment is not made

**31 Days** – The Prompt Payment Act requires proper invoices to be paid within 30 days. Interest accrues from Day 31 if payment is not made.

#### **45 Days**

Late Payment Notice Mailed to BO

**45 Days** - An account is considered past due if payment for undisputed principal amounts has not been received 45 calendar days from the billing date. If the account has not been suspended in the last 12 months, or if it has only been suspended once, the first Late Payment Notice will be sent. This Late Payment Notice notifies that the account is past due and requests full payment of undisputed principal amount. If the account has been suspended twice within the last 12 months,

the account will be automatically suspended again. A Late Payment Notice will be sent notifying that the account is past due again, and that it will be canceled if no payment is received within five (5) calendar days.

**55 Days**  
Bank issues 2<sup>nd</sup> Late  
Notice.

**55 Days** - If payment has not been received at 55 calendar days from the billing date, U.S. Bank will send a second Late Payment Notice. The second Late Payment Notice notifies that the account will be suspended within five (5) calendar days if no payment is received.

**61 Days**  
Account is suspended  
by Bank.

**61 Days** - If payment has not been received at 61 calendar days from the billing date, U.S. Bank will suspend the account.

**120 Days**  
Bank issues 3<sup>rd</sup> Late  
Notice; Account is  
canceled if not paid  
within 5 calendar days.

**120 Days** - If payment has not been received at 120 calendar days from the billing date, a third Late Payment Notice is sent. This Late Payment Notice informs that the account is now 120 days past due and the account will be canceled if payment is not received within five (5) calendar days.

**181 Days**  
Level 4 hierarchy  
affected

**181 Days** – Your failure to pay will impact not only your office but all other agencies within your reporting hierarchy. All accounts in the Level 4 hierarchy affected by the suspended account will also be suspended.

#### 5. Account Suspension Prevention

- (a) Promptly review, reconcile and certify billing statements for the agency/organization enabling timely payment to U.S. Bank.
- (b) Keep track of dispute initiation and resolution; certify payment upon dispute resolution.
- (c) Take immediate action when a Late Payment Notice is received.
- (d) Contact U.S. Bank immediately if it appears that an error has been made.
- (e) Implement written internal controls to ensure timely payment.

#### b. DISPUTES

1. A disputed item is a questionable purchase card transaction posted to a CH's account.
2. Items that can be disputed with the vendor but not U.S. Bank:
  - (a) Convenience checks.
  - (b) Taxes.
  - (c) Shipping and handling charges.

3. Rebates and credits should not be disputed.
4. When disputing a transaction, the CH should first make an effort to resolve the discrepancy with the vendor. If this is unsuccessful, then the following applies:
  - (a) C.A.R.E. Users -
    - (1) Highlight the required transaction and click **Dispute**.
    - (2) Select the reason for the dispute and complete the comments section.
    - (3) Click the **Submit** button to transmit the dispute to U.S. Bank.
  - (b) Agencies not using C.A.R.E. -
    - (1) Complete the Customer Statement Questionnaire Inquiry (CSQI) form.
    - (2) Mail or fax the original form to:

U.S. Bank Government Services  
P.O. Box 6347  
Fargo, ND 58125-6347  
Fax: 701-461-3466

NOTE: If the transaction is disputed in error, you must contact U.S. Bank customer service to cancel the dispute process.

NOTE: The item must be disputed within 60 calendar days of the billing cycle closing date.

(3) The CSQI form must be returned to U.S. Bank no later than 60 days after the statement date on which the transaction appeared in order to preserve the rights to dispute the transaction. Retain a copy for the files and forward a copy with the approved Statement of Account to the BO or other routing as indicated by the agencies/organizations internal procedures.

(c) U.S. Bank must be notified of a dispute no later than 60 days after the statement date on which the original transaction appears. They are required to resolve disputes within 180 days of initiation, although most disputes are resolved within 30 days. If there are questions regarding disputing a transaction, call U.S. Bank at 888-994-6722 for assistance.

c. OTHER ACTIONS WHICH MAY LEAD TO SUSPENSIONS

1. Serious deficiencies in management of your purchase card program.

2. Non-compliance with succession planning to retain a billing official or alternate billing official.
3. Compromised accounts.
4. Non-responsive to APC inquiries.
5. Repeat findings on review reports.

Chapter

8

## 8. FILE DOCUMENTATION & RETENTION

**BO FILES.** The BO is required to maintain official account files. These documents will be inspected as part of CCE reviews. Each CH should also maintain files for transactions, especially if not co-located with the BO. At a minimum, these files must include the following:

*a. AUTHORITY DOCUMENTS*

1. Letters of Appointment for BO and ABO.
2. Copies of DD Form 577 for the BO and ABO.
3. Delegation of Authority letter for each CH. Verify the Single Purchase Limit stated on the letter.

*b. TRAINING DOCUMENTS*

These documents are required for the BO, ABO, and each CH.

1. Certificate of completion of DAU continuous learning course for the DOD Government Purchase Card.
2. Certificate of completion for CCE orientation training.
3. Verification of completion of annual ethics training. This may be done through a certificate of training or self certification.
4. All cardholders and billing officials are required to complete annual refresher training.
5. All cardholders with a single purchase limit above \$3,000 for purchases other than training are required to complete annual advanced purchase card training.

*c. INTERNAL CONTROL PROCEDURES*

Each agency must develop written internal controls.

d. REVIEW DOCUMENTS

1. Copy of the BO's written annual review of each CH.
2. Copies of previous reviews. This includes reviews by CCE, an internal audit agency or any other agency.
3. Copies of any Corrective Action Plans. These will not exist for all accounts, but only those where formal documentation of corrective action was required.

e. PURCHASE DOCUMENTS

For each purchase, the BO's files must include original documentation that establishes the legitimate need, shows who authorized the purchase, shows checks of mandatory sources, shows that a government employee (other than the CH) received the purchase on behalf of the government, and includes a detailed receipt/invoice. The file must also contain any purchase authorizations, waivers and/or justification to support an unusual purchase. Any disputes and follow-up actions must also be fully documented. The table below summarizes the steps of the purchase process and the documentation required.

STEP	TRANSACTION	DOCUMENTATION - ACTION
1	<b>Establish Legitimate Government Need</b>	<ul style="list-style-type: none"> <li>* Purchase Request or Supply Order Form with Signatures</li> <li>* B.O. Approval Signature - E-mail Approval Acceptable</li> <li>* Obtain any special approvals/waivers</li> <li>* Lawful, legitimate, bonafide, minimum govt need at fair/reasonable price</li> </ul>
2	<b>Order Placement</b>	<ul style="list-style-type: none"> <li>* <u>Actions to perform when Placing an Order</u> <ul style="list-style-type: none"> <li>- Verify Funding Available, Update Purchase Log</li> <li>- Screen for Mandatory Sources, Identify Small Business</li> <li>- Promote competition, rotate vendors, avoid split purchases</li> </ul> </li> <li>* <u>Confirmation Order from Vendor</u> <ul style="list-style-type: none"> <li>- ensure no sales tax charged, a single delivery</li> <li>- no backordered items, clarify return policy</li> </ul> </li> <li>* <u>Vendor may charge the Card</u> <ul style="list-style-type: none"> <li>* Supplies = after shipment</li> <li>* Services = after performance and Government acceptance</li> </ul> </li> </ul>
3	<b>Independent Receipt &amp; Acceptance</b>	<ul style="list-style-type: none"> <li>* Receive a Packing Slip, VISA Slip, Sales Slip, Invoice, to ensure: proof of delivery &amp; items delivered conform to the requirement</li> <li>* Obtain detailed Invoice</li> <li>* Screen for Accountable Property and notify PBO</li> <li>* Govt Acceptance: Signature by someone other than cardholder</li> </ul>

STEP	TRANSACTION	DOCUMENTATION - ACTION
4	<b>Dispute Resolution</b>	* Resolve any disputes or disputed items with Vendor * Unresolved dispute over 30 days, initiate the dispute in C.A.R.E. or forward CSQI Form to Bank * Contact APC if necessary
5	<b>Payment</b>	* Cardholder Statement Reconciliation * Billing Statement Certification within 5 days of cycle end date * Bulk Funding Update * Verify last Billing Statement was paid
6	<b>Records Retention</b>	* Retain records for 6 years and 3 months * Ensure records are readily accessible for review

*f. BILLING DOCUMENTS*

1. For accounts that are using C.A.R.E (for accounts not using CARE see paragraph 2):
  - (a) The CH's transaction log must be completed in C.A.R.E. for each transaction. At a minimum, the following seven (7) fields must be completed:
    - (1) Transaction Date
    - (2) Date Received
    - (3) Merchant
    - (4) Transaction Amt.
    - (5) Requestor Name
    - (6) Shipped To (if other than the CH's business address)
    - (7) Comment (For purchases above the micro purchase limit - In the C.A.R.E. transaction log, the Contract Number and Business Size (large or small) will be entered in the Comment block in addition to the description of the item(s) purchased. This is needed for Contract Action Reporting.)
  - (b) Each transaction must be reconciled to complete the posting process.
  - (c) While not required, a copy of the BO's monthly statement or a similar report can be used to help verify that all purchase documents for each billing cycle are in file.
  - (d) The BO's certification of the monthly statement is maintained in C.A.R.E. No printout is required.
2. For accounts that are NOT using C.A.R.E. (in addition to the documentation listed above):
  - (a) The BO's monthly billing statement.

- (b) The billing statement must be date stamped upon receipt.
- (c) The amount of payment must be annotated on the first page in the space provided.
- (d) The CH's monthly billing statement.
- (e) A detailed purchase log, which includes a running balance of available funds.

*g. FILE RETENTION*

File documentation must be retained for six (6) years and three (3) months after the final payment is made based on the Tucker Act. Hard copy documentation must be maintained. Electronic storage is prohibited because if legal action must be taken in support of the Government, this method of storage is inadmissible as evidence. Storing your documents in file folders marked with the applicable month and FY of the billing cycle is recommended.

Chapter

9

## 9. REVIEWS, REVIEW PROCESS, & CHECKLISTS

### a. REVIEWS

1. **Purchase card reviews will be performed once each fiscal year on all purchase card accounts. Convenience check reviews will be performed quarterly.** There may be electronic, unannounced or special reviews. The reviews will focus on your transaction activity and overall adherence to the purchase card program requirements, as well as your response to previous findings and recommendations and the corrective actions taken on previous reviews.
2. During the CCE review, we will obtain and review your written policies and procedures, which describe and control your purchase card program. We will also review the key elements of the transaction and control environment, as well as other internal control activities listed in this chapter. A review report will be issued within 30 days of the completion of the review to communicate the findings, discrepancies and issues. Upon receipt of the review report, you may respond in writing within 30 days to any of the findings, discrepancies, issues or recommendations. CCE's review findings will be documented in writing and forwarded to the BO for corrective action. A copy of this review will be forwarded to the BO's supervisor.
3. Agencies are required to have their BOs perform an annual review of their accounts, documenting any deficiencies, and have a copy of the review available when CCE performs its own review. Review reports must be maintained on file for six (6) years and three (3) months. Repeat findings from the previous fiscal year review report may result in suspension of your account.
4. The **purpose** of the reviews is to support BOs, CHs, and leadership with objective, professional, and reliable evaluation and consulting services that add value and improve operations through:
  - (a) Fostering good stewardship of resources;
  - (b) Improving processes;
  - (c) Evaluating and strengthening management controls; and,
  - (d) Assessing and reducing risk.

5. The **objectives** of the reviews are to:
- (a) Ensure that agencies establish and maintain internal controls to provide reasonable assurance that:
    - (1) Goals and objectives of the purchase card program are being met; and
    - (2) Safeguards against fraudulent, improper, and abusive purchases are adequate.
  - (b) Assess program results.
    - (1) Communicate results so systemic problems can be identified and addressed.
    - (2) Implement Corrective Action Plans.
    - (3) Improve the performance and accountability of the Government Purchase Card program.
6. The BO's agency will generally receive a positive report if it adheres to the following:
- (a) Written procedures outlining areas such as property accountability for non-expendable items and coordination with an Information Management Officer when buying information technology items.
  - (b) Written guidance to CHs advising of office limits, and when and how funding will be managed for each purchase card account.
  - (c) Adequate separation of duties between the BO, CHs, resource manager, and the PBO.
  - (d) Records are well organized, and purchase files are properly documented with receipts.
  - (e) Documentation in the file explaining any unusual situations, such as a buy that appears to have been a "split" but wasn't, or unusual purchases, such as items that are infrequently purchased.
  - (f) Active consideration of mandatory sources consistent with FAR Part 8.
  - (g) Rotation of vendors to promote competition, as well as seeking fair and reasonable pricing for open market buys.
  - (h) No unauthorized purchases.
  - (i) Proper span of control, i.e., a BO having no more than seven (7) CH accounts.
  - (j) Closing accounts with no activity for six (6) months or longer.

*b. THE REVIEW PROCESS*

Below is the process CCE follows in conducting the review of your purchase card account.

1. **BO Scheduling/Notification.** The reviewer will schedule a Government Purchase Card review with the BO preferably through e-mail contact advising them of the upcoming and type of reviews to be performed, the required documents needed for the review, and the agreed to date and location of the review.
2. **BO Account Research.** The reviewer will perform preliminary research from C.A.R.E. data.
3. **Inbrief.** Brief agency personnel. Brief should include the BO, ABO, and CHs. Other personnel such as the BO's supervisor, resource manager, and accountable property officer may attend. The inbrief will cover the areas we intend to review such as compliance with laws and regulations, procurement methods and standards, management control environment (internal controls), property accountability, purchase transaction activities, training, risk management, financial exposure, adequacy of business processes and whether inappropriate items are being purchased.
4. **Review Files.** The review will cover the following areas: written internal controls; review of past review findings to ensure implementation of corrective actions; transactions including all supporting documentation and receipts for transactions (approvals and authorizations, establishment of the legitimate government need, screening for required sources of supply and services, and independent receipt and acceptance); delegation letters and training certificates; C.A.R.E. transaction log; monthly statements; dispute resolutions; credit limits and financial exposure; accountable property control procedures; succession planning; payment reconciliations; records retention; funding authorizations; management controls; adherence to laws, regulations, agency policies and procedures; and procurement methods and standards.
5. **Outbrief.** The outbrief will discuss the following: overall risk assessment including strengths and weaknesses of your GPC program; recommendations for corrective actions; POCs in the Purchase Card Division and CCE; financial exposure (purchase limits and historical spending patterns); identify where the activity is exposed to the most risk. (financial, physical, human, intangible, policy, operational, fiscal, reputation, and what value, business impact, and control environment you put in place to safeguard these assets.); address attitudes, pressures, and opportunities that contribute to an environment where fraud, waste, and abuse may occur; identify management control issues related to internal controls; procurement methods and standards, relevant laws and regulations; record retention; and succession planning.
6. **Write Review Report.**
7. **Distribute Review Report.** Generally the report will be distributed within 30 days following the review.
8. **Agency Review Period.** Allow 30 days for a rebuttal response. If a Corrective Action Plan (CAP) is required, the reviewer will track to ensure an electronic response is received within 30 days in the format provided to the BO during the outbrief.

9. **Follow-On Meeting with the Division Chief, Branch Chief, Reviewer, and Activity.** This is necessary only if the report recommends suspension, cancellation, or the findings warrant further investigation or clarification.
10. **Corrective Action Plan (CAP) Review.** The agency's submitted CAP will be reviewed and approved by the Review Branch Chief. The Review Branch Chief will notify the activity of any deficiencies in the CAP for correction and allow two (2) weeks for a response. If no response is received, the CCE Division Chief will suspend the BO account until an acceptable CAP is submitted and approved by the Review Branch Chief.
11. **Record/File Retention.** CCE will maintain review reports electronically.

c. CHECKLISTS

A sound evaluation checklist clarifies the criteria that must be considered when evaluating something in a particular area; aids the evaluator not to forget important criteria; and enhances the assessment's objectivity, credibility, and reproducibility. Moreover, such a checklist is useful in planning a review, monitoring and guiding its operation, and assessing its outcomes. Before starting an on-site review, plan the review. Review past review reports, note indications of possible problem areas and items, if any that were identified for corrective action in a previous review. Checklists help to ensure that the review is conducted in a systematic and comprehensive manner, and the proper evidence and documentation are obtained.

The following FY07 GPC Review Checklist is being provided for informational purposes. It will be used by the CCE staff in reviewing GPC accounts. Billing Officials are encouraged to become familiar with the requirements listed on this checklist. The FY07 GPC Review Checklist highlights internal controls requiring compliance with issues related to training, succession planning, financial controls, laws and regulations, procurement methods and standards, management controls, purchase card transactions, and records maintenance. The checkmarks below the review type indicate that this finding will be checked for this type of review. Following this checklist is a checklist that billing officials are to use in performing their own annual review of the account. Reviews will ask billing officials to provide a copy of this completed checklist to demonstrate that the billing official review has been completed within the past 12 months.

<b>FY 07 GPC REVIEW CHECKLIST</b>		<b>YES</b>	<b>NO</b>	<b>MICRO</b>	<b>CHECKS</b>	<b>ELECTRONIC</b>	<b>25K</b>
<b>#</b>	<b>FINDINGS DESCRIPTION</b>	<b>Y</b>	<b>N</b>	<b>M</b>	<b>CK</b>	<b>E</b>	<b>25K</b>
1	<b>ACCRUED INTEREST PAID - BANK NOT PAID WITHIN 30 DAYS</b>			✓	✓		✓
2	<b>AFTER THE FACT BUY</b>			✓	✓	✓	✓
3	<b>ALTERNATE BILLING OFFICAL MISSING</b>			✓	✓		✓
4	<b>APPROVALS/AUTHORIZATIONS MISSING</b> (i.e. policy waivers/exceptions/B.O. approval for IT, DTS-W, Printing, Ergonomic related, HAZMAT, Medical, Coins, Heraldry Items, Kitchen Appliances, CH do not act totally independent) - BO and CH must ensure all necessary approvals are obtained prior to making the purchase. Pre-purchase approval is required for requirements that appear to be outside the normal needs of the activity and the documentation must address the legitimate government need. Failure to obtain approval prior to purchase may result in the BO and/or CH reimbursing the govt for the price of any unapproved item(s) or service - AR715			✓	✓		✓
5	<b>AWARD DETERMINATION MISSING FOR PURCHASES ABOVE THE MICROPURCHASE LIMIT</b> * <b>Micro purchases</b> - If competitive quotations were solicited and award was made to other than the low quoter, documentation to support the purchase may be limited to identification of the solicited concerns and an explanation for the award decision. ** <b>Purchases above the micro purchase limit</b> - The file must include an explanation, tailored to the size and complexity of the acquisition, of the basis for the award decision.						✓
6	<b>B.O. ANNUAL REVIEW MISSING OR INCOMPLETE</b> - BOs are responsible for the oversight of CHs and shall be the certifying officer for the accounts assigned. Frequent review of available info shall be accomplished to promptly identify improper use - DOD FMR Vol 5 Ch. 33 330102A2			✓	✓		✓
7	<b>BULK APPROVAL BY B.O. TO CARDHOLDERS FOR CONSUMABLE SUPPLIES MISSING</b>			✓			✓
8	<b>C.A.R.E. TRANSACTION LOG NOT MAINTAINED</b>			✓	✓	✓	✓
9	<b>CARD SECURITY</b> (i.e. safeguarding the card, physical security/releasing card number/compromised card/card canx)			✓	✓		✓
10	<b>CARD USAGE NOT MAXIMIZED</b> (Contract Payments, BPAs, FSS)			✓	✓	✓	✓

<b>FY 07 GPC REVIEW CHECKLIST</b>		<b>YES</b>	<b>NO</b>	<b>MICRO</b>	<b>CHECKS</b>	<b>ELECTRONIC</b>	<b>25K</b>
<b>#</b>	<b>FINDINGS DESCRIPTION</b>	<b>Y</b>	<b>N</b>	<b>M</b>	<b>CK</b>	<b>E</b>	<b>25K</b>
11	<b>CHECKS - ACTIVE GPC ACCOUNTS ARE NOT IN GOOD STANDING</b> (i.e. delinquent)				✓		
12	<b>CHECKS - CHECK ISSUED FOR MORE THAN \$2,500</b>				✓		
13	<b>CHECKS - CHECKWRITER DID NOT RETAIN ORIGINAL VOIDED CHECK</b>				✓		
14	<b>CHECKS - CHECKS WERE NOT STORED IN A LOCKED CONTAINER WHEN NOT IN USE</b>				✓		
15	<b>CHECKS - CHECKWRITER DISPUTE PROCESS NOT FOLLOWED</b> (check writer must resolve disputes with vendor)				✓		
16	<b>CHECKS - MUST BE REVIEWED QUARTERLY</b>				✓		
17	<b>CHECKS - MUST BE WRITTEN BY CHECKWRITER</b>				✓		
18	<b>CHECKS - SUPPLIES OR SERVICES MUST BE AVAILABLE FOR DELIVERY WITHIN 30 DAYS</b>				✓		
19	<b>CHECKS - SYSTEMS ACCESS FORMS (DD FORM 2875 AND 2869) NOT COMPLETED</b>				✓		
20	<b>CHECKS - TRP1099 DATA NOT CAPTURED AND REPORTED TO IRS</b> (i.e. must submit 1099 to DFAS on any checks written for services)				✓		
21	<b>CHECKS - UNAUTHORIZED USE</b> (i.e. Vendor accepts GPC; used check to avoid GPC payment process; payment of salaries, travel advances, travel claims, contracts, and repetitive purchases from same vendor)				✓		
22	<b>CLAUSE 52.232.36 "PAYMENT BY THIRD PARTY' OR CLAUSE 52.213-2 "INVOICES" FOR ADVANCE PAYMENTS FOR SUBSCRIPTIONS MISSING FROM THE CONTRACT FOR CONTRACTS USING THE GPC AS THE METHOD OF PAYMENT</b>						
23	<b>COMPETITION REQUIREMENTS NOT MET FOR PURCHASES ABOVE \$2,500</b> (i.e. Missing 3 quotes from small businesses) (mixed small, large, and open market quotes) - Must not solicit quotes based on personal preferences or restrict quotes from only well-known and widely distributed makes or brands.						✓
24	<b>CONFERENCE PLANNING DOCUMENTATION MISSING OR INADEQUATE</b>			✓	✓		✓
25	<b>CORRECTIVE ACTION PLAN INEFFECTIVE AND/OR MISSING</b>			✓	✓		✓
26	<b>CORRECTIVE ACTION PLAN REQUIRED IAW REVIEW RESULTS</b>			✓	✓	✓	✓

<b>FY 07 GPC REVIEW CHECKLIST</b>		<b>YES</b>	<b>NO</b>	<b>MICRO</b>	<b>CHECKS</b>	<b>ELECTRONIC</b>	<b>25K</b>
<b>#</b>	<b>FINDINGS DESCRIPTION</b>	<b>Y</b>	<b>N</b>	<b>M</b>	<b>CK</b>	<b>E</b>	<b>25K</b>
27	<b>CREDIT LIMITS EXCEED PROCUREMENT NEEDS</b> - Limits are coordinated between APC, RM, BO. Limits should be based on historical spending, anticipated requirements, and available funding. Limits should not be based on unlikely contingencies.			✓	✓	✓	✓
28	<b>DD FORM 1556 NOT USED FOR TRAINING PURCHASE</b> (GPC shall be used as a method of payment for all commercial training \$25,000 and below using the DD Form 1556(Training) and DD Form 2171(Tuition Assistance). Advance payments are authorized under TA Program IAW AR 621-5			✓	✓		✓
29	<b>DELEGATION LETTERS MISSING OR NOT CURRENT</b>			✓	✓		✓
30	<b>DELINQUENT ACCOUNT</b> (i.e. over 90 days delinquent from billing date) (Accounts will be closed permanently if more than 2 suspensions occur within a 12 month period. Only the Army Level II can approve waivers.			✓	✓	✓	✓
31	<b>PROCEDURES FOR DEPLOYED CARDHOLDERS NOT FOLLOWED</b>			✓	✓		✓
32	<b>DISCIPLINARY ACTION MISSING, INADEQUATE, OR INEFFECTIVE</b> (i.e. Any misuse of the GPC is subject to criminal, civil, UCMJ, administrative, and disciplinary actions as appropriate) (Repeated non-adherence to policies and procedures in CCE PCOP: evidenced by repeat findings on review reports not addressed/corrected by the activity)			✓	✓	✓	✓
33	<b>DOCUMENTATION TO SUPPORT TRANSACTIONS MISSING OR INADEQUATE</b>			✓	✓		✓
34	<b>ELECTRONIC PAYMENT SOLUTION NOT IMPLEMENTED</b>			✓	✓	✓	✓
35	<b>EXCEEDED AUTHORITY</b> (Delegation, Credit Limits, Inappropriate Procurement Method, After the Fact Buy, Unauthorized Purchases) Procurement thresholds to not apply when using the purchase card for services/supplies received from other government sources (i.e. DAPS, GSA Stores or depots, DLA). Payment with the card is mandatory for services from DAPS at any dollar level, and all commercial training up to \$25,000.			✓	✓	✓	✓
36	<b>FILE RETENTION</b> (i.e. Statements, original receipts and documentation - 6 yrs 3 mos, files must be readily available)			✓	✓		✓
37	<b>FUNDS CONTROL</b> (i.e. funds are available prior to making the purchase) (RM is responsible for the proper assignment of funding on an obligation document before the obligation is incurred, and for maintaining a system of positive funds control)			✓	✓		✓

<b>FY 07 GPC REVIEW CHECKLIST</b>		<b>YES</b>	<b>NO</b>	<b>MICRO</b>	<b>CHECKS</b>	<b>ELECTRONIC</b>	<b>25K</b>
<b>#</b>	<b>FINDINGS DESCRIPTION</b>	<b>Y</b>	<b>N</b>	<b>M</b>	<b>CK</b>	<b>E</b>	<b>25K</b>
38	<b>INAPPROPRIATE PROCUREMENT METHOD</b> (Used card as an acquisition tool where a negotiated contract is required) (i.e. BPA, DAPS, FSS, TRAINING) Uses of card include micro purchases, payment method, place orders against existing contracts only, DAPS (any \$\$ level), Training up to \$25,000. Exception to using the card for micro purchases: See DFARS 213.270 for full list.			✓	✓	✓	✓
39	<b>INDEPENDENT RECEIPT AND ACCEPTANCE</b> - For Transactions posted and paid but not received, you must have a tracking system in place to verify subsequent delivery. Each purchase transaction must be independently received and accepted by someone other than the cardholder.			✓	✓		✓
40	<b>INTERNAL CONTROLS INADEQUATE</b> (Inadequate operating procedures) (Must comply with all applicable DOD regs, policies, and procedures, including local standard operating procedures - DOD FMR Vol 5 Ch. 33 330301B)			✓	✓		✓
41	<b>JUSTIFICATION FOR PURCHASE FROM OTHER THAN A SMALL BUSINESS MISSING OR INADEQUATE</b>						✓
42	<b>LATE PAYMENT CERTIFICATION</b>			✓	✓	✓	✓
43	<b>LEGITIMATE GOVERNMENT NEED MISSING OR INADEQUATE</b> - Undue pressure from a supervisor or manager to make a purchase does not constitute a legitimate government need.			✓	✓		✓
44	<b>MANAGEMENT CONTROL EVALUATION MISSING</b> (i.e. required every 2 years, Mgmt must prepare and sign DA Form 11-2-R and provide copy to us)						
45	<b>MANAGEMENT OVERSIGHT AND MONITORING INADEQUATE</b> (i.e. controls should provide reasonable assurance that systemic weaknesses are corrected, and controls are operating effectively, and being used) (Must comply with all applicable DOD regs, policies, and procedures, including local standard operating procedures - DOD FMR Vol 5 Ch. 33 330301B)			✓	✓	✓	✓

<b>FY 07 GPC REVIEW CHECKLIST</b>		<b>YES</b>	<b>NO</b>	<b>MICRO</b>	<b>CHECKS</b>	<b>ELECTRONIC</b>	<b>25K</b>
<b>#</b>	<b>FINDINGS DESCRIPTION</b>	<b>Y</b>	<b>N</b>	<b>M</b>	<b>CK</b>	<b>E</b>	<b>25K</b>
46	<p><b>MANDATORY SOURCE VIOLATIONS</b> (ABILITY ONE, Army BPAs, 508 Compliance)                      FAR Part 11.4 Cardholders shall ensure that delivery or performance schedules are realistic and meet the requirements of the acquisition. Schedules that are unnecessarily short or difficult to attain --</p> <p>(1) Tend to restrict competition,                      (2) Are inconsistent with small business policies, and                      (3) May result in higher contract prices.</p> <p>Factors to Consider in Establishing Delivery Schedules. When establishing a delivery or performance schedule, factors to consider:</p> <p>(1) Urgency of need; (2) Industry practices;                      (3) Market conditions; (4) Transportation time;                      (5) Production time; (6) Capabilities of small business concerns;                      (7) Admin time for obtaining &amp; evaluating offers and for awarding contracts;                      (8) Time for contractors to comply with any conditions precedent to contract performance; and                      (9) Time for the Government to perform its obligations under the contract; e.g., furnishing Government property.</p>			✓	✓	✓	✓
47	<p><b>MARKET RESEARCH &amp; DESCRIPTION OF AGENCY NEED INADEQUATE</b>                      The description of agency need must contain sufficient detail for cardholders to know which commercial products or services may be suitable. Describe the type of product or service and explain how the agency intends to use the product or service in terms of function to be performed, performance requirement or essential physical characteristics.</p>			✓	✓		✓
48	<p><b>MERCHANT CATEGORY CODE NOT TAILORED TO EACH CARD APPROPRIATELY</b> (i.e. either too restrictive or too open)</p>			✓	✓	✓	✓
49	<p><b>MERCHANT CATEGORY CODE THRESHOLD VIOLATION (Army Accounts)</b></p>			✓	✓	✓	✓
50	<p><b>NEGLIGENT PERFORMANCE OF DUTIES</b> (i.e. noncompliance with regulations/policies/procedures/SOPs) (Financial liability - DOD 7000.15 ) (Pecuniary liability - FMR Vol 5, Ch 33)</p>			✓	✓	✓	✓
51	<p><b>OBLIGATIONS MUST BE POSTED PRIOR TO SUBMITTAL OF AN INVOICE FOR NON-EDI ACCOUNTS</b></p>			✓	✓		✓
52	<p><b>OPEN MARKET PURCHASE</b></p>				✓		✓

<b>FY 07 GPC REVIEW CHECKLIST</b>		YES	NO	MICRO	CHECKS	ELECTRONIC	25K
#	FINDINGS DESCRIPTION	Y	N	M	CK	E	25K
53	<p><b>PAYMENT IMPROPER OR ERRONEOUS</b> - The <b>BO</b> is personally and pecuniary liable for repaying a pmt that is determined to be illegal, improper, or incorrect because of an inaccurate or misleading certification; prohibited by law; or does not represent a legal obligation under the appropriation or fund involved. A heavy workload, lack of experience, supervision, or training, is not a factor in determining relief from liability.</p> <p><b>False Payment Certification</b> - CH certifies for B.O. <b>False Representation</b> - CH acting on behalf of BO. Following orders from superiors that are contrary to regulations, policies, and procedures, is no defense to negligence or bad faith. <b>Financial liability</b> - DOD 7000.15, <b>Pecuniary liability</b> - FMR Vol 5, Ch 33. <b>Erroneous Payment</b> - fiscal irregularity resulting from regularly or irregularly processed payments that are not in strict compliance with laws and regulations. i.e. overpayment, pmt to wrong payee, two or more pmts to a payee for the same entitlement, check overdraft, shortages of checks, pmt based on fraudulent, forged, or altered documents, pmt made in violation of a law or regulation.</p>			✓	✓	✓	✓
54	<p><b>PRICE REASONABLENESS DETERMINATION MISSING OR INADEQUATE - Micro-Purchase Documentation (FAR 13.202)</b>. Action to verify price is only required when you suspect or have information to indicate the price may not be reasonable or when you buy an item for which no comparable pricing information is readily available. When you must take action to verify price reasonableness, documentation should be sufficient to establish price reasonableness. If you award to other than the low quoter, you must explain your award decision.</p> <p><b>For purchases above \$3,000</b>, whenever possible, base your determination on comparisons with competitive quotations or offers. If you only receive one quote, you must include price reasonableness documentation in the file based on:</p> <ol style="list-style-type: none"> <li>1. Market research</li> <li>2. Comparison of previous purchases;</li> <li>3. Current price lists, catalogs, or advertisements;</li> <li>4. A comparison with similar items in a related industry</li> <li>5. Value analysis;</li> <li>6. Personal knowledge of the item being purchased;</li> <li>7. Comparison to an Independent Government Estimate; or</li> <li>8. Any other reasonable basis.</li> </ol>						✓
55	<b>PROPERTY BOOK PROCEDURES IN PLACE</b> (i.e. CH who is hand receipt holder can't purchase acct. prop. for their own use.)			✓			✓
56	<b>QUANTITY PRICE DISCOUNTS NOT REQUESTED</b> (i.e. BPA - Should seek a price reduction when the supply or service is available elsewhere at a lower price or based on a potential large volume of orders)			✓			✓
57	<b>QUESTIONABLE PURCHASE</b> (i.e. Improper, Abusive, Excessive) (Reviewer is required to request justification)			✓	✓	✓	✓

<b>FY 07 GPC REVIEW CHECKLIST</b>		<b>YES</b>	<b>NO</b>	<b>MICRO</b>	<b>CHECKS</b>	<b>ELECTRONIC</b>	<b>25K</b>
<b>#</b>	<b>FINDINGS DESCRIPTION</b>	<b>Y</b>	<b>N</b>	<b>M</b>	<b>CK</b>	<b>E</b>	<b>25K</b>
58	<b>QUOTE SHEET MISSING</b> - Required for all purchases above \$3,000. Exception: Mandatory sources.						✓
59	<b>RECEIPTS, INVOICES, PACKING SLIPS MISSING/RECEIPTS NOT ITEMIZED</b>			✓	✓		✓
60	<b>RECONCILIATION INADEQUATE OR IMPROPER</b> (CH - 3 days, B.O. - 5 days/ Pay and Confirm not tracked - get proof of receipt within 45 days, Dispute Resolution incomplete/timely using CSQI Form) (Must certify and forward the official invoice to the paying office within 15 days of receipt.			✓	✓		✓
61	<b>REPEAT FINDINGS</b>			✓	✓	✓	✓
62	<b>RESTRICTED AND UNAUTHORIZED PURCHASE</b> (i.e. outside normal needs, restricted in Ch. 14)			✓	✓		✓
63	<b>ROTATION OF VENDORS</b> (i.e. when placing repeat orders, including BPA suppliers)			✓	✓	✓	✓
64	<b>SALES TAX ASSESSED</b>			✓	✓		✓
65	<b>SEPARATION OF DUTIES</b>			✓	✓	✓	✓
66	<b>SIGNATURE FORM MISSING</b> (DD Form 577 not completed and submitted)			✓	✓		✓
67	<b>SMALL BUSINESS NOT PROMOTED</b> - FAR 19.502-1B – This requirement does not apply to micro purchases (purchases of \$3,000 or less) or for purchases from required sources of supply under FAR Part 8 - ABILITY ONE. Orders placed against schedule contracts may be credited toward the ordering activity's small business goals. For orders exceeding the micro purchase threshold, ordering activities should give preference to small business concerns when two or more small businesses can satisfy the requirement.						✓
68	<b>SOLE SOURCE JUSTIFICATION MISSING OR INADEQUATE</b> - Unacceptable justification includes lack of advance planning or funds will expire.						✓
69	<b>SPAN OF CONTROL</b> (i.e. CH to BO ratio - 7:1 and APC to Accounts ratio 1:300) (If Army standard is exceeded by 10% the DOC must provide the PARC with formal documentation stating - DOC has personally reviewed the existing span of control and determined 1. Adequate for admin 2. Surveillance can be performed at a satisfactory level. Must send copy of documentation to Level 3.			✓	✓	✓	✓

<b>FY 07 GPC REVIEW CHECKLIST</b>		<b>YES</b>	<b>NO</b>	<b>MICRO</b>	<b>CHECKS</b>	<b>ELECTRONIC</b>	<b>25K</b>
<b>#</b>	<b>FINDINGS DESCRIPTION</b>	<b>Y</b>	<b>N</b>	<b>M</b>	<b>CK</b>	<b>E</b>	<b>25K</b>
70	<b>SPLIT PURCHASE</b> - Split purchases occur when a cardholder splits a known requirement at the time of the purchase into several transactions to avoid competitive bids for purchases over the \$3,000 micro purchase threshold or to avoid other established credit limits.			✓	✓	✓	✓
71	<b>SUCCESSION PLANNING</b> (Establishing/maintaining GPC accounts, i.e. nomination, selection, appointment, DD Form 577 processing - FMR 330505, Review by BO of continuing need for the GPC - Based on mission requirements/purchase history, Out processing by BO incomplete, inadequate human capital resources, workforce planning ineffective such as missing Alternate BO, APC not notified of departing CHs & BOs, workload imbalances)			✓	✓	✓	✓
72	<b>THIRD PARTY PAYMENTS</b> (i.e. Pay Pal®, c2it by Citibank)			✓	✓	✓	✓
73	<b>TRAINING DEFICIENCIES</b> (i.e. orientation, DAU, ethics, 508, refresher, 25K-DFARS 213.3) CCE may require additional training depending on the thresholds and circumstances established for the card's use. CH and BO must receive training covering the use of the card prior to being delegated authority. Training must be designed to cover federal, defense, and department regulations, policies, and procedures pertaining to micro-purchases and simplified acquisition procedures as well as being advised of pecuniary liability for certifying and accountable officials. If using BPAs, must provide training on BPA process (AFARS 5113.303-2b). <a href="http://purchasecard.saalt.army.mil/docs/rfrshr_trng_pol.pdf">http://purchasecard.saalt.army.mil/docs/rfrshr_trng_pol.pdf</a> - Refresher Training website			✓	✓		✓
74	<b>UNAUTHORIZED PURCHASE</b> (Whether supplies or services are authorized by law depends on three things: (1) The purpose of the purchase, (2) The obligation must occur within the time limits applicable to the appropriation, and (3) The obligation and expenditure must be within the amounts Congress has established. Must be legal, bona fide, legitimate, minimum need at fair price) (All unauthorized purchases must be reimbursed to the government) (i.e. personal use items are unauthorized)			✓	✓		✓
75	<b>UNAUTHORIZED USE OF THE CARD</b> (i.e. someone other than CH)			✓	✓		✓
76	<b>UNICOR COMPARABILITY DETERMINATION MISSING</b>				✓		✓
77	<b>WRITTEN INTERNAL CONTROLS MISSING, INADEQUATE, OR NOT BEING FOLLOWED</b>			✓	✓		✓

FY07 BO REVIEW CHECKLIST

BO:		Review Date:			
Office Name:		Supervisor:			
Location:		Telephone Number:			
E-Mail Address		BO Account No(s):			
Number of CHs:					
CH Name:					
Resource Manager:					
Purchase Limits	Single		30-Day		Office
Transactions reviewed for the period:			through		
Total Amount for the Year	\$		Number of actions:		
ADMINISTRATIVE ISSUES:					
Is CH a PBO?				Yes	No
Comments					
NOTE: Prohibited relationships could include, but are not limited to, the following: 1. A CH cannot be PBO, financial manager. 2. A CH cannot be their BO;					
Does CH have a delegation letter?				Yes	No
Comments					
Did CH attend and complete required orientation and training?				Yes	No
Comments					
Are bills paid in full IAW delayed dispute procedures?				Yes	No
Comments					
Did CH complete a CSQI and forward to the bank for resolution?				Yes	No
Comments					

Did CH monitor the disputed item's progress until resolved	Yes		No	
Comments				
Did CH follow agency's internal procedures?	Yes		No	
Comments				
Is card and account numbers safeguarded against misuse or theft	Yes		No	
Comments				
FUNDS:				
CH reconciles and forwards to the BO in 3 business days.	Yes		No	
Comments				
Does the CH know the process for rebates offered by vendors?	Yes		No	
Comments				
Does the CH know how to handle merchandise returns?	Yes		No	
Comments				
<b>AUDIT ALERT:</b> CHs are prohibited from accepting anything other than a credit back to the purchase card for merchandise returns or credits for services.				
Comments				
PROCEDURES:				
Does CH maintain an electronic purchase log?	Yes		No	
Comments				
Does the CH complete the seven required data fields in the electronic purchase log?	Yes		No	
Comments				
Does CH verify price reasonableness?	Yes		No	
Comments				
Does CH "split" requirements to avoid single purchase limit?	Yes		No	

Comments				
BEFORE a CH makes a buy using a commercial source, are required sources of supply and services (ABILITY ONE Program, UNICOR, Army BPAs etc) checked for availability to fill the requirement? (FAR 8.001)	Yes		No	
Comments				
BEFORE a CH makes a buy using a commercial source, are checks made to ensure services or supplies are NOT available under existing contracts?	Yes		No	
Comments				
Are purchases rotated among suppliers to promote competition?	Yes		No	
Comments				
USAGE				
Was the purchase card used to buy any unauthorized items?	Yes		No	
Comments				
Did CH place "backorder" buys with vendors? (Items must be immediately available or shipped within 30 days)? (AFARS 13.9003(a).)	Yes		No	
Comments				
Did CH coordinate with PBO to place pilferable, nonexpendable and/or sensitive property on hand-receipts or the property books?	Yes		No	
Comments				
Is approval received prior to CH making a buy requiring prior approval/coordination?	Yes		No	
Comments				
RECORDS				
Is there a purchase card receipt and/or vendor invoice for each transaction? (Should include vendor's name, address, clear description of items or services purchased, quantity, unit price, total price and exclusion of tax).	Yes		No	
Comments				
Are the items marked in the purchase log as received?	Yes		No	
Comments				

Does CH utilize a manual or automated purchase log?	M		A	
Comments				
Are CH's records (purchase log and copy of SOA) in file folders marked with the appropriate month and FY?	Yes		No	
Comments				
RECONCILIATION PROCESS				
Procedure in place for processing SOA's if CH is absent?	Yes		No	
Comments				
SOA's forwarded to the BO within five (5) calendar days?	Yes		No	
Comments				
Does CH approve monthly statement in C.A.R.E. within three (3) business days of end of monthly billing cycle?	Yes		No	
Comments				
REVIEWS				
The last review was conducted on _____ by _____				
Were deficiencies, if any, corrected?	Yes		No	
Comments				
Were review findings discussed with CHs?	Yes		No	
Comments				

## 10. INTERNAL CONTROLS

This chapter focuses on internal control activities designed primarily to prevent or detect fraudulent, improper and abusive purchases; assess the adequacy and performance of those control activities; and, identify areas of internal control for potential improvement. The concepts and topics for this chapter are primarily derived from the Government Accountability Office (GAO) Report, GAO-04-87G of November 2003, titled “Audit Guide for Auditing and Investigating the Internal Control of Government Purchase Card Programs”. All of the following internal control standards are applicable to achieving reasonable assurance that fraudulent, improper and abusive purchases do not have a significant adverse affect on the effectiveness or efficiency of the purchase card program. We recommend you incorporate into your written internal control policies and procedures the control activities contained in this chapter.

### *a. UNDERSTANDING THE PROGRAM*

Evaluating the adequacy of internal controls designed to mitigate the government’s risk requires an in-depth understanding of: the relevant laws and regulations; procurement methods and standards; what constitutes an authorized purchase card transaction; the specific organization’s mission activity operations; its purchase card program operations (from purchase request to payment); and identifying the risks associated with non-adherence to established internal control policies and procedures.

#### 1. Relevant Laws and Regulations:

- (a) An organization’s purchase card program must comply with the laws, regulations, contracts and government-wide and organization policies and procedures that:
  - (1) Govern the establishment and operation of the purchase card program;
  - (2) Prescribe procurement methods and standards; and,
  - (3) Pertain to the purposes for which an organization’s appropriations and other sources of funds may be used.
- (b) The following laws, regulations and other guidance are applicable to the federal Government Purchase Card program. Additional laws and regulations and other agency or organization-specific guidance apply as well.
  - (1) FAR
  - (2) Title 10, U.S.C. 2784
  - (3) Purchase Card Program Management Office Guidance

- (4) Army Standard Operating Procedures
- (5) CCE Purchase Card Operating Procedures
- (c) Establishment and operation of the purchase card program:
  - (1) GSA SMART Pay® Master Contract
  - (2) Treasury Financial Manual, Vol. I, Part 4-4500, "Government Purchase Cards"
  - (3) 41 U.S.C. § 426 Use of electronic commerce in Federal procurement
  - (4) 48 C.F.R. § 13.301(b) Government-wide commercial purchase card
  - (5) 31 U.S.C. § 3901 - 3907 Prompt Payment Act
  - (6) 5 C.F.R. Part 1315 Prompt Payment
- (d) Procurement methods and standards:
  - (1) 41 U.S.C. § 253 Competition requirements
  - (2) 41 U.S.C. § 403(11) Definitions
  - (3) 41 U.S.C. § 427 Simplified acquisition procedures
  - (4) 41 U.S.C. § 428 Procedures applicable to purchases below micro-purchase threshold
  - (5) 41 U.S.C. § 429 List of laws inapplicable to contracts not greater than SAP threshold in the FAR
  - (6) 48 C.F.R. § 1.603-3(b) Appointment
  - (7) 48 C.F.R. Part 2.101 Definitions
  - (8) 48 C.F.R. Part 8 Required Sources of Supplies and Services
  - (9) 48 C.F.R. Part 13 Simplified Acquisition Procedures
- (e) Purposes for which an organization's appropriations may be used:
  - (1) 31 U.S.C. § 1301(a) "Purpose Statute"
  - (2) Bona Fide Needs Rule, See, e.g. 68 Comp. Gen. 170, 171 (1989); 58 Comp. Gen. 471, 473 (1979); 54 Comp. Gen. 962, 966 (1975)
  - (3) 3 Comp. Gen. 433 (1924) Comptroller General McCarl to the Secretary of War
  - (4) B-288266 (Jan. 27, 2003) Use of Appropriated Funds to Purchase Light Refreshments at Conferences

- (5) 72 Comp. Gen. 178 (1993) Matter of: Corps of Engineers - Use of Appropriated Funds to Pay for Meals
- (6) 65 Comp. Gen. 738 (1986) Matter of: Refreshments at Awards Ceremony
- (7) 64 Comp. Gen. 406 (1985) Matter of: Randall R. Pope and James L. Ryan - Meals at Headquarters Incident to Meetings
- (8) B-289683 (Oct. 7, 2002) Matter of: Purchase of Cold Weather Clothing, Rock Island District, U.S. Army Corps of Engineers
- (9) 63 Comp. Gen. 245 (1984) Matter of: Purchase of Down-Filled Parkas

2. Procurement Methods and Standards.

- (a) Purchases made with the purchase card should be made in accordance with generally applicable procurement laws, regulations, and organization procurement policies and procedures. The FAR provides government-wide policies and procedures for acquisition by all executive agencies. Agencies frequently issue supplemental acquisition regulations as well. The FAR specifically prohibits the following:
    - (1) Splitting requirements
    - (2) Violating the mandatory source requirements
    - (3) Not rotating sources
    - (4) Purchases above \$3,000 not against a legally executed contract.
  - (b) Individual purchases must be for a purpose allowable under an organization's appropriations or other sources of funds and must not otherwise be prohibited by law. Organizations may use appropriated funds only for legitimate or bona fide needs that arise in or continue to exist in the fiscal year(s) for which those funds are appropriated. Agencies are restricted to purchasing only those items that will be used during such fiscal year(s), except when they qualify under certain categories, such as to maintain inventories of necessary items at reasonable levels. However, agencies generally may not purchase items in excessive amounts at the end of the fiscal year in order to solely avoid the expiration of funds. If you are unsure whether a purchase meets a legitimate and bona fide need, please contact the CCE Purchase Card Division prior to making the purchase.
3. Understanding what constitutes an authorized purchase card transaction. Whether supplies or services are authorized by law depends on three criteria: (1) The purpose of the purchase, (2) The obligation must occur within the time limits applicable to the appropriation, and (3) The obligation and expenditure must be within the amounts Congress has established. Thus, there are three elements to the concept of availability: purpose, time, and amount. All three must be observed for the obligation or expenditure to be legal. An authorized transaction is one that is lawful and meets a bona fide and minimum legitimate government need at a fair and reasonable price. An authorized purchase card transaction is one that satisfies the five criteria listed below:
- (a) **Lawful:**
    - (1) Card usage is for purchases that are authorized by law or regulation.

- (2) Lawful only if it would be lawful using conventional procurement methods.
  - (3) Appropriations shall only be applied to the objects for which the appropriations were made.
  - (4) Appropriated funds may only be used to purchase items for official purposes, and may not be used to acquire items for the personal benefit of a government employee.
  - (5) Funding must be available at the time of the purchase to preclude an Anti-Deficiency Act violation.
- (b) **Legitimate Government Need:**
- (1) Necessary and reasonable expense: One that arises out of and is directly related to the agency mission and achieves an authorized objective.
  - (2) The necessary expense test is that the expenditure:
    - i. Must bear a logical relationship to the purpose for which appropriation or fund is made available to the agency
    - ii. Must not be prohibited by law
    - iii. Must not otherwise be provided for (i.e., we aren't required to use another fund or mandatory supplies source).
- (c) **Bona Fide Need:**
- (1) The appropriation is available only for the needs of the current year.
  - (2) The bona fide needs rule does not prevent maintaining a legitimate inventory at reasonable and historical levels, the "need" being to maintain the inventory level to avoid disruption of operations.
  - (3) Problems arise when the inventory crosses the line from reasonable to excessive.
- (d) **Minimum Needs of the Government:** Normally, the responsibility for describing government needs rest with the technical experts and the requiring activity. FAR 11.002(a) requires that agencies describe Government needs in a manner designed to:
- (1) Promote full and open competition, with due regard to the nature of the supplies or services to be acquired; and,
  - (2) Only include restrictive provisions or conditions to the extent necessary to satisfy the minimum needs of the agency or as authorized by law.
- (e) **Fair and Reasonable Price:**
- (1) A fair and reasonable price is a price that is fair to both parties, considering the agreed-upon conditions, promised quality, and timeliness of performance/delivery.

- (2) Prices are affected by factors that include, but are not limited to, speed of delivery, length and extent of warranty, limitations of seller's liability, quantities ordered, length of the performance period, and specific performance requirements.
- (3) The CH must ensure that contract terms, conditions and prices are commensurate with the Government's need.
- (4) Micro-purchases may be awarded without soliciting competitive quotations if the CH considers the price to be reasonable.
- (5) Action to verify price reasonableness need only be taken if –
  - i. You suspect or have information to indicate that the price may not be reasonable (e.g., comparison to the previous price paid or personal knowledge of the supply or service); or,
  - ii. Purchasing a supply or service for which no comparable pricing information is readily available (e.g., a supply or service that is not the same as, or is not similar to, other supplies or services that have recently been purchased on a competitive basis).

4. The organization's operations and programs.

In order to review the internal control activities of an organization one must gain a thorough understanding of:

- (a) The organization's mission activities and operations;
- (b) The nature and size of the overall operations;
- (c) What the individual activities involved in the purchase card program do, and how they do it;
- (d) The general job description, level of education, and number of personnel in those activities;
- (e) The volume and appropriate type(s) of purchase activity to expect;
- (f) Its purchase card program operations and end-to-end flow of transactions;
- (g) The extent to which control activities are in place and operating;
- (h) The environment in which those controls operate;
- (i) The overall managerial organization and operations of the program;
- (j) The flow of purchase card transactions;
- (k) The system of internal control in place; and,
- (l) The environment in which the control activities operate.

b. INTERNAL CONTROL STANDARDS

1. **The Control Environment.** A positive control environment is the foundation for all other internal control standards. A positive control environment is established by management and employees creating and maintaining an environment throughout the organization that sets a positive and supportive attitude toward internal control and conscientious management. The key elements of the control environment are discussed below.
  - (a) **Management's philosophy (tone at the top).** Management's philosophy and operating style determine the degree of risk the organization is willing to take in operations and programs, and it has a profound effect on internal control. Management and employees should establish and maintain an environment throughout the organization that sets a positive and supportive attitude toward internal control and conscientious management. A positive control environment is the foundation for all other standards. It provides discipline and structure as well as the climate which influences the quality of internal control. Management has a key role in demonstrating and maintaining an organization's integrity and ethical values, especially in setting and maintaining the organization's ethical tone, providing guidance for proper behavior, and removing temptations for unethical behavior. Management must identify and implement the appropriate program operating procedures needed to address the risks and direct their implementation.
  - (b) **Span of control.** Span of control refers to the extent of review responsibilities placed on a single BO for the purchase card transactions of one or more CHs. An appropriate span of control must efficiently and effectively allow the BO to provide reasonable assurance they can effectively perform their responsibilities. In establishing an appropriate span of control you should consider the number of CHs assigned, the number and complexity of purchase card transactions being reviewed each billing period, and demands of other responsibilities assigned to the BO. The total number of authorized CHs, their single transaction and monthly purchase limits, and the BO purchase limits directly affect the financial responsibility of the individuals involved and the extent of potential loss to the organization. The maximum span of control for CH **accounts** per BO is 7:1. The average span of control for CH **accounts** per BO within the CCE Purchase Card Program is 2½:1. The Army standard for the APC span of control is 300 BO and CH accounts per APC. When the APC span of control of 300:1 is exceeded by more than 10 percent and the DOC elects not to provide additional resources, the DOC will provide the PARC with formal documentation stating that the DOC has personally reviewed the existing span of control and has determined that it is adequate to ensure program administration and surveillance can be performed at a satisfactory level. The Level III APC will retain copies of this documentation. The Level IV APC will document all cases where the Cardholder-to-Billing-Official ratio exceeds the Army standard. In these cases the BO must prepare a request for a waiver to policy. The request must address the unique conditions that affect the process and show, with a high degree of certainty, that the BO can be expected to comply with the review and certification procedures. The request will include the number and location of assigned Cardholders, the total average number of transactions made by the Cardholders, the amount of time the BO can devote to the certification process, the history of delinquencies, and other factors that seem appropriate. The waiver will be approved at the appropriate level as indicated below and will be maintained by the approver with copies furnished to the BO:
    - (1) 8–10 Cardholders: Through the Level IV APC to the DOC.
    - (2) 11–19 Cardholders: Through the APC (Level IV and Level III) to the PARC.

- (3) 20 or more Cardholders: Through the APC (Level IV, Level III, and Level 2) to the DOD Purchase Card Joint PMO.
- (c) **Financial exposure.** Financial exposure can become excessive when management does not exercise judgment and restraint in issuing purchase cards and in determining single purchase and monthly purchase limits. Purchase cards should be issued in controlled limited quantities to government employees with a legitimate need to have the card. The APC along with the BO and resource manager determine the appropriate spending limit authorization controls. These authorization controls are imposed to control spending and to support a system of funds controls in accordance with available funding. Single and monthly purchase limits should be established based on the expected monthly purchases of the CH reasonably necessary to carry out their operational requirements. Policies and procedures that address controlling cardholders' spending limits must be implemented. Each cardholder needs to have the maximum transaction or monthly limit and that reasonable limit must be based on what the person needs to buy. The limits must be based on an analysis of individual cardholders' needs or past spending patterns. Monthly limits must not be based on anticipated peak spending to avoid possible limit changes. Limits that are higher than justified by the cardholder's authorized and expected usage unnecessarily increase the government's exposure to potentially fraudulent, improper, and abusive purchases. Credit limits for inactive accounts should be reduced to \$1.
- (d) **Training.** Management should identify the appropriate knowledge and skills needed, require the needed training, and maintain documentation evidencing that required training is current for all personnel. The certificates/record of training should clearly show the type of training received, that the training was relevant to the purchase card program, that the training was appropriate to the level of authorized spending and program authority of the individual, the signature of the CH and the instructor, that the date of initial training is prior to purchase card account activation, and/or that the date of refresher training is within the required period. Centralized training records should provide detailed information similar to the above and be available for review to monitor adherence to program training requirements.
- (e) **Discipline.** Candid and constructive counseling, performance appraisals and discipline can provide reinforcement of the system of internal control. Internal control policies and procedures should identify the specific actions or lack of adherence to internal control within the purchase card program that warrant counseling and/or discipline. Constructive counseling may be provided to CHs and BOs in response to isolated instances of a lack of adherence to internal control policies, procedures, and activities. Disciplinary action may be taken in response to recurring and/or persistent lack of adherence to internal controls, and specific consequences for improper and abusive purchases should be adopted as part of the system for internal control. Such consequences can vary with the severity and persistence of the policy violation, and might include formal and informal reprimands, suspension or cancellation of the purchase card account, termination of employment, and referral to investigative authorities in cases of suspected fraud. Instances that warrant discipline should be documented and included in personnel files.
- (f) **Purchasing and reviewing authorities.** Purchasing authority establishes a CH's authority to possess and use a GPC and establishes their purchase limits. Authority is also established for BOs to review and authorize payment of CH accounts. BO authority should identify the specific CH(s) for which review and certification responsibilities have been assigned, and the BO's purchase limits should relate to the total cumulative monthly purchasing limits of the CHs assigned to them. Transactions must be authorized and executed only by persons acting within the scope of their authority. This is the principal means of assuring

that only valid transactions to exchange, transfer, use, or commit resources and other events are initiated or entered into.

2. **Control activities.** Control activities are the policies, procedures, techniques and mechanisms that enforce management's directives and help ensure that actions are taken to address risks. Control activities are established to ensure that all transactions that are entered into are authorized and executed only by employees acting within the scope of their authority. Control activities include approvals, authorizations, verifications, reconciliations, reviews, and the creation and maintenance of related records that provide evidence of execution of these activities. These key transaction level control activities should be included in your assessment of the adequacy of the design of your control activities.
  - (a) **The determination of a legitimate government need.** Determination of a legitimate government need provides reasonable assurance to the organization that its resources are not being wasted. A legitimate need for the goods or service being acquired should be determined before a purchase is made. Pre-purchase requests or other authorization prepared by a supervisor, or prepared by operations personnel and signed by a supervisor, can provide the CH with documentation of a legitimate government need. Evidence determining the legitimate government need may include a pre-purchase request or authorization in writing, written blanket authorization for small routine purchases (e.g., office supplies), written justification by the CH or other program personnel of the government need for the purchase, and other required documentation for specifically controlled or restricted purchases. The reasonableness of the legitimate government need determination will be evaluated based on the date of government need determination compared to the date of the purchase, whether the purchased item is included on the organization's prohibited or restricted list, and whether the item purchased on the vendor invoice compares to the item for which a need was determined. Any employee such as a supervisor or manager must not exert pressure upon a CH to force the CH to execute a purchase transaction in a manner not consistent with purchase card guidelines. The key element regarding undue pressure or influence is that the influence was so great that the CH had lost the ability to exercise his/her judgment and could not refuse to give in to the pressure. Pressure from a supervisor does not constitute a legitimate government need. If you have questions regarding the determination of a legitimate government need, contact the CCE Purchase Card Division.
  - (b) **Market Research and Description of Agency Need.** Conduct market research appropriate to the circumstances. Market research is an essential element of building an effective strategy for the acquisition of commercial items and establishes the foundation for the agency description of need. The description of agency need must contain sufficient detail for potential offerors of commercial items to know which commercial products or services may be suitable. Generally, describe the type of product or service to be acquired and explain how the agency intends to use the product or service in terms of function to be performed, performance requirement or essential physical characteristics. Describing the agency's needs in these terms allows offerors to propose methods that will best meet the needs of the Government.
  - (c) **Screening for mandatory sources of supply.** Screening for required vendors provides the organization with reasonable assurance of compliance with laws and regulations related to mandatory sources of supplies and services. Chapter 11 provides the priority of sources of supplies and services. Organizations should also be aware of other laws, regulations, contractual agreements, and policies and procedures, which direct the organization to acquire supplies and services from sources such as GSA schedules and contracts, blanket purchase agreements, and single source suppliers, as well as exceptions to these requirements which generally have to do with practicality and availability. Documentation evidencing screening for mandatory vendors

should be obtained and reviewed as well as any waivers or other documentation of the applicability of exceptions made to the required sources of supply.

- (d) **Independent receipt and acceptance.** Independent (someone other than the CH) receipt and acceptance of supplies and services provides reasonable assurance that the organization actually received what it is paying for. The inclusion of independence in the receipt and acceptance activity significantly strengthens the control by adding separation of duties to the activity. The CH is responsible for verifying that independent receipt and acceptance has occurred. Documentation evidencing independent receipt and acceptance for each transaction would be a signature on the vendor invoice, receipt or shipping document, or a warehouse receipt for goods and services provided. When documenting the receipt and acceptance, a comparison must be made between the receiving document item description and quantity and the actual items received, noting any discrepancies. The CH must compare the requirement for the items ordered to the items actually received and invoiced. A blanket statement saying you have received all the items each month is a breakdown of the internal controls in place and does not constitute independent receipt and acceptance. Each purchase transaction must be independently received and accepted.
- (e) **Establishing accountability over certain property.** Physical control and accountability over pilferable and other vulnerable property acquired by the purchase card provides reasonable assurance to the organization that pilferable property (e.g., an item that is portable and can be easily converted to personal use) is appropriately recorded and asset-safeguarding control is established at the time of purchase and receipt. Control activities required of the CH include identifying the pilferable property requiring asset control, notifying appropriate property book officer within the organization, and supplying the information required to establish a record in the property control system. Documentation evidencing performance of this activity includes the CH's notification of pilferable property submitted to property control system personnel and the property control system records. Independent verification that the accountable property is in the possession of the government will be the responsibility of the PBO.
- (f) **Cardholder reconciliation.** CH reconciliation provides the organization with reasonable assurance that all transactions appearing on the CH's statement are appropriate charges for goods and services purchased for and received by the organization. CH reconciliation is the process of the CH gathering, reviewing and providing the documentation to support that each purchase transaction appearing on their statement is an appropriate, legitimate government purchase. The CH is responsible for identifying purchase card transactions that are unauthorized or that otherwise should not be paid by the government. The CH should promptly dispute unauthorized charges appearing in their statement with the bank service provider. Documentation evidencing performance of CH reconciliation includes the CH's signature on their monthly statement and notations (e.g., tick marks, system notes) on their monthly statement, or their approval of individual transactions in C.A.R.E. The cardholder statement must be approved and submitted to the BO early enough to permit the billing office to process and pay the consolidated monthly invoice within the Prompt Payment Act deadline. If the statement is correct, the Cardholder approves it within three business days from the end of the billing cycle.
- (g) **BO review/certification.** BO review of the CH's reconciliation process provides reasonable assurance to the organization that the CH is timely and appropriately performing the reconciliation and is complying with all significant relevant controls to prevent or detect fraudulent, improper, and abusive purchases. The BO is responsible for reviewing the cardholder statement(s), authorizing cardholder purchases, and ensuring the monthly invoice is reconciled and submitted to the designated billing office on time. The review provides a basis for the BO to accept responsibility that the purchases are appropriate, legitimate government purchases

before the billing statement is certified for payment. The BO review, a critical control activity in a Government Purchase Card program, should include a review of the CH reconciliation for timeliness and completeness, and for the appropriateness of the supporting documentation for individual transactions. Documentation evidencing performance of the BO review is the BO's signature on the billing statement or certification for payment in C.A.R.E. The BO must certify the monthly invoice even if all cardholder statements are not received. The BO must certify the monthly invoice even if no transactions occurred for that monthly invoice. If the monthly invoice is correct, following the BO's review, certification of the monthly invoice is done within five business days. The Army has adopted a policy of certifying invoices for payment before all purchased items may have been received. This procedure has been called **"Pay and Confirm."** Each Billing Official will establish a system to flag and track all transactions that have been certified for payment without proof of receipt and acceptance. This procedure will ensure that all transactions have been reconciled and approved for payment, and will have receipt verified no later than 45 days after the date of the original invoice. If receipt and acceptance cannot be verified, the Cardholder shall protect the Government's rights by disputing the transaction.

- (h) **Advance approval of purchases.** Advance approval ensures budget and funds control, as well as establishing a valid need for a purchase, so cardholders are not acting totally independently. Approval of a purchase can range from a blanket approval for routine small dollar purchases of items such as consumable office supplies to a one-time written approval for specific large dollar items. Advance approval must be provided by the BO, cardholder's supervisor, or other responsible official of the agency acting in their official capacity. Leaving cardholders solely responsible for procurement without some type of documented approval puts the cardholders at risk and makes the government inappropriately vulnerable. A segregation of duties so that someone other than the cardholder is involved in the purchase improves the likelihood that both the cardholders and the government are protected from fraud, waste, and abuse. Blanket approval for routine purchases within set dollar limits involves minimal cost, but reasonable control. For nonroutine purchases involving significant expenditures, advance approval, even through informal processes, such as an email approval, is an important internal control activity.
- (i) **Succession Planning:** Management should ensure skill needs are continually assessed and that the organization is able to obtain a workforce that has the required skills that match those necessary to achieve organizational goals. As a part of its human capital planning, management should also consider how best to retain valuable employees, plan for their eventual succession, and ensure continuity of needed skills and abilities. Given the risks associated with purchase card program management, it is imperative that agencies have sufficient numbers of qualified, experienced purchase card personnel and agency program coordinators, and that their grade levels be commensurate with their responsibilities. Agencies must ensure the organizational culture supports the goals and responsibilities of the program. The purchase card programs within their organizations must be properly structured and managers at all levels devote the necessary attention and resources to the program to ensure success. Inadequate management understanding of the time required carrying out these duties fully and inadequate management oversight may result in officials being unable to fulfill their responsibilities. This is especially true for APCs, who provide oversight of the organizations' purchase card programs, and billing officials, who provide direct oversight of cardholders. Yet, if the function is understaffed, all of the necessary tasks cannot be effectively carried out. Officials should only nominate individuals who have demonstrated responsibility and possess the required business acumen to be entrusted with a GPC. A GPC will be issued only as mission requirements warrant and only those personnel with a continuing need to

use the GPC will be appointed as cardholders. Only DOD civilian employees and military personnel may be issued a GPC or be appointed a BO.

- (j) **File Retention:** The documents that must be retained in the file include (1) the BO statement, (2) the Cardholder statement, and (3) all original receipts and documentation for those statements. In accordance with the DOD FMR, Volume 1, certified billing statements and supporting documents will be retained for six years and three months after final payment. The BO will maintain these records until they are transferred to a records holding area. However, if you are performing electronic certifications, you may rely on the servicing bank recordkeeping for the BO and CH statements. The servicing bank will maintain the statements for two years, then archive in a records holding area. Original records are the property of the U.S. Government and may not be removed from government control by the BO for any reason. In addition, Level IV APCs shall retain file documentation for appointed CHs and BOs. As a minimum, this documentation shall consist of:
- (1) Letter of GPC delegation (Cardholder or Billing Official)
  - (2) Ethics certification (if applicable)
  - (3) Required training certifications
  - (4) Review reports and Corrective Action Plans (if applicable)
3. **Identifying Fraudulent, Improper and Abusive Purchases:** Designing and conducting procedures specifically for the purpose of detecting such transactions serve multiple purposes, including the potential discovery of a previously unrecognized risk in the program. Repeated non-adherence to established internal control policies and procedures, such as inadequate documentation of purchase card transactions or supervisory reviews, if allowed to continue, would contribute to erosion and weakening of the control system. Prompt administrative and disciplinary actions can be effective in reducing persistent lack of adherence to policies and procedures by CHs and other program officials. The definitions below define some actions that have been identified with fraudulent, questionable, improper, and abusive purchases.
- (a) **Fraudulent purchases:** Fraudulent purchases occur when the card is used to acquire goods or services that are unauthorized and intended for personal use or gain, which constitutes a fraud against the government.
- (b) **Questionable purchases:** Questionable purchases are those that appear to be improper or abusive but for which there is insufficient documentation to conclude either. Questionable purchases may appear unreasonable and subject the government to criticism. These questionable purchases require a higher level of pre-purchase review and documentation. Abuse occurs when the conduct of a government organization, program, activity, or function falls short of societal expectations of prudent behavior. Every purchase must be reviewed and approved as a valid requirement of the agency. Determination of mission-essential need is a prerequisite for any purchase. Any questionable transaction must obtain a higher level of written documentation for justification. Questionable need issues arise when:
- Conduct falls short of societal expectations of prudent behavior.
  - There are adverse perceptions regarding stewardship of the taxpayer dollars.
  - Costs are excessive.
  - There is no reasonable or documented justification.

- There is insufficient documentation to support the legitimate or bona-fide need.
  - Approvals to justify and permit a determination that the purchases were not improper or abusive are missing.
- (c) **Improper purchases:** Transactions that are intended for government use, but are not permitted by law, regulation or organization policy. (e.g., does not serve a legitimate government purpose, split purchases, improper source. Not purchasing from designated sources, such as ABILITY ONE, constitutes an improper source.
- (d) **Abusive purchases:** Purchases of authorized goods or services, at terms (e.g., price, quantity) that are excessive, or are for a questionable government need, or both, are considered abusive.
- (e) **Split purchase:** Split purchases occur when a cardholder splits a known requirement at the time of the purchase into several transactions to avoid competitive bids for purchases over the \$3,000 micro purchase threshold or to avoid other established credit limits. The FAR prohibits splitting purchases into more than one transaction. When a known requirement exceeds \$3,000, it must be purchased through a contract using simplified acquisition procedures. Making repetitive micro-purchases to meet requirements that, in total, greatly exceed the micro purchase limit constitutes using an inappropriate procurement method and doesn't allow the government to take advantage of other procurement methods designed to foster lower prices for repetitive acquisitions of similar items over an extended period. While some repetitive purchases might not clearly be split purchases, a cardholder is not taking advantage of the proper procurement method, such as a BPA, designed to foster lower prices.
- (f) **Personal use purchase:** Under 31 U.S.C. 1301 (a), “appropriations shall only be applied to the objects for which the appropriations were made...” In the absence of specific statutory authority, appropriated funds may only be used to purchase items for official purposes, and may not be used to acquire items for an employee's personal benefit.
- (g) **Theft:** Theft involves property, facilities and services. Purchase of goods or services for personal use or gain is theft. Theft also occurs when an unauthorized user compromises a CH's account by gaining knowledge of and using the purchase card account number.
- (h) **Fictitious transactions:** Fictitious transactions occur when a CH supports the acquisition of goods or services for personal use with false documentation, or a vendor bills the government for goods or services never received. Fictitious transactions also include collusion.
- (i) **Kickbacks:** Kickbacks may include collusion between a CH and a vendor. The CH makes authorized purchases from the vendor, who charges the government an excessive price and “kicks back” a percentage of the amounts received to the CH.
- (j) **Conflict of interest:** Conflicts of interest occur when a government official participates in approving or deciding a matter in which the official or their relative has a financial interest.
- (k) **Use of Third Party Payments:** The use of third party payments is not allowed under any circumstances. (Ex.: Pay Pal®)

- (1) **Data mining:** Data mining is the act of searching or “mining” data to identify transactions or patterns of activity exhibiting predetermined characteristics, associations, or sequences, and anomalies between different pieces of information. Data mining produces leads for follow-up by investigators. Data mining serves as a deterrent to fraud, improper and abusive purchases; provides additional evidence of significant instances of noncompliance with laws and regulations; identifies a lack of adherence to internal control policies and procedures; uncovers unrecognized or under-appreciated risk in the purchase card program; provides motivation for meaningful management change; and helps identify the overall effectiveness of the internal control system in place.
4. The areas identified below have a high risk for potential fraudulent, improper and abusive purchases.
- (a) **Questionable vendors:** Vendors who sell goods or services that generally are not considered to meet a legitimate government need, or which are restricted or prohibited by law, regulation or policy. Examples include:
    - (1) Restaurants
    - (2) Grocery stores
    - (3) Casinos
    - (4) Clothing or luggage stores
    - (5) Home furnishings
    - (6) Escort services
    - (7) Automobile dealers
    - (8) Vendors by name
    - (9) Inaccurate Vendor MCC: Vendors may circumvent this control by providing false or misleading information and obtaining a MCC code intended to disguise the types of goods or services provided by the vendor.
  - (b) **Weekend and holiday purchases**
  - (c) **Split transactions:**
    - (1) The transactions are with the same vendor;
    - (2) The transaction dates are on the same day;
    - (3) The transactions total in excess of \$3,000; and,
    - (4) The transactions are by the same CH or activity.
  - (d) **Transactions of unusual amounts or relationships:**

- (1) Frequent amounts with the same vendor just under the micro-purchase threshold;
- (2) Multiple transactions for the same amount which may indicate intentional or unintentional duplicate billings for the same goods or services.

(e) **Year end spending:**

- (1) Purchases for which there is not a legitimate government need;
- (2) Purchase card transactions that exceed their monthly purchase limits.

(f) **Purchase card transactions by vendor:**

- (1) The number of CHs making acquisitions with a vendor;
- (2) The number of transactions with a vendor; and,
- (3) The dollar volume of transactions with a vendor

(g) **CHs and/or their BOs considered to have suspicious activities**

c. **MANAGEMENT'S RISK ASSESSMENT**

Supervisors and managers of BOs and CHs have a management responsibility to provide the proper oversight to ensure the internal controls of their purchase card program are being carried out and adhered to as outlined below. Internal control should provide for an assessment of the risks the organization faces from both external and internal sources, and identify and deal with any special risks prompted by changes in economic, industry, regulatory and operating conditions. In assessing the adequacy of the design of control activities, does the existing internal control policies, procedures, and activities provide management with reasonable assurance that significant fraudulent, improper and abusive purchases will be prevented or promptly detected? Considering the overall control environment, you should make a critical comparison of the risk/opportunities for fraudulent, improper, and abusive purchases and the internal control policies, procedures, and activities designed to guard against them.

Management controls should provide reasonable assurance that systemic weaknesses are noted, that management controls are in place, operating effectively, and being used.

References:

- OMB Circular No. A-123 “Management’s Responsibility for Internal Control” – 21 Dec 04
- DOD Directive 5010.38 “Management Control Program” – 26 Aug 96
- DOD Directive 5010.40 “Management Control Procedures” – 28 Aug 96
- Federal Managers’ Financial Integrity Act of 1982

The OMB guidelines were issued in consultation with the Comptroller General of the United States, as required by the “Federal Managers’ Financial Integrity Act of 1982”

The objectives of the system of internal accounting and administrative control of your activity are to provide reasonable assurance that:

- The obligations and costs are in compliance with applicable laws;
- Funds, property, and other assets are safeguarded against waste, loss, unauthorized use, or misappropriation; and,
- Revenues and expenditures applicable to agency operations are properly recorded and accounted for to permit the preparation of reliable accounting, financial and statistical reports and to maintain accountability over the assets.

The evaluation of management controls extends to every responsibility and activity undertaken by your activity and applies to financial, administrative, and operational controls. The concept of reasonable assurance recognizes that:

- The cost of management controls should not exceed the benefits expected to be derived.
- The benefits include reducing the risk associated with failing to achieve the stated objectives.
- Errors or irregularities may occur and not be detected because of inherent limitations in any system of internal accounting and administrative control, including limitations resulting from resource constraints, congressional restrictions, and other factors.
- Projection of any system evaluation to future periods is subject to risk that procedures may be inadequate because of changes in conditions, or that the degree of compliance with procedures may deteriorate.

Understanding internal controls assists employees in their stewardship role in achieving Government Purchase Card program objectives. Internal control is a process designed to provide reasonable assurance regarding the achievement of objectives in the following categories: effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations. This understanding provides an additional reference tool for all employees to identify and assess operating controls, financial reporting, and legal/regulatory compliance processes and to take action to strengthen controls where needed. Over time, controls may be expected to change to reflect changes in the operating environment. In order to achieve a balance between risk and controls, internal controls should be proactive, value-added, cost-effective, and address exposure to risk.

*d. INFORMATION AND COMMUNICATION*

Information should be recorded and communicated to Government Purchase Card personnel who need it in a form and within a time frame that enables them to carry out their internal control and other responsibilities. Information and communication will be provided via various media, such as written policy and procedures, reviews, quarterly purchase card newsletter, training in person and on-line, e-mail, or by contacting your Agency Program Coordinator for questions and answers. Information should be provided to you timely and in a form that enables you to carry out your responsibilities within the purchase card program. Please feel free to contact us at any time to answer any of your questions regarding a purchase or your purchase card program requirements.

e. MONITORING

Ongoing monitoring of actions people take in performing their duties should be performed continually and ingrained in the course of normal operations. Internal control monitoring efforts will require reviewing performance of your purchase card program. Reviewing your performance requires gaining necessary understandings, preliminarily assessing the adequacy of your designed control activities, testing your adherence to the policies and procedures and identifying any fraudulent, improper or abusive purchases. Agency internal control monitoring assesses the quality of performance over time. It does this by putting procedures in place to monitor internal control on an ongoing basis as a part of the process of carrying out its regular activities. It includes ensuring that managers and supervisors know their responsibilities for internal control and the need to make internal control monitoring part of their regular operating processes. Ongoing monitoring occurs during normal operations and includes regular management and supervisory activities, comparisons, reconciliations, and other actions people take in performing their duties. Each agency must ensure they have the sufficient infrastructure in place for effective monitoring. Each agency must assess the adequacy of human capital resources and properly allocate the needed resources to the purchase card program to enable the purchase card operations to be consistently, efficiently and effectively managed in compliance with current laws, regulations, policies, and procedures.

1. Purchase Card Reviews. Purchase card reviews will be performed by CCE once each fiscal year on all purchase card accounts, and convenience check reviews will be performed quarterly each fiscal year. See Chapter 9.
2. Follow-up and Investigation. This refers to documentation beyond those generally necessary to test for adherence to internal control policies or performance of control activities. Our ACA Internal Review or other investigative bodies will perform the follow-up and investigation. Detected or selected potentially fraudulent transactions should always be submitted to follow-up procedures. The conduct of follow-up procedures utilizes forensic techniques and increased scrutiny of the documentation, facts and circumstances surrounding the transactions. In the instance of fraudulent purchase card transactions, the follow-up process is designed to support a subsequent criminal investigation. If at any time during the follow-up process, the auditor's professional judgment is that a transaction is likely fraudulent, referral of the transaction or case should be made to the appropriate federal criminal investigative body.

## 11. MANDATORY SOURCES

FAR Part 8 lists mandatory sources for supplies to be considered before an open market source can be considered. Agencies shall satisfy requirements for supplies and services from or through the sources and publications listed below in descending order of priority:

*a. SUPPLIES*

1. Agencies' inventories;
2. Excess from other agencies (see Subpart 8.1);
3. Federal Prison Industries, Inc. (see Subpart 8.6);
4. Supplies which are on the procurement list maintained by the Committee for Purchase From People Who Are Blind or Severely Disabled (see Subpart 8.7);
5. Wholesale supply sources, such as stock programs of the General Services Administration (GSA) (see 41 CFR 101-26.3), the Defense Logistics Agency (see 41 CFR 101-26.6), the Department of Veterans Affairs (see 41 CFR 101-26.704), and military inventory control points;
6. Mandatory Federal Supply Schedules (see Subpart 8.4);
7. Optional-use Federal Supply Schedules (see Subpart 8.4); and,
8. Commercial sources (including educational and nonprofit institutions).

*b. SERVICES*

1. Services which are on the procurement list maintained by the Committee for Purchase From People Who Are Blind or Severely Disabled (see Subpart 8.7);
2. Mandatory Federal Supply Schedules (see Subpart 8.4);
3. Optional-use Federal Supply Schedules (see Subpart 8.4); and,

4. Federal Prison Industries, Inc. (see Subpart 8.6), or commercial sources (including educational and nonprofit institutions).

c. UNICOR

1. For micro-purchases, FAR Part 8.6 provides that UNICOR waivers are no longer required if the agency makes a comparability determination and decides that the product is not comparable in terms of price, quantity, or time of delivery, and then competes the acquisition. However, if the agency makes a comparability determination and decides that the UNICOR product is comparable, a waiver is required if the agency wants to buy from another source. The written determination of supporting rationale that explains the assessment of price, quality, and time of delivery must be included in the CH's purchase file.
  2. UNICOR has long been known to specialize in making furniture for the Federal government. However, the Metal and Wood Products Division is actually just one of four divisions of UNICOR. Other divisions include data/graphics, textile and leather, and electronics/plastics/optics. The products made by these divisions are listed in a UNICOR catalog, *Schedule of Products made in Federal Penal and Correctional Institutions*. All items listed in the catalog conform to federal specifications and are sold only to departments and activities of the Federal government. UNICOR items are available through GSA and identified by Federal Supply Service stock numbers.
- d. If you are required to obtain a waiver, request it on-line. Upon receipt, UNICOR will review your request for completeness, assign a tracking identification number and evaluate it based upon the terms vs. UNICOR's ability to meet them. You can request a waiver or the status of a waiver at:  
<https://www.unicor.gov/waivers/WaiverLogin.asp?iR3=P&iACTION=Request>. The waiver can usually be obtained within 1-½ days by requesting it on-line. If your waiver request contains more than 10 items, please fax it to the UNICOR Customer Service Center (Waiver Processing) at 859-252-5318. For the status, contact them directly by phone at 800-827-3168.

e. ABILITY ONE PROGRAM

1. The Ability One program (formerly known as the JWOD Program) is a unique Federal procurement program that generates employment and training opportunities for people who are blind or have other severe disabilities. The ABILITY ONE Program is a mandatory source of supply (FAR Part 8.7 and 41 U.S.C. 46-48c).
2. The Committee for Purchase from People Who Are Blind or Disabled is an independent Federal agency responsible for administering the ABILITY ONE Program. National Industries for the Blind (NIB) and NISH (serving people with a wide range of disabilities) assist participating nonprofit agencies with contract, marketing and other technical assistance.
3. There are extensive varieties of supplies and services available from NIB and NISH.
  - (a) Supplies include:
    - (1) Office supplies, such as envelopes, paper, pencils, pens, stamp pads, mops, and steno notebooks;
    - (2) Non-office supplies, such as disinfectants, picture frames, time management systems, flashlights, glass cleaner and stepladders.

NOTE: Products that compete with ABILITY ONE products are unauthorized. Examples of this include Franklin Covey® planners. Franklin Covey® is a commercial source. You must purchase from required sources before considering any commercial sources.

- (b) Services include: administrative services, audiocassette reproduction, data-entry, painting, textile repair, laundry, and computer services.

4. Purchasing under the ABILITY ONE Program:

(a) By Internet:

- (1) [www.abilityone.gov](http://www.abilityone.gov)
- (2) GSA Advantage at [www.gsaadvantage.gov](http://www.gsaadvantage.gov)
- (3) DOD EMAIL at <http://www.emall.dla.mil/>

Note: The above are great market research tools to verify price reasonableness and obtain competition.

(b) By Phone or Fax:

- (1) For more information on Ability One contact Eric Beale at 703-603-2119 or [ebeale@jwod.gov](mailto:ebeale@jwod.gov).
- (2) GSA Customer Supply Center: 800-525-8027 or fax 800-856-7057.

(c) For Authorized Commercial Distributors: For a list of the ABILITY ONE Program's authorized distributors visit <http://www.abilityone.gov/jwod/index.html>

(d) At Selected Military Installations:

- (1) Self-Service Supply Center (SSSC) stores).
- (2) Base Supply Centers or SERVMARTs.

5. ABILITY ONE Services are handled on a location-specific basis with each contracting office or customer. Please call the Committee staff, NIB or NISH or visit the web sites below for more information about service capabilities.

(a) SKILCRAFT. Products may be ordered through a variety of different distributors. These distributors accept the Government Purchase Card for payment. Use any of the following distribution methods below to purchase your SKILCRAFT products. For more information on purchasing SKILCRAFT products, call NIB 800-433-2304 or e-mail to [info@nib.org](mailto:info@nib.org).

(b) GSA Schedule 75III A. Under this schedule you can receive next day desktop delivery of office supplies that meet all of your ABILITY ONE Program requirements. Order by telephone or fax.

(c) Military Base Supply Centers, Self-Service Supply Centers and SERVMARTs are operated by NIB-Associated Agencies at military locations throughout the country. Call NIB Customer Service at 800-433-2304 for the location nearest you.

(d) CHs may make recommendations at any time to the Committee for price revisions on supplies and or services identified in the "Procurement List". The Committee can be reached at 703-603-7740 or their web page is <http://www.ABILITY ONE.gov>.

e. ARMY BPAs FOR OFFICE SUPPLIES

1. All Army CHs are required to use the BPAs on DOD E-Mall to obtain office supplies that are not available from the local NIB store. The DOD E-mail website is at <http://www.emall.dla.mil>. Installations which have local Industry for the Blind stores will first attempt to fulfill their needs there. If the product is not available, the BPA will be used. For questions concerning the stores or their products, please contact our Public Affairs Specialist at the Committee for Purchase from People Who Are Blind or Severely Disabled, at 703-603-2146. Here is a listing of the Industry of the Blind stores in the NCR.

Hoffman II Room GS-20 703-325-9185	Presidential Towers Suite 1600 703-607-5556	Jefferson Plaza 1 Suite 90 703-601-2187
Pentagon Room 3C157 703-697-9454 703-697-1587	Rosslyn 1401 Wilson Blvd Room B-2 703-696-0053	

2. The following is a list of the authorized Army BPA distributors. All Army CHs are required to use the BPAs on the DOD E-Mall to obtain office supplies. The DOD E-mail website is at <http://www.emall.dla.mil>. These are the only authorized vendors for office supplies for Army customers. For the latest details concerning the Army BPAs, please view the CCE website.
  - (a) Access Products (DBA Imaging Systems)
  - (b) ABM Federal Sales (TONER)
  - (c) American Office Products (AOPD)
  - (d) Bettertype Ribbons (TONER)
  - (e) Caddo Design
  - (f) Capitol Furniture & Distributing Co.
  - (g) Chesapeake Office Supply
  - (h) Chuckals Inc.
  - (i) Document Imaging Dimensions Inc. (TONER)
  - (j) Future Solutions
  - (k) Independent Stationers (IS Group)
  - (l) KM2 Inc.
  - (m) Metro Office Supply
  - (n) Millers Office Supply
  - (o) National Industries for the Blind (NIB/NISH)
  - (p) RGH Enterprises (DBA A Better Laser)
  - (q) Stephens Office Supply (DBA The Office Group)
  - (r) VIP Printing & Office Supplies

(s) WECsys LLC

f. *For more information*, the following mandatory source products and services are also covered in Chapter 12, Restricted and Unauthorized Purchases:

1. Printing Services must be obtained through the Defense Automated Printing Services.
2. Organizational flags.
3. Incinerator services (document destruction) must be obtained through the Pentagon Force Protection Agency – Security Services Directorate.

Chapter

12

## 12. RESTRICTED & UNAUTHORIZED PURCHASES

Only those items that can be acquired with appropriated funds can be purchased using the purchase card. The CH may only purchase goods and services supporting their agency's mission with available funds at a fair and reasonable price. CHs must properly document their purchases, and this documentation must be in writing and in advance of the purchase.

Some exceptions to the General Rules are listed below. Other exceptions may be considered on a case-by-case basis. All requests for exceptions to policy must be submitted by e-mail to the Chief, Purchase Card Division [gsasmartpay@hqda.army.mil](mailto:gsasmartpay@hqda.army.mil). Requests must include a narrative justification for the purchase, including relevant background information, statutes, regulations or policy directives. The Purchase Card Program will coordinate all requests for exception with the Chief Attorney & Legal Services Directorate. Requested purchases needing exceptions cannot be made without the express written approval of the Review Team Branch Chief.

CHs: If you find yourself in a situation where you feel pressured to make a purchase that may not be authorized, contact your APC immediately for guidance and assistance BEFORE the purchase is made. Your APC will assist you in determining the best way to meet your requirement or provide you the reason why a particular item may not be purchased.

NOTE: In most cases, exceptions may be unavailable due to controlling law or regulation.

### *a. RULES*

The following is a partial list of purchases that are prohibited or restricted:

#### 1. **Advance Purchases:**

- (a) General Rule: Advance purchases are prohibited.
- (b) Limited Exceptions: Advance payment of tuition and other expenses (e.g. lab fees and training materials) is authorized either when the training facility renders or refuses to render a billing, or advance payment is indicated in Section G on the DD Form 1556. The purchase log will identify the training facility by name and address and indicate the amount paid to the facility for the advance of tuition.

Limited Exception: Advance payment for periodical subscriptions is authorized when they are made in the name of an agency or organization, but are not allowed in the name of an individual.

**2. Buildings and/or Land Rental or Lease:**

- (a) General Rule: CHs are prohibited from using the purchase card for rental or lease of buildings and/or land for more than 30 days.

**3. Business Cards:**

- (a) General Rule: CHs are not authorized to purchase business cards.
- (b) Limited Exception: A DOD memo dated 28 August 1998 authorizes the printing of business cards using existing software and agency-purchase card stock for use in connection with official activities. That policy was further amended July 15, 1999, to add that purchase of business cards from The Lighthouse for the Blind, Inc., an ABILITY ONE participating non-profit agency, may be made when agencies determine that costs are equivalent or less to purchase cards from that source rather than to produce them on a personal computer. The cardholder is required to check with their agency regulations to determine whether guidance has been issued in this area. Your agency's guidance may be more restrictive than this provision.

**4. Carafe Sets:**

- (a) General Rule: The purchase of carafe sets for serving beverages to guests is prohibited. Items such as glassware, coffee cups, tea sets, etc., are also prohibited.

**5. Cash Advances:**

- (a) General Rule: CHs are prohibited from obtaining a personal identification number (PIN) from U.S. Bank and using their purchase card to obtain cash advances.

**6. Classified and Sensitive Items:**

- (a) General Rule: CHs are not authorized to purchase classified and sensitive items with their purchase card.

**7. Coffee Pots:**

- (a) General Rule: Coffee pots used in a private office are prohibited.
- (b) Limited Exception: Coffee pots in a central kitchen/break area may be authorized. See the Limited Exception in Paragraph 27(b), Personal Purchases below.

**8. Coins:**

- (a) General Rule: Purchase of commemorative coins is not authorized with the purchase card.
- (b) Limited Exception: Purchase of coins for service, achievement, or special recognition pursuant to DA Memo 600-70 or other service regulation is authorized.

9. **Conference/Meeting Rooms Examples include commander's calls, division calls, and awards ceremonies (where no travel costs are incurred):**

- (a) General Rule: Conference Rooms/Meeting rooms are prohibited without prior approval through the agency coordinator to the Washington Headquarters Services (WHS), who has been delegated this authority from GSA. Allow 60 days for this process. (See DODI 5305.5.) Air Force CHs must also comply with the requirements in AFI 32-9010 (soon to change to HOI 32-1). Approvals for conference/meeting room requirements may be requested by contacting the following:

**Army Agency Coordinator**

703-695-4035

703-697-4865

**All Other Agencies Coordinator**

703-695-3207

- (b) Limited Exception: CHs may use the purchase card for Conference/Meeting rooms under \$2,500 if the following conditions are met:

- (1) CH has attempted to find conference space on an existing Government installation and was unsuccessful.
- (2) CH has considered several locations, selecting the one that is most economical.
- (3) For all HQDA activities, conference approval must also be obtained from the Administrative Assistant to the Secretary of the Army, prior to using the purchase card, unless an exception applies. (See DA Memo 1-17.)

10. **Conferences Not Sponsored by Your Agency:** Examples include attendance at commercial conferences or training events.

- (a) General Rule: Prepare a single DD Form 1556 for all attendees from your agency. Use the purchase card for non-travel costs (up to the CH's single purchase limit) if the total costs will not exceed \$25,000.

11. **Conferences Sponsored by Your Agency, which include travel:** Examples include off-site meetings and training or conferences sponsored by your agency.

- (a) General Rule 1: Use the purchase card for the non-travel costs that will not exceed \$3,000. Conference costs include such items as meeting room and audiovisual costs, registration fees, speaker fees, conference-related administrative fees, and similar costs. Ensure the file documentation required by the JFTR/JTR is readily available for review. See JFTR Chapter 2 and JTR Chapter 4.
- (b) General Rule 2. If the non-travel costs exceed \$3,000, forward the requirement to a contracting office for action.

NOTE: DD Form 1556 is used solely for COMMERCIAL training and cannot be used for conferences sponsored by your agency.

12. **Equal Employment Opportunity (EEO) Special Emphasis Programs:**

- (a) General Rule: Purchases of items (including food, brochures, decorations, etc.) in support of EEO observances is prohibited unless your agency's primary mission is EEO.

13. **Equipment, Long-Term Rental or Lease:**

- (a) General Rule: CHs are prohibited from using purchase cards to enter into long-term leases for equipment, i.e., six (6) or more months.

#### 14. Ergonomic Equipment and Accommodating Technology:

- (a) General Rule: Before using agency funds to accommodate an employee with a disability, we recommend you contact the Computer/Electronic Accommodations Program (CAP). CAP is a centrally funded program and provides assistive technology and services for all DOD employees and 63 partner agencies with hearing, visual, dexterity, cognitive and communication impairments, as well as our Wounded Service Members who have been injured in the Global War on Terror. If a person develops a disability due to work-related/ergonomic injuries, CAP can provide the required accommodation if the individual has the appropriate medical diagnosis documentation from a medical professional on the nature, severity and duration of the disability. CAP cannot buy ergonomic related tools for prevention. Your safety office should have the flexibility to do what is best for employees to ensure a safe and healthy work environment. If you have any questions, please contact CAP at 703-681-8813, or e-mail them at [cap@tma.osd.mil](mailto:cap@tma.osd.mil). You can also visit the website at <http://www.tricare.osd.mil/cap> for further information.

#### 15. Explosives, Munitions, Firearms, Toxins:

- (a) General Rule: CHs are not authorized to purchase these items with their purchase card.

#### 16. Flags, Organizational:

- (a) General Rule: Organizational flags must be obtained through an authorized supply source. Generally, there is no charge. Distinguishing flags and organizational colors are accountable property and unless specifically approved, their retention by individuals is prohibited.

**Army Organizational Flags.** Submit a requisition to the U.S. Army Clothing and Heraldry PSID, Philadelphia. The items are free to all Army activities. If the Clothing & Heraldry PSID cannot provide the flag by the required delivery date, the installation commander may authorize local purchase under the provisions of AR 710-2. The organization, at this point, may use the purchase card to procure the organizational flag.

**Air Force Organizational Flags.** Contact SAF/AAF at 703-697-8222 if a replacement Air Force Departmental Flag is needed. Organizational Flags are not authorized for units without a headquarters designation. For other authorized Organizational Flags, mail a current full-scale Institute of Heraldry drawing along with a DD Form 1348-6 to the Air Force Clothing and Textiles office, Defense Supply Center - Philadelphia. The DD Form 1348-6 must include the NSN, a document number (check with your supply office for this number) and a required delivery date.

**Navy Organizational Flags:** This flag is not restricted and can be ordered from the Defense Supply Center Philadelphia (DSCP) through your normal supply channels.

#### 17. Food:

- (a) General Rule: Appropriated funds are not available to pay for food or refreshments. Organizations are highly encouraged to check with their local servicing JAG or attorney's office, before purchasing food, or applying the exceptions listed below. Your agency's guidance may be more restrictive than this provision.

(b) **Limited Exceptions:** An event may qualify for appropriated funding if certain requirements are satisfied and documented. The justification for use of the purchase card under one of these exceptions must be documented in an MFR and signed by an activity director (0-6 or above) or civilian equivalent.

- (1) Light Refreshments at Conferences. Sponsoring Agency/Conference proponent may use its purchase card to purchase light refreshments on breaks at Government sponsored conferences only for government employees on travel orders (IDY status). The purchase card may not be used to purchase refreshments for non-Government employees, or for Government employees who are not on travel orders.
- (2) Meals at Formal Meetings or Conferences. Sponsoring agency may provide a meal at a Formal Meeting or Conference when: 1) the meal would be incidental to the meeting; 2) attendance by employees at the meal is necessary to full participation in the conference or meeting and 3) employees may not take meals elsewhere without being absent from an essential part of the meeting. This exception is limited to formal meetings or conferences, typically organized or sponsored externally, which cover topical matters of general interest to both government and non-government employees. This exception does not apply to purely internal business meetings.
- (3) Training. Sponsoring agency may serve refreshments/meals at training where the food is necessary to achieve the objectives of the training program. The food must be incidental to the training session, i.e., don't conduct training for the purpose of serving a meal. Actual training must be conducted, not just discussions or open forums relating to problems and day-to-day operations of the agency. Attendees would fail to complete the training if they miss the meal.
- (4) Award Ceremonies. Sponsoring agency may serve light refreshments at Award Ceremonies honoring individuals recognized under your Civilian Employee Incentive Award Program. CHs are prohibited from using purchase cards for refreshments at events such as retirement, promotion, PCS and longevity ceremonies.
- (5) Formal Ethnic Awareness Program where food samples relating to the particular ethnicity are served as part of an education program.
- (6) Food and/or refreshments served using Official Representational Funds (ORF) in accordance with AR 37-47 or appropriate agency regulations. Note: Card must be dedicated solely for use of ORF expenditures for this exception to apply.

**18. Fuel, Aircraft:**

(a) General Rule: CHs are prohibited from using their purchase cards for aviation, diesel, gasoline fuel or oil for aircraft.

**19. Fuel, Vehicle:**

(a) General Rule: Vehicle fuel is prohibited.

(b) Limited Exception: The purchase card can be used for fuel for special-purpose vehicles such as a fork lift, tractor, lawn mower, etc.

(c) Limited Exception: The purchase card can be used for fuel for vehicles rented 30 days or less for official purposes.

**20. Furniture and other UNICOR products:**

(a) General Rule 1: Waivers are not required for UNICOR products for requirements not exceeding \$3,000.

(b) General Rule 2: For authorized purchases over \$3,000, before purchasing an item of supply available from UNICOR, conduct market research to determine whether the UNICOR product is comparable to supplies available from the private sector that best meet the Government's needs in terms of price, quality, and time of delivery. If UNICOR offers comparable products, CHs must purchase from UNICOR or obtain a waiver from UNICOR. CHs are not required to purchase from UNICOR and a waiver is not required from UNICOR if you make a comparability determination and decide that the UNICOR product is not comparable in terms of price, quality, or time of delivery, and you then compete the acquisition. Document the file showing the market research conducted and the determination of comparability.

**21. Gifts, Trophies, Plaques, and Mementos as giveaway items for hails & farewells, retirements, change of command ceremonies, conferences or other occasions:**

(a) General Rule: CHs are prohibited from purchasing these items with their purchase card.

(b) Limited Exceptions:

(1) Purchase of items to be given as awards under a bona fide civilian or military awards program pursuant to AR 600-8-22, AR 677-2 or other service regulations.

(2) Purchase of items for recruiting purposes, pursuant to service regulations.

(3) Purchases using a card dedicated solely for ORF expenditures.

**22. Government Employees or Businesses Owned or Controlled by Government Employees, Purchases From:**

(a) General Rule: Purchases from business organizations either owned or substantially controlled by Government employees, either military or civilian, are prohibited.

**23. Information Technology (IT):**

(a) General Rule: All purchases of IT hardware and software must be authorized in advance by the cognizant authority, for example IMCEN, AFPCA, or your agency IT Manager.

(b) Limited Exception: Expendable supplies such as toners, repairs kits, and memory cards may be purchased without written IT authorization.

**24. Membership Fees for Professional Associations:**

(a) General Rule: CHs are not authorized to pay membership fees for ANY professional association in an individual's name.

**25. Organization Day Items (t-shirts, baseball caps, utensils, etc.):**

(a) General Rule: CHs are not authorized to purchase goods that are not necessary in the performance of official duties. Purchase these items using personal funds or an employee collection/fund raiser.

**26. Parking Spaces in the NCR, Leasing:**

(a) General Rule: CHs shall obtain authorization from WHS prior to using the Government Purchase Card to the lease parking space in the NCR. DODI 5305.5 states that NCR Space Coordinators are required to submit "Requests for Parking in Government-leased Buildings/Facilities" to WHS for consideration. Parking space(s) will be acquired for Government-controlled vehicles only.

## 27. Personal Purchases:

(a) General Rule: CHs are prohibited from purchasing items for personal convenience or personal preference with the purchase card. This includes such items as fans and heaters, appliances, luggage/briefcases, clothing, tissues, and seasonal decorations. These items should be purchased through employee collections and/or personal funds.

(b) Limited Exception: Appliances in central kitchen/break areas. A Comptroller General opinion authorizes the purchase of appliances for central kitchen areas. Upon written approval of an activity director (0-6 or above) or civilian equivalent, CHs may procure a refrigerator, microwave or coffee maker for a common use kitchen area. The activity director approving the purchase must determine that the purchase promotes efficient operations of the agency, health of personnel, and/ or safety of employees, such that the primary benefit of the use of these appliances accrues to the benefit of the agency.

(c) Limited Exception: Activities may procure special uniforms (e.g., flight suits, desert battle dress uniforms and insignia) not included as regularly issued uniforms paid by individuals from a clothing allowance, as directed by commanders or other competent authority in accordance with the guidance in Air Force Instruction 65-601, Army Common Table of Allowances 50-900, Clothing and Individual Equipment, Table 4, or other service regulations.

## 28. Pesticide:

(a) General Rule: Purchases of all commercial pesticides and all commercial pest control services, including micro-purchases below \$3000 is prohibited unless prior authorization is received from the designated Pest Management Consultant (PMC) through the appropriate Director of Public Works (DPW), and Installation Pest Management Coordinator (IPMC). Such requests submitted to the responsible IPMC will include a specification describing the type of pest control services required, to include copies of the contractor's license, certification numbers of the applicators, a listing of the pesticides to be applied during the term of the contract, quality assurance plan, and in the case of termite control, a warranty. All of these items will be included in the contract. PMC's will assist the IPMC to ensure that service providers are properly licensed, that each applicator has a commercial pesticide applicator certification and that pesticides are state registered.

(b) Limited Exceptions:

(1) Purchases of pesticides (such as insecticides, rodenticides, herbicides, fungicides, wood preservatives, repellents, etc.), pesticide application equipment, and services that include pesticide application will be executed in strict accordance with AR 200-5, Pest Control Services.

(2) Purchases of pesticides and skin/clothing repellents or pest control services to control potential disease vectors (e.g. mosquitoes or ticks) will be approved in advance by an appropriate Center for Health Promotion and Preventive Medicine (CHPPM) entomologist.

(3) The list of pre-approved pesticides for recurring requirements will be documented in the installation's Integrated Pest Management Plan (IPMP). This IPMP is approved by the Garrison

Commander and administrated by the IPMC. The IPMP addresses all requirements for safe, compliant procurement as well as storage, mixing, application, disposal, and reporting pest control operations.

**29. Postage:**

(a) General Rule: CHs are prohibited from purchasing postage stamps with their purchase card unless they do not have access to a nearby DOD Post Office. CHs should utilize the DOD Post Office for postage purchases, if available.

**30. Printing Services:**

(a) General Rule: FAR Part 8.802 states “Government printing must be done by or through the Government Printing Office.” DAPS is the mandatory source for all printing/reproduction services. The Government Purchase Card cannot be used to acquire printing and reproduction services directly from a commercial vendor unless a waiver has been granted from your agency point of contact below. Coordinate all of your requirements with the following agency points of contact:

Army USAPD - 703-428-0574 or 703-428-0575

Navy – 202-433-2717/3811

Air Force – 703-697-3342

(b) Limited Exception: Cardholders are authorized to use appropriated funds for change of command services for heads of the organizations. Examples include invitations, envelopes etc. All other invitations are unauthorized.

**31. Shredder:**

(a) General Rule: CHs located in the Pentagon reservation are prohibited from purchasing shredders, without express approval of the Pentagon Force Protection Agency – Security Services Directorate (PFPA-SSD), due to the availability of incinerator service. PFPA-SSD will accept requests for exception to policy for the purchase of shredders on a case-by-case basis. Requests must include a narrative justification for the exception. Additionally, other activities located in the greater NCR must use the PFPA-SSD incinerator pick-up service to destroy classified and other sensitive documents. The PFPA-SSD operates a pick-up service at pre-determined locations throughout the NCR. To either seek approval to purchase a shredder (Pentagon location), or to schedule pick-ups of classified or sensitive documents (NCR location) contact the Information Security Specialist, at 703-697-6247.

**32. Stationery, Personalized:**

(a) General Rule: Stationery personalized with an individual’s name is unauthorized.

(b) Limited Exception: Printing of stationery using local printing funds is authorized providing it contains only the organization name, office title, installation, city, state and zip code.

**33. Telecom and Wireless Services:**

(a) General Rule: CHs shall contact DTS-W (or their local equivalent agency with oversight of telecom contracts) to see if service can be paid from existing contracts. For further information in the NCR, contact

CCE Contracting, Telecommunications, at 703-602-3684. Per the Army SOP, if the estimated yearly requirement is over \$3,000, there needs to be a contract in place for orders to be paid for with the Government Purchase Card.

**34. Third Party Payments: (*Money Transfer Services*)**

(a) General rule: CHs are prohibited from making payment to a third-party merchant, such as PayPal®Purchases or c2it by Citibank. In those instances where it is identified that the purchase will be processed through a third-party merchant, the CH should choose another vendor with whom to procure the goods or services.

**35. Travel-related Purchases:**

(a) General Rule: CHs are prohibited from using the purchase card to pay for travel and travel-related expenses, such as air fare and hotel charges.

(b) Limited Exception: CHs may use the purchase card to purchase Metro fare cards or EZ Pass cards for use in official government travel.

**36. Uniforms:**

(a) General Rule: CHs are prohibited from purchasing uniform items.

(b) Limited Exception: Activities may procure special uniforms (e.g., flight suits, desert battle dress uniforms and insignia) not included as regularly issued uniforms paid by individuals from a clothing allowance, as directed by commanders or other competent authority in accordance with the guidance in Air Force Instruction 65-601, Army Common Table of Allowances 50-900, Clothing and Individual Equipment, Table 4, or other service regulations. Air Force Instruction 65-601v1: Deployment orders should be accompanied by supporting documentation for additional items.

**37. Vehicle Lease, Long-Term:**

(a) General Rule: CHs are prohibited from entering into contracts for rental/lease of motor vehicles.

(b) Limited Exception: Authorization may be granted for official nonrecurring government functions for no more than 30 days.

**38. Vehicle Repairs, Leased:**

(a) General Rule: CHs are prohibited from using their purchase cards for GSA-leased vehicle expenses including repairs, maintenance, car washes, accessories, tinted windows, etc. CHs should utilize their GSA Fleet or Voyager cards for these expenses.

(b) Limited Exceptions:

(1) For vehicles leased from organizations other than GSA, vehicle repairs not covered by the leasing agreement may be charged to the purchase card.

(2) The purchase card may be used to purchase EZ Pass for tolls for official government vehicles as well as registration fees and license plates.

(3) Cell phone accessories that are used in vehicles are not considered vehicle expenses and thus may be purchased using the purchase card.

**39. Water Services, Bottled:**

(a) General Rule: CHs are prohibited from purchasing bottled water and/or bottled water service with their purchase card.

(b) Limited Exception: If an agency has a report from an outside water-testing agency determining that the drinking water is harmful if consumed, bottled water may be purchased.

**EXAMPLES**

The items listed below are restricted and unauthorized purchases using the purchase card. This list is not all-inclusive, and there may be some limited exceptions to the general rule on a few of the items. The list provides you with a variety of categories of unauthorized transactions.

Abusive purchases at excessive cost or excess quantities	Advance Purchases	Alcoholic beverages	Antiques
Appropriation law violations	Ash trays	Bona-fide need violations	Bonds, Savings
Briefcases	Carafe sets	Cash advances	CDs
Cell phone charges that are improper (wrong plan for your use) and/or excessive	Certificates, gift	China or crystal	Cigars
Classified or controlled cryptographic items	Clothing, personal	Convenience checks above \$2,500	Convenience checks made payable to a vendor who accepts the Government Purchase Card
Cosmetics	Costumes	Cutlery, silverware	Decorations, seasonal, not in a common area

Does not serve a legitimate government purpose	Exceeds your single purchase limit	Excess property	Exercise equipment
Fans	Firearms	Fuel for personal vehicle	Furniture not in keeping with the office environment and not justified by position/grade level
Gambling, casino or horse race betting	“Gold-plated” purchases	Government employees, purchases from	Government use intended, but is not authorized by law, regulation or policy
Groceries	Hazardous/dangerous items such as explosives and toxins	Heaters	Immediate delivery unnecessary
Inappropriate procurement method	Invitations for a change of command ceremony	Jackets, cold weather pilot jackets	Jewelry
Land or building rentals or leases exceeding 30 days	Leased-vehicle or personal car repairs	Mandatory source violations	Memberships fees for professional organizations
Mementos	Munitions	Party supplies	Personal bills
Personal services - paying taxes, court costs, etc.	Pictures not related to your agency’s mission	Planners from a non-ABILITY ONE source, e.g. Franklin Covey®, Day- Timers®, etc.	Plants or flowers, real or artificial, or maintenance services for them
Radios	Raincoats	Repetitive/recurring purchases that total above \$3,000	Restaurant purchases

Salaries, wages, or travel claims	Santa suits	Shredders bought for use at the Pentagon	Split requirements
Suitcases, garment bags, duffel bags	Sunglasses	Taxidermy services	Telecommunications systems
Tissues, facial	Travel related purchases	Tree	Utility services
Vehicle expenses for leased vehicles	Wood, untreated		

## 13. CONVENIENCE CHECKS

A convenience check is a method of payment for purchases from the small number of vendors who do not accept the purchase card. A U.S. Bank convenience check account is available to any organization that maintains an active purchase card account in good standing.

### *a. GENERAL RULES*

1. General ground rules when using the convenience check include the following:
  - (a) Prior to issuing a convenience check, its use must be determined to be advantageous to the Government, after evaluating all alternatives;
  - (b) Convenience checks will not be used to avoid the normal Government Purchase Card payment process;
  - (c) The paying activity must make every effort to use the Government Purchase Card prior to issuing a check;
  - (d) The paying activity must make every effort to find and use merchants that accept the Government Purchase Card;
  - (e) The check writer must obtain all information necessary for completion of IRS Form 1099-MISC (see paragraph b, below);
  - (f) Check writers are required to enter all checks for supplies and services into the 1099-Misc Tax Reporting Program; and,
  - (g) Convenience checks will not be issued for more than the single purchase limit as authorized in the check holder delegation letter. In addition, multiple checks cannot exceed the check writers authorized single purchase limit. The account will be closed if you exceed your single purchase limit.
2. Examples of prohibited purchases:
  - (a) Payment of salaries and wages;
  - (b) Travel advances or any other advances;
  - (c) Payment of travel claims;
  - (d) Payment of public utility bills;

- (e) Purchases from contractors or contractor's agents who are military personnel or civilian employees of the Government;
  - (f) Repetitive purchases from the same contractor when another method of purchase, such as the Government Purchase Card or a blanket purchase agreement, would be appropriate;
  - (g) Payment of "on the spot" awards;
  - (h) Purchases that would be prohibited with the Government Purchase Card; and,
  - (i) The check writer must not make purchases on behalf of a purchase card account that is suspended or is not in good standing.
3. Convenience checks will be pre-numbered, and a separate convenience check purchase log will be maintained with each account.
  4. The issuing activity is responsible for all administrative costs. The total purchase amount plus the program fee must be accounted for in the check writer's log. (The current program fee for convenience checks is 1.7% of the face value of the check.) All program fees as well as any charges for stop payments, check copies, etc., must be accounted for in the purchase log.
  5. Convenience checks will not be issued as an "exchange for cash" vehicle to establish cash funds.
  6. If a vendor issues a credit or refund by cash or check, the funds must be immediately credited back to the account from which the payment was originally made.
  7. Checks are negotiable instruments and must be stored in a locked container, such as a safe or locking filing cabinet. Checks will be carefully accounted for to prevent loss, theft or potential forgery. In the event of loss, theft, or suspected forgery, the check writer will immediately notify the bank, the BO, and the APC.
  8. Copies of voided checks shall be retained as a part of the account holder's original documentation files. (The carbonless copy of the check in the checkbook does NOT satisfy this requirement.)
  9. A BO will be assigned for each convenience check account. The BO accepts financial liability for payments made using the convenience checks.
  10. Internal controls must be in place to avoid duplicate payments.
  11. Convenience check accounts will be reviewed unannounced on a quarterly basis. A sample checklist is included at paragraph e., below.

*b. IRS FORM 1099-MISC DATA*

1. Check writers are required to obtain access to the 1099-MISC Tax Reporting Process. This data will be used to process IRS 1099-Misc forms. New users need to complete two system access forms, the System Authorization Access Request (SAAR), DD Form 2875 and the Defense Finance and Accounting Service 1099-Misc Tax Reporting Program System Access Form, DD Form 2869. The old version of the System Access Request Form (SAAR), DISA form 41, is obsolete. Use the DD Form 2875 instead. You can find the DD Form 2875 at the website <http://www.dtic.mil/whs/directives/infomgt/forms/ddforms2500-2999.htm> or at a link titled, "System Access Request Forms" on the DFAS website, <https://dfas4DOD.dfas.mil/systems/1099>. Upon completion of the form, fax it to the DFAS Tax office at 614-693-5452 or e-mail it to [cco.checks@dfas.mil](mailto:cco.checks@dfas.mil).

2. Required information includes the merchant's full legal name, complete legal mailing address, telephone number, tax identification number or social security number, amount and date of transaction.
3. Payments should be entered into the system at the time the check is issued. Do not try to accumulate and input all the information in December.
4. If the payment is not entered by 31 December, the check writer's agency is responsible for issuing the IRS Form 1099-MISC to the merchant. No extensions to this deadline are available.
5. Contact your APC for your password and any assistance you need to enter your check data into the DFAS program.

c. ESTABLISHING CONVENIENCE CHECKS

1. A request to establish a convenience check account will be submitted in writing by the agency's commander/director to the APC.
2. The required information includes:
  - (a) Check writer's and BO's complete names;
  - (b) Complete office name and address;
  - (c) E-mail address, phone & fax numbers;
  - (d) Single Purchase Limit;
  - (e) Monthly Purchase Limit;
  - (f) Type of vendors to whom the checks will be written; and,
  - (g) Estimated annual dollar amount of usage of convenience checks.

d. DISPUTES/STOP PAYMENTS/COPIES

1. The Government Purchase Card dispute process with US Bank is not available for convenience checks. Any concerns over a purchase made with a check must be resolved directly with the merchant. The check writer is responsible for securing restitution and/or credit for disputed purchases. U.S. Bank will not accept the CSQI form for purchases made with the convenience check. Each agency is responsible for checks written on its account(s) unless it is determined that fraud is involved.
2. If the check has not yet been posted to an account, payment can be stopped. To request a stop payment on a check, call U.S. Bank Customer Service at 888-994-6722. The stop payment will be in place for six (6) months, and the bank may charge a fee. If the check has already posted to the account, a request to stop payment cannot be honored.
3. Copies of posted checks are retained on file at U.S. Bank for 3-1/2 years. If a check copy is needed, it will be mailed within 14 calendar days of request. A fee may be charged.
4. The check is not posted to your agency's account until the payee presents it for payment. This may occur in a later billing cycle. When a check is presented to U.S. Bank for payment, there must be enough funds in the

monthly purchase limit and office limit to cover the check. In addition, a check cannot exceed the single purchase limit assigned to the account. If any of these limits are exceeded the bank may return the check unpaid for non-sufficient funds, and assess a fee. The check writer will need to contact the payee to re-issue the check.

*e. CONVENIENCE CHECK REVIEW CHECKLIST*

1. Confirm training documentation for check writer.
2. Confirm Letter of Delegation for check writer.
3. Does the check writer have access to the DFAS 1099 Tax Reporting Program?
4. Does the check writer log all check purchases that include the acquisition of services into this program no later than 31 December each year?
5. Does the check writer make every effort to find and use a vendor who accepts the purchase card?
6. Is a separate convenience check purchase log maintained? (This can be a manual or C.A.R.E. log.)
7. Does the check writer account for the program fee and any other fees for check copies, non-sufficient funds or stopping payment on a check in the purchase log?
8. Are internal controls in place to avoid duplicate payments?
9. Are checks accounted for and stored in a locked container?
10. Are duplicate copies of voided checks retained as a part of the original documentation files? (“Carbon copy” from duplicate checks is NOT sufficient.)
11. Does the check writer ensure no prohibited purchases are made? Prohibited purchases include:
  - (a) Payment of salaries and wages;
  - (b) Travel advances or any other advance;
  - (c) Payment of travel claims;
  - (d) Payment of public utility bills;
  - (e) Purchases from contractors or contractor’s agents who are military personnel or civilian employees of the Government;
  - (f) Repetitive purchases from the same contractor when another method of purchase, such as a purchase card or BPA, would be appropriate;
  - (g) Payment of “on the spot” awards; and,
  - (h) Other purchases prohibited under the Government Purchase Card program.

## 14. CARDS WITH A \$25,000 SPL

Certain agencies may have a need to make purchases above the micro purchase limit. A request may be made to increase your single purchase limit up to \$25,000 with certain limitations. The GSA Smartpay purchase card usage is limited to the following:

- a. **Open Market purchases of products below the micro purchase limit of \$3000.**
- b. **Open market purchases of services below \$2500. For services above \$2500 contact your agency program coordinator.**
- c. Payment of invoices and ordering supplies and non-personal services below \$25,000 from:
  - i. Federal Supply Schedule (FSS) contracts;
  - ii. Other Government Wide Area Contracts (GWACs); or
  - iii. Previously awarded Blanket Purchase Agreements (BPAs) or Indefinite Delivery, Indefinite Quantity (IDIQ) contracts, under which terms your activity is specifically named as an ordering activity.
  - iv. Commercial training requests using the DD Form 1556.

Only current CHs in good standing that have demonstrated compliance as evidenced by past reviews and history will be considered for the higher limit. CHs must have six (6) months of purchasing experience with CCE, and the CCE Review Branch may conduct a review of your account prior to issuance of the higher single purchase limit if the managing account has not been reviewed in the last six (6) months. This six (6) month requirement does not apply to training cards. The review results will impact your ability to obtain the higher single purchase limit.

Unlike micro-purchases which may be awarded to any size business without soliciting competitive quotations, these transactions require competition by obtaining three quotes and a determination that each purchase price is fair and reasonable. In addition, each acquisition of supplies or services that has an anticipated dollar value exceeding the micro purchase limit and not exceeding \$25,000 is reserved exclusively for small business concerns and shall be set aside for small business concerns. The below explains the process to obtain the \$25,000 card.

a. PROCESS FOR OBTAINING HIGHER SPL

Selected CHs are authorized to purchase goods and services under existing contracts up to \$25,000 and/or commercial training using the DD Form 1556 up to \$25,000. CHs must not make any purchases that exceed their written delegation of authority from CCE.

1. If a CH requires a Single Purchase Limit (SPL) greater than \$3,000, the following steps are required to receive authorization:
  - (a) The CH must have had a purchase card for at least six (6) months from CCE.
  - (b) The managing account must be in good standing as reflected in the latest CCE review.
  - (c) **Advanced training. The BO, ABO, and CH must obtain additional training prior to approval and authorization of the higher single purchase limit:**
    - (1) Non-acquisition personnel (personnel not in the 1102 contracting series) who are located in the NCR will be required to attend the CCE Advanced Purchase Card Training. This course is conducted monthly by CCE. E-mail us at [gsasmartpay@hqda.army.mil](mailto:gsasmartpay@hqda.army.mil) to request this training.
    - (2) For non-acquisition personnel located outside the NCR or acquisition personnel not assigned to CCE, CON 237 (Simplified Acquisition Procedures) is required. There is no pre-requisite for this class, and it is offered on-line through DAU. See Chapter 3 for more information on registering for DAU courses.
    - (3) **Refresher training for this card must be completed annually by the BO, ABO, and CH.**
    - (4) For activities outside the NCR, an option of taking the training via Video Teleconferencing is available.
  - (d) The agency must submit a memo signed by the agency commander or director requesting an increase from the micro purchase card limit. The memo needs to include the names of the billing official and alternate billing official. Attached to the memo must be copies of the training certificates indicating that the BO, ABO, and CH have completed Advanced Purchase Card Training within the past 12 months.
  - (e) CCE will prepare and forward a new Letter of Delegation for the CH listing the increased SPL and the limitations of authority for these purchases. This Letter of Delegation provides legal authority to make purchases in excess of the micro purchase limit not exceeding \$25,000. CHs must not make any purchases in excess of the micro purchase limit prior to receipt of this letter. CHs must not make any purchases that exceed their delegation of authority.

(f) The graph below illustrates some of the differences between the rules and regulations, which govern micro-purchases versus simplified acquisitions.

MICRO-PURCHASES	SIMPLIFIED ACQUISITIONS (up to \$25,000)
Fair and Reasonable Price determination not required in writing	Fair and Reasonable Price determination must be in writing
Must screen for mandatory sources	Must screen for mandatory sources
After screening for mandatory sources, you may purchase from the open market on a sole source basis	* After screening for mandatory sources, <b>you cannot purchase from the open market. You must purchase from an existing contract. No sole source purchase may be made on the open market</b>
Competition not required - 1 quote	Competition required - 3 quotes
Use of a small business not mandatory	Use of small business mandatory unless an exception applies
Sole source justification not required	Sole source justification required
Must rotate vendors	Must rotate vendors
Convenience checks authorized	Convenience checks unauthorized
UNICOR (FPI) waiver not required	UNICOR (FPI) comparability study required

*b. GENERAL RULES*

1. Do not make open market purchases. Definition of open market purchase = not ordered from an existing contract, Federal Supply Schedule contract, or BPA. **There is no authority to make open market purchases above the micro purchase limit with the purchase card regardless of any market research. The only exception is for commercial training courses using the DD Form 1556.**
2. Use mandatory sources. See Chapter 11 for more information.
3. Use existing government contract. You may place orders against an existing, valid government contract. The CH must ensure that the contract is current and will not expire prior to the completion of performance. You are authorized to use the Government Purchase Card in an amount not to exceed \$25,000 per requirement to order supplies and non-personal services only from the contract types listed below:
  - (a) Federal Supply Schedule contracts;
  - (b) Other Government Wide Area Contracts (GWACs); or,
  - (c) Previously awarded BPAs or IDIQ contracts, under which terms your activity is specifically named as an ordering activity.

*c. COMPETITION REQUIREMENTS*

1. Activities must promote competition for purchases above \$3,000. Obtain at least three quotes. **DO NOT** mix solicitations between small and large businesses or include open market solicitations with those against existing Government contracts.
2. Competition is required even when the product or service is on a Federal Supply Schedule.

3. It is the policy of the government to provide maximum practicable opportunities in its acquisitions to small business, veteran-owned small business, service-disabled veteran-owned small business, HUB-Zone small business, small disadvantaged business, and women-owned small business concerns. Small business concerns shall be afforded an opportunity to compete for all contracts that they can perform.
4. Competition is required when ordering from a BPA or IDIQ contract that was awarded as part of a Multiple Award Contract. You must ensure all vendors included in the multiple award have a “fair opportunity” to compete. In most cases, by obtaining at least three quotes a “fair opportunity” can be assumed.
5. FAR Part 7.202 requires agencies to procure supplies in such quantity as:
  - (a) Will result in the total cost and unit cost most advantageous to the Government, where practicable; and,
  - (b) Does not exceed the quantity reasonably expected to be required by the agency.
6. FAR Part 13.104 requires the CH to promote competition. The CH must not:
  - (a) Solicit quotations based on personal preference; or,
  - (b) Restrict solicitation to suppliers of well-known and widely distributed makes or brands.

*d. PRICE REASONABLENESS DETERMINATION*

A fair and reasonable price is a price that is fair to both parties, considering the agreed-upon conditions, promised quality, and timeliness of performance/delivery. Prices are affected by factors that include, but are not limited to, speed of delivery, length and extent of warranty, limitations of seller’s liability, quantities ordered, length of the performance period, and specific performance requirements. The CH must ensure that contract terms, conditions, and prices are commensurate with the Government’s need.

1. CHs must purchase supplies and services from responsible sources at fair and reasonable prices. In establishing reasonableness of the offered prices, the CH must not obtain more information than is necessary. Do not solicit more bids than necessary to obtain the three quotes to establish adequate price competition.
2. The CH is responsible for obtaining information that is adequate for evaluating reasonableness of the price.
3. Normally, competition establishes price reasonableness.
4. Micro-Purchase Documentation (FAR 13.202). The administrative cost of verifying the reasonableness of the price of purchases at or below the micro-purchase threshold may more than offset potential savings from detecting overpricing. Action to verify price is only required when you:
  - Suspect or have information to indicate that the price may not be reasonable (e.g., comparison with previous prices or personal knowledge).
  - Purchase an item for which no comparable pricing information is readily available (e.g., a supply or service that is not the same as or similar to other supplies or services that you have recently purchased on a competitive basis).
  - Since there is no requirement for price analysis, no pricing documentation is required unless you must take action to verify price reasonableness. Award demonstrates an affirmative decision that the price is reasonable. When you must take action to verify price reasonableness, documentation should be sufficient

to establish price reasonableness. If you award to other than the low quoter, you must explain your award decision.

5. Other Simplified Acquisition Documentation (FAR 13.106-3) (All 25K Purchases). 25K purchases require a determination that the price is reasonable:

- Whenever possible, base your determination on comparisons with competitive quotations or offers.
- If you only receive one quote, include a statement of price reasonableness in the contract file. The statement may be based on:
  - Market research;
  - Comparison of the proposed price with prices found reasonable on previous purchases;
  - Current price lists, catalogs, or advertisements;
  - A comparison with similar items in a related industry
  - Value analysis;
  - Personal knowledge of the item being purchased;
  - Comparison to an Independent Government Estimate; or
  - Any other reasonable basis.

Your documentation must also include:

- All quotes
  - If an oral solicitation is used, include an informal record of the suppliers contacted, oral price quotations, and other terms and conditions.
  - If a written solicitation is used, include an abstract or note to show prices, delivery, references to printed price lists used, the vendor or vendors contacted, and other pertinent data.
- If you do not have adequate price competition, describe the analysis used to determine price reasonableness.
- If you only solicit one source, explain the absence of competition, unless the contract is for utility services available from only one source.
- When you consider criteria other than price-related factors in selecting the supplier, document the rationale used in making your final award decision. Be sure to explain the role that price analysis played in your decision.
- The checklist, Transactions over the micro purchase limit up to \$25,000, at the end of this chapter must be used and included in your file documentation.
-

***e. DOCUMENTATION REQUIREMENTS***

The following documentation is mandatory for all purchases over the micro purchase limit.

1. Quote sheet.
2. Award decision memo including price reasonableness determination.
3. Invoices and receipts, annotated by the vendor, with the contract number.
4. Sole Source Justification, if applicable.
5. Justification for Purchase from Other than a Small Business, if applicable.

***f. SMALL BUSINESS***

The Small Business Act is the authority under which the Small Business Administration (SBA) and agencies consult and cooperate with each other in formulating policies to ensure that small business interests will be recognized and protected. It is the policy of the Government to provide maximum practicable opportunities in its acquisitions to small businesses, veteran-owned small businesses, service-disabled veteran-owned small businesses, HUB-Zone small businesses, small disadvantaged businesses, and women-owned small businesses.

1. Each acquisition of supplies or services that has an anticipated dollar value between \$2,500 and \$25,000 is automatically reserved exclusively for small business concerns and shall be set aside for small business.
  - Exception: The set aside does not apply if the CH determines there is not a reasonable expectation of obtaining offers from two or more responsible small business concerns. In addition, this does not apply for mandatory sources.
2. If the CH does not proceed with the small business set-aside and purchases from a large business, the CH shall provide justification in the file.
3. If the CH receives only one acceptable offer from a responsible small business concern in response to a set-aside, the CH should make an award to that firm.
4. If the CH receives no acceptable offers from responsible small business concerns, the set-aside shall be withdrawn and the requirement, if still valid, shall be re-solicited to large businesses against an existing contract.
5. Require each prospective contractor to represent whether it is a small business, veteran-owned small business, service-disabled veteran-owned small business, HUB-Zone small business, small disadvantaged business or women-owned small business concern.
6. To be eligible for award as a small business, an offeror must represent in good faith that it is a small business at the time of its written representation.

## DOCUMENTATION REQUIREMENTS

STEP	TRANSACTION	DOCUMENTATION - ACTION
1	<b>Establish Legitimate Government Need</b>	<ul style="list-style-type: none"> <li>* Purchase Request or Supply Order Form with Signatures</li> <li>* B.O. Approval Signature - E-mail Approval Acceptable</li> <li>* Obtain any special approvals/waivers</li> <li>* <u>Authorized Transaction</u>: Lawful, Legitimate, Bonafide, Minimum Govt Need at a Fair and Reasonable Price</li> </ul>
2	<p style="text-align: center;"><u>Order Placement</u></p> <ol style="list-style-type: none"> <li>1. Quote Sheet</li> <li>2. Award Decision</li> <li>3. Price Reasonableness Determination</li> <li>4. Small Business</li> <li>5. Sole Source Documentation</li> <li>6. Appropriate Clause Must be in Contract</li> </ol>	<p><b>Forms</b></p> <ul style="list-style-type: none"> <li>* <u>Quote Sheet</u> - list vendors, salient characteristics, quantities, price</li> <li>* <u>Award Decision</u> - document the rationale for selection of the vendor</li> <li>* <u>Price Reasonableness Determination</u> - why price is fair/reasonable</li> <li>* <u>Justification for Purchase From Other than a Small Business</u></li> <li>* <u>Sole Source Justification Memo</u></li> <li>* <u>Actions to perform when Placing an Order</u> <ul style="list-style-type: none"> <li>- Verify Funding Available, Update Purchase Log</li> <li>- Screen for Mandatory Sources, Identify Small Business</li> <li>- Promote competition, rotate vendors, avoid split purchases</li> </ul> </li> <li>* <u>Confirmation Order from Vendor</u> <ul style="list-style-type: none"> <li>- ensure no sales tax charged, a single delivery</li> <li>- no backordered items, clarify return policy</li> </ul> </li> <li>* <u>Vendor may charge the Card</u> <ul style="list-style-type: none"> <li>- Supplies = after shipment</li> <li>- Services = after performance and Government acceptance</li> </ul> </li> <li>* <u>Appropriate Clauses</u> <ul style="list-style-type: none"> <li>- 52.232.36 “Payment By Third Party” – when method of payment is GPC</li> <li>- 52.213-2 “Invoices” - for Advance Payments For Subscriptions</li> </ul> </li> </ul>
3	<b>Independent Receipt &amp; Acceptance</b>	<ul style="list-style-type: none"> <li>* Receive a Packing Slip, VISA Slip, Sales Slip, or Invoice from Vendor/Receiving Warehouse, to ensure proof of delivery and that the goods or services purchased conform to the requirement</li> <li>* Obtain detailed itemized Invoice</li> <li>* Screen for Accountable Property and notify PBO</li> <li>* Govt Acceptance: Signature by someone other than cardholder</li> </ul>
4	<b>Dispute Resolution</b>	<ul style="list-style-type: none"> <li>* Resolve any disputes or disputed items with Vendor</li> <li>* Unresolved dispute over 30 days, initiate the dispute in C.A.R.E. or forward CSQI Form to Bank</li> <li>* Contact APC if necessary</li> </ul>
5	<b>Payment</b>	<ul style="list-style-type: none"> <li>* Cardholder Statement Reconciliation</li> <li>* Billing Statement Certification within 5 days of cycle end date</li> <li>* Bulk Funding Update</li> <li>* Verify last Billing Statement was paid</li> </ul>
6	<b>Records Retention</b>	<ul style="list-style-type: none"> <li>* Retain records for 6 years and 3 months</li> <li>* Ensure records are readily accessible for review</li> </ul>

*g. SOLE SOURCE PURCHASES*

**CHs do not have the authority to purchase sole source requirements on the open market above \$3,000. If you have a sole source requirement above \$3,000 and no existing contract or Federal Supply Schedule can meet your requirement, forward the requirement to CCE or your servicing contracting office.**

1. **“Sole source acquisition”** means a contract for the purchase of supplies or services that is entered into by an agency after soliciting and negotiating with only one source. **Sole source purchases above \$3,000 must be against an existing contract only.**
2. A CH cannot place a sole source order above \$3,000 without first:
  - (a) Providing adequate and reasonable justification.
  - (b) Certifying the accuracy and completeness of the justification.
  - (c) Obtaining any approvals required. Technical and requirements personnel are responsible for providing and certifying necessary data to support their recommendation.
3. **Acceptable Sole Source Justifications:**
  - (a) The agency need for the supplies is so urgent that providing a fair opportunity for competition would result in unacceptable delays. Must document in the file.
  - (b) Only one awardee is capable of providing the supplies or services required at the level of quality required because the supplies or services ordered are unique or highly specialized. Must document in the file.
  - (c) The order must be issued on a sole source basis in the interest of economy and efficiency as a logical follow-on to an order already issued. This exception is not applicable for annual requirements (can't use to renew services year after year). Must document economy and efficiency in the file.
4. **Unacceptable Sole Source Justifications:**
  - (a) A lack of advance planning by the requiring activity, or,
  - (b) Concerns related to the amount of funds available (e.g., funds will expire) to the agency or activity for the acquisition of supplies or services.

Justification must contain sufficient facts and rationale to justify the use of the specific authority cited. Justification shall include the following information.	
1	Identification of the agency and the document as a sole source justification.
2	Description of the supplies or services required to meet the agency's needs.
3	Identification of the exception which permits the sole source.
4	Explain why you need to sole source.
5	A description of the market research conducted to identify sources and the results.
6	A statement of the actions, if any, the agency may take to remove or overcome any barriers to competition before any subsequent acquisition for the supplies or services required.
7	Certification that the justification is accurate and complete to the best of the cardholder's knowledge and belief.

*b. PAYMENT FOR TRAINING UP TO \$25,000*

1. The purchase card is the authorized method of payment for all commercial training requests using the DD Form 1556 (Request, Authorization, Agreement, Certification of Training and Reimbursement) valued at or below \$25,000.
2. The total price of the training authorized by the use of a DD Form 1556 may not exceed \$25,000. Include all students being placed into a course and any other costs charged by the vendor to determine the total amount of a training requirement.

*i. ADDITIONAL REPORTING REQUIREMENTS*

In the C.A.R.E. transaction log, the Contract Number and Business Size (large or small) will be entered in the Comment block in addition to the description of the item(s) purchased. This is needed for Contract Action Reporting.

j. CHECKLIST FOR TRANSACTIONS OVER \$3,000 UP TO \$25,000 ACCOUNTS

25K CHECKLIST		YES	NO	N/A
1  <b>ACQUISITION            PLANNING</b>  FAR 13.101 FAR Part 8	<p><b>Funding Adequate</b> - Requirements must not be broken down into several purchases or artificially reduced to smaller quantities to avoid regulatory thresholds or delegated authority limits.</p> <p>1. Use <b>Bulk Funding</b> to the maximum extent practicable (FAR 13.101)</p>			
	<p><b>Market Research Adequate:</b> The office initiating the purchase is responsible for identifying the need, describing the requirement, obtaining any required commodity approvals, and assisting as needed in technical evaluation of offered products and services.</p> <p><b>Sources</b></p> <ul style="list-style-type: none"> <li>- Must promote Small Business</li> <li>- Must screen for mandatory sources such as:               <ul style="list-style-type: none"> <li>_____ Agency Inventory or Excess property</li> <li>_____ UNICOR Comparability</li> <li>_____ ABILITY ONE</li> <li>_____ Army BPA</li> <li>_____ FSS</li> <li>_____ Mandatory Contract: e.g. ADP, IT, Army Small Computer Program</li> <li>_____ DAPS</li> </ul> </li> </ul> <p><b>- Identify Deliverables</b></p> <p><b>- Identify any Quantity Discounts or Price Breaks</b></p>			
	<p>CHs are authorized to buy supplies and services that:</p> <ul style="list-style-type: none"> <li>* Support the agency mission</li> <li>* are purchased at a fair and reasonable price</li> <li>* and are not prohibited by law or regulation</li> </ul>			
	<p>Agencies are required by 10 U.S.C. 2384(a) and 41 U.S.C. 253f to procure supplies in such quantity as:</p> <p>(1) Will result in the total cost and unit cost most advantageous to the Government, where practicable; and</p> <p>(2) Does not exceed the quantity reasonably expected to be required by the agency. e.g. Year end buys</p>			
	<p><b>THERE IS NO AUTHORITY TO MAKE OPEN MARKET PURCHASES ABOVE \$3,000 REGARDLESS OF ANY MARKET RESEARCH - Only exception is commercial training courses using DD Form 1556</b></p>			

25K CHECKLIST			YES	NO	N/A
2	JUSTIFICATIONS AND APPROVALS	<p><b>1. Establishment of the Legitimate Government Need - (Description of Agency Need)</b> - The description of agency need must contain sufficient detail for cardholders to know which commercial products or services may be suitable. Describe the type of product or service and explain how the agency intends to use the product or service in terms of function to be performed, performance requirement or essential physical characteristics.</p> <p><b>2. Authorization and Approvals must be obtained to include signatures and waivers.</b> The following Items require pre-purchase approval from your activity or other organization, as appropriate (See Chapter 12 of PCOP):- Hazardous Material - Advertising – Printing - Video Information - IT - Ergonomic-related - Short term rentals - Food and Refreshments - Wood Packaging Material (WPM)</p>			
3	SMALL BUSINESS FAR 13.003	<p>Govt must provide maximum practicable opportunities to small business concerns.</p> <p><b>Justification for Dissolving Small Business Set-Aside</b></p> <p><b>This purchase was not set-aside for small business because (check one):</b></p> <p>_____ <b>Mandatory source available</b></p> <p>_____ <b>Subscriptions/Publications:</b> These items must be purchased from the publisher and are not available through other sources at reasonable rates</p> <p>_____ <b>Maintenance and Repair:</b> The manufacturer or distributor is the only company able to provide the parts or services needed due to restrictions imposed by the manufacturer or the unique knowledge and capability of the manufacturer or distributor</p> <p>_____ <b>Auxiliary items for equipment already in house:</b> The manufacturer of the basic equipment is the only source for this auxiliary equipment. No other equipment can satisfactorily function with the equipment already on hand.</p> <p>_____ <b>Proprietary Item:</b> This item is only available from one source due to patent or copyright restrictions.</p> <p>_____ <b>Mandatory Contract:</b> The item to be obtained falls under a mandatory contract and failure to obtain the item under the contract would be a violation of the contract terms.</p> <p>_____ CH has determined there is not a reasonable expectation of obtaining quotes from two or more responsible small business concerns.</p> <p>_____ If no small businesses respond to your market research, document, and then resolicit to large businesses against an existing contract.</p>			

		<b>25K CHECKLIST</b>	<b>YES</b>	<b>NO</b>	<b>N/A</b>
<b>4</b>	<b>COMPETITION REQUIREMENTS</b> FAR 13.104FAR 13.106	<b>QUOTE SHEET - used to document competition requirements for purchases above \$3,000</b>			
		<b>All quotes received were from an existing contract such as:</b>  <b>1. GSA Schedule (Federal Supply Schedule) - List Contract Number and Expiration Date</b> <b>2. Government Wide Area Contracts (GWAC) or local agency contracts</b> <b>3. BPAs or IDIQ contracts</b>			
		Three quotes generally ensure vendors have a fair opportunity to compete. You must consider all quotes received. This policy does not apply for mandatory sources or mandatory contracts.			
		DO NOT mix solicitations between small and large businesses and do not include open market quotes. Sources other than small business should not be contacted until the CH determines the item or service is not reasonably available from a small business.			
		GSA Schedules (FSS) - Must check price-list of at least 3 schedule vendors. Go to GSA Advantage (File results of query)			
		Must not solicit quotes based on personal preferences or restrict quotes to only well-known and widely distributed makes or brands.			
		<b>Procure only those supplies or services in such quantity as:</b> 1. Results in total cost most advantageous to the Govt 2. Does not exceed the quantity reasonably expected to be required by the activity.			
<b>5</b>	<b>PRICE REASONABLENESS DETERMINATION</b>  - normally competition establishes price reasonableness  FAR 13.106-3	Purchases exceeding the micro purchase threshold must be supported by a written determination by the CH that the price is fair and reasonable.			
		The price for this purchase is fair and reasonable based on (check one): _____ <b>Adequate Price Competition - 3 Quotes</b> _____ Market Research _____ Comparison of previous purchases _____ Current price lists, catalogs, or advertisements _____ Value Analysis by CH, user, technical personnel _____ Personal knowledge of the item being purchased _____ Comparison to an Independent Government Estimate _____ Analysis of pricing information provided by the offeror			
		Do NOT solicit more bids than necessary to obtain the three quotes to establish adequate price competition.			

		<b>25K CHECKLIST</b>		
		<b>YES</b>	<b>NO</b>	<b>N/A</b>
<b>6</b>	<b>SOLE SOURCE JUSTIFICATION</b>	<p><b>Sole Source Justification is Based on (check one):</b> _____ Urgent need - providing a fair opportunity for competition would result in unacceptable delays. _____ Only one awardee is capable of providing the supplies or services required at the level of quality required because the supplies or services ordered are unique or highly specialized. _____ The order must be issued on a sole source basis in the interest of economy and efficiency as a logical follow-on to an order already issued. This exception is not applicable for annual requirements (can't use to renew services year after year). Must document economy and efficiency in the file.</p>		
		<p><b>Justification for SOLE SOURCE (complete each item below)</b></p> <p>1. Identification of the agency and the document as a sole source document                      _____</p> <p>2. Description of supplies or services                      _____</p> <p>3. Identify the exception above that applies                      4. Explain why you need to sole source                      _____</p> <p>5. Description of the market research conducted to identify sources and the results                      _____</p> <p>6. A statement of the actions, if any, the agency may take to remove or overcome any barriers to competition before any subsequent acquisitions take place                      _____</p> <p>7. Certification by CH that the justification is accurate and complete                      _____</p> <p style="text-align: center;"><b>Signature and Date</b></p>		
		<p>Unacceptable justification includes lack of advance planning or funds will expire.</p>		
		<p>Sole Source purchases above \$3,000 must be against an existing contract only.</p>		
		<p>CH must provide: 1. Adequate and reasonable justification                      2. Certify the accuracy and completeness of the justification                      3. Obtain any approvals required                      4. Technical and requirements personnel are responsible for providing and certifying necessary data to support their recommendation.                      5. Sole source justification not required if purchase is from a mandatory source.</p>		

25K CHECKLIST			YES	NO	N/A
7	<b>AWARD DETERMINATION</b>  FAR 13.106-3 Annotated on Quote Sheet	The file must include a brief written description of the procedures used in awarding the contract, tailored to the size and complexity of the acquisition, on the basis for the award decision.			
		If competitive quotations were solicited and award was made to other than the low quoter, documentation to support the purchase may be limited to identification of the solicited concerns and an explanation for the award decision.			
		<b>The award decision memo must be completed on the bottom of the Quote Sheet</b>			
8	<b>CLAUSES</b>  Contract Payments Initiated by CCE Contracting Officer	When the Contracting Officer in CCE is using the GPC as a payment vehicle he/she must check the appropriate clause(s) are in the contract.  CLAUSE 52.232.36 "PAYMENT BY THIRD PARTY" or CLAUSE 52.213-2 "INVOICES" for advance payments for subscriptions			
9	<b>INDEPENDENT RECEIPT AND ACCEPTANCE</b>  FAR 46.102 FAR 13.101	Independent receipt and acceptance must be accomplished by someone other than the CH who ordered the supply or service (separation of duties). The CH is responsible for verifying that independent receipt and acceptance has occurred.  The CH should reject supplies or services not conforming in all respects to the requirements (see FAR 46.102). If it is found to be in the Government's best interest, such supplies or services may be accepted.  The CH ordinarily must give the vendor an opportunity to correct or replace nonconforming supplies or services when this can be accomplished within the required delivery schedule. Correction or replacement must be without additional cost to the Government.			

## 15. PURCHASE CARD AS A PAYMENT VEHICLE

The government-wide commercial purchase card may be used to make payments when the contractor agrees to accept payment by the card. For requirements above the micro-purchase threshold and less than \$25,000, the CCE contracting office can establish a purchase order or Blanket Purchase Agreement (BPA) to allow the purchase card to be used as a purchasing vehicle and a method of payment if no current contract exists off the GSA schedule.

### *a. PURCHASING OR PAYING*

1. Making a purchase is obligating the government; whereas, payments liquidate an existing obligation.
2. Example of a purchase: Buying general office supplies from ABILITY ONE or GSA Advantage.
3. Example of a payment: When CCE executes a contract and the purchase card is cited as a method of payment, the vendor sends an invoice, and the CH/agency makes a payment with the purchase card.

### *b. PROCEDURES*

1. “Payment to be made by purchase card” shall be inserted into the appropriate block of the contract document. (For example, a DD Form 1556 is a contract document for procuring services). No purchase card numbers are to be cited. The agency’s name and address will be listed on the contract document. After the services are rendered, the vendor will send the agency an invoice, and the CH will make the payment.
2. Exception: When pre-payment is required at the time of registering for a training course, a CH is authorized to make advance payment.

### *c. PAYMENTS OVER \$25,000*

Designated warranted contracting officers within CCE are the only persons authorized to make single purchases with the Government Purchase Card over the \$25,000 limit. These warranted contracting officers are authorized to use the Government Purchase Card as a payment vehicle for supplies ordered from the GSA Schedule contracts or other existing IDIQ contract or BPA. The Government Purchase Card may be used as a payment vehicle by these warranted contracting officers for copier maintenance service against an existing contract.

## 16. RETURNS, CREDITS, & REBATES

If an item is returned, a credit will appear on the CH's statement. Rebates are issued quarterly according to sales volume and payment timeliness. In accordance with the Prompt Payment Act the BO will certify and approve the monthly billing statement within five (5) business days.

### *a. VENDOR CREDITS/DISCOUNTS/REBATES*

1. CHs should take advantage of any savings, such as rebates, incentives, and any product or volume discounts offered by the vendor. All reimbursements, rebates, or discounts, if due or received by check, must be made payable or endorsed to the U.S. Treasury, not to the CH. Checks shall be forwarded to the agency's resource manager for deposit. The CH's records should reflect specific details of all such transactions.
2. Federal law prohibits CHs from accepting or soliciting cash or merchandise from vendors.
3. Vendors offering rebates, discounts and incentives shall not be used in lieu of purchasing from mandatory sources.
4. Any credit due shall be documented in the CH's records by indicating merchandise returned, date of return and the reason. Merchandise returns/credits are to be applied back to the purchase card on which the purchase was originally made. Be advised that if a vendor complied with your order, a re-stocking fee may be applicable. The potential for returns should be addressed during your negotiations for the purchase. Under no circumstances is a CH permitted to solicit or accept merchandise store credits or cash for returned goods or services bought with the Government Purchase Card.
5. The CH's billing statement shall be monitored for the proper amount of credit expected from the vendor. If a CH is aware of a credit pending, they should monitor their billing statement and approve the credited amount at the end of that monthly cycle.

**NOTE:** For those accounts not using U.S. Bank's C.A.R.E., reconcile your credits in the first cycle they appear on your billing statement.

**NOTE:** Frequent merchandise returns are an indication of inadequate procurement planning, and have the potential for the appearance of fraud, waste and abuse of taxpayers' money.

*b. U.S. BANK REBATES/CREDITS*

1. Rebates are applied as credits to accounts, and are provided by U.S. Bank based on sales volume and payment timeliness. Rebates will be issued quarterly to accounts that are paid before the due date (less than 30 days from the date the statement was received). In addition, a combined total of all the CH rebates is shown on the BO's statement. The BO then uses the rebate as a payment against the total invoice amount.
2. Your APC receives a quarterly report from U.S. Bank listing credits for specific BO accounts. The APC coordinates with the BO to apply the credit. This type of credit will be identified as "**XFER PER AGENCY**" on the CH's billing statement.
3. The CH is cautioned not to dispute rebates or "**XFER PER AGENCY**" credits. If the amount is inadvertently disputed, it will delay the process of the money returning to your account by longer than 30 days.

*c. REMOVING CREDITS FROM INACTIVE /TERMINATED ACCOUNTS*

If a credit appears, first try to determine the reason. If it is due to a rebate or overpayment, please submit a request to your APC to transfer the credit to another purchase card account within your agency. If another account is not available to transfer the credit, your APC can request a credit refund check. Checks are made payable to the U.S. Treasury and deposited into your agency's funding by your resource manager. Purchase card accounts must have a zero balance in order to be purged from U.S. Bank's reporting system. If there is a balance of any dollar amount, the account will remain open and you will continue to receive notifications from U.S. Bank.

## 17. SUSPECTED FRAUD OR ABUSE

### *a. PREVENTING FRAUD*

Reporting suspected fraud is the responsibility of each government employee in order to stop waste of taxpayers' money. An important factor to consider is that fraud is sometimes committed by or with the help of DOD employees. There have been instances of DOD employees creating or participating in the ownership of outside businesses for the purpose of committing fraud or abuse of the purchase card through their ability to make buys with the purchase card.

### *b. REPORTING SUSPECTED FRAUD OR ABUSE*

If US Bank suspects fraud the US Bank fraud department will immediately suspend the account and attempt to contact the cardholder and the billing official. They will attempt to verify recent transactions. If US Bank is unsuccessful in reaching either party they will contact the Agency Program Coordinator. **It is very important that you maintain current contact information so that US Bank can contact you.**

### *c. REPORTING SUSPECTED FRAUD OR ABUSE*

Report any suspected fraud or abuse to the Purchase Card Program Branch Chiefs at 703-693-5012. Other channels of reporting include the Associate Director, 703-697-3673, the APC, the servicing Criminal Investigation Division office, and the Inspector General. You may also report purchase card abuses or fraud to the DOD Hotline at 800-424-9098.

### *d. INDICATORS OF FRAUD AND MISUSE*

1. Purchases not permitted by law.
2. Purchases that do not serve a legitimate government purpose.
3. Improper source.
4. Mandatory source violations: FAR Part 8.7, ABILITY ONE Act.
5. Purchases of Personal use items.
6. Repetitive buys to the same commercial vendor.
7. Lack of documentation for a purchase and failing to fill out the Transaction Log in C.A.R.E.
8. Frequent purchases in even-dollar amounts.
9. Collusion to commit fraud.

10. Repetitive needs – BPA may be a better procurement method in order to lower prices, and the requirement may already have a BPA in place which will meet the requirement.
11. Frequent purchases at or just below the micro purchase limit.
12. Conduct falls short of societal expectations of prudent behavior.
13. Excessive cost. We are stewards of the taxpayer dollars and have a duty to purchase only the minimal needs of the government.
14. Failure to safeguard purchase cards and account number. Copying and faxing purchase cards is strictly prohibited because this presents an opportunity for fraud to occur.
15. **“Ghost shoppers”** are not permitted. CHs are not allowed to delegate their authority to permit others to shop on their behalf.
16. Questionable need items require additional pre-purchase approvals to justify and permit a determination that the purchases were not improper or abusive.
17. Higher price for faster delivery. Does the urgency justify the higher price for faster delivery?
18. No separation of duties.
19. Questionable Merchant Category Codes.
20. Several transactions to the same merchant in the amount of \$3,000.
21. Inadequate oversight by BOs and agencies.
22. Unauthorized purchases.
23. Multiple declined transactions.
24. Transactions occurring on non-working days (weekends).
25. CH unable to provide proof of purchases, such as receipts.
26. Recurring purchases of a high dollar amount.
27. Merchant addresses that appear to be a home address.
28. Payments made for items not received.
29. Split purchases to avoid purchase card limitations, i.e., two (2) or more transactions that total above \$3,000, placed within a short period of time, to the same vendor.
30. Lack of accounting for nonexpendable, pilferable or sensitive items.
31. Forwarding billing statements late to the Finance Office and incurring interest penalties.
32. CHs frequently disputing purchases or making returns.

33. CH's billing statement approved by someone other than the BO or ABO.
34. CHs returning merchandise to vendors for store credit vouchers instead of having credits issued back to the Government Purchase Card account.

## 18. LIABILITIES & PENALTIES

The billing officials/certifying officers have pecuniary liability for erroneous payments. Consequently, the billing official/certifying officers must ensure the other personnel involved in the payment authorization process provide accurate and timely data. Billing officials may use administrative remedies, as needed, when a problem is identified.

Cardholders must comply with all applicable regulations, policies, and procedures including local standard operating procedures to support their respective certifying official with timely and accurate data, information, and/or service to ensure proper payments, i.e., payments that are supportable, legal, and computed correctly.

All accountable officials are responsible for ensuring that a system of internal procedures and controls for the portion of the payment-related process under their cognizance is in place to minimize opportunities for erroneous payments and to ensure that all procedural safeguards effecting proposed payments are observed. All officials involved in authorizing a payment are accountable, and these accountable officials, as well as certifying officers, shall be pecuniary liable for erroneous payments resulting from the negligent performance of their duties.

### *a. PECUNIARY LIABILITY*

BOs are financially liable for erroneous payments in accordance with DOD Directive 7000.15, “DOD Accountable Officials and Certifying Officers,” and Chapter 33, “Accountable Officials and Certifying Officers,” Volume 5, DODFMR. Pecuniary liability is defined as personal financial liability for fiscal irregularities of disbursing and certifying officers and accountable officials as an incentive to guard against errors and theft by others and also to protect the government against errors and dishonesty by the officers themselves. The amount of the pecuniary liability is determined under Title 31 U.S.C 3729. Certifying Officials are responsible for:

- Information stated in an invoice, supporting documents, and records;
- Computation of a certified invoice;
- Legality of a proposed payment under the appropriation or fund involved;
- Issuing advice to accountable officials;
- Seeking guidance from fiscal authorities; and,
- Repaying a payment: determined to be illegal, improper, or incorrect because of an inaccurate or misleading certification; determined to be prohibited by law; or that does not represent a legal obligation under the appropriation or fund involved.

### *b. CIVIL LIABILITY*

Use of the purchase card for other than authorized, official Government business may result in immediate cancellation of the CH’s authority to use the purchase card. A CH acting without appropriate authorization and/or outside of the

authority specified in his or her delegation of authority may be held personally liable for his or her actions. Where there is fraud, the CH may be liable for an amount not less than \$5,000 and not more than \$10,000 plus three (3) times the amount of damages, which the Government sustains for each false or fraudulent entry or transaction. False claims are covered in 31 U.S.C. 3729.

c. CRIMINAL LIABILITY

Under 18 U.S.C. 287, “Whoever makes or presents to any person or officer in the civil, military, or naval service of the United States, or to any department or agency thereof, any claim upon or against the United States, or any department or agency thereof, knowing such claim to be false, fictitious, or fraudulent, shall be imprisoned not more than five years and shall be subject to a fine in the amount provided in this title.”

d. EXAMPLES OF PURCHASE CARD MISUSE

The following examples of purchase card misuse are not all inclusive. Each infraction, depending on its type, severity and magnitude, can be a violation of one or several of the laws listed in e., below. They are: split purchases; unauthorized purchases; payments made for items not received; exceeding purchase authority; false claims; falsely representing one’s self to be the CH; false certification of an invoice; false account certifications; improper receipt of goods and services; using the mail to process a false account certification; divulging passwords to another in order to certify an account; participating as a “ghost shopper”; any action taken in the discharge of duties as a government employee affecting personal financial interest; returning merchandise to vendors for store credit vouchers instead of having credits issued back to the Government Purchase Card account; and, any attempt to provide or accept a kickback.

For examples regarding the misuse of the purchase card please see the DOD IG website at <http://www.DODig.osd.mil/Audit/reports/index.html> or the Government Accountability Office (GAO) website at <http://www.gao.gov/docsearch/repandtest.html>.

e. AUTHORITIES

The following authorities/administrative remedies (not all inclusive) allow action against an individual who misuses the purchase card:

1. Criminal:

- (a) False Claims; 18 U.S.C. 287
- (b) False Statements; 18 U.S.C. 1001
- (c) Mail Fraud; 18 U.S.C. 1341
- (d) Wire Fraud; 18 U.S.C. 1343
- (e) Conspiracy to Defraud; 18 U.S.C. 371
- (f) Conflicts of Interest; 18 U.S.C. 208
- (g) Uniform of Code Military Justice (military only); 10 U.S.C.

2. Civil/Administrative:

- (a) False Claims Act; 31 U.S.C. 3729

- (b) Program Fraud Civil Remedies Act; 31 U.S.C. et seq.
- (c) Administrative Remedies For False Claims and Statements 31 U.S.C. 3802
- (d) Anti-Kickback Act; 41 U.S.C. 51 et seq.

### 3. Optional Administrative Remedies

- (a) Non-Disciplinary Action
  - (1) Retraining – CCE-sponsored orientation training; and,
  - (2) Constructive counseling for isolated instances.
- (b) Disciplinary action
- (c) In determining an appropriate penalty to impose for an act of employee misconduct; supervisors must be aware of the “Douglas Factors”. These can be viewed at [http://www.fedlabor.org/LR\\_News/douglas.htm](http://www.fedlabor.org/LR_News/douglas.htm).
  - (1) Disciplinary action should fit the violation for:
    - i. Recurring, persistent lack of adherence to internal controls and improper, abusive, and fraudulent transactions;
    - ii. Need to implement specific consequences for improper, abusive, and fraudulent transactions; and,
    - iii. Impose progressive discipline as follows;
      - (A) Formal – informal reprimands, including repeat review findings
      - (B) Suspension of the card
      - (C) Cancellation of the card
      - (D) Termination of employment
      - (E) Referral to investigative authorities.
- (d) Clearly outline the consequences and penalties of inappropriate behavior prior to issuing a purchase card.
- (e) Ensure swift action is taken for those who improperly use the card, and make known the consequences of that improper use.
- (f) Hold individuals responsible for proper program execution.
- (g) Require reimbursement for all unauthorized transactions.
  - (1) Require benefiting individuals to reimburse the government for any personal items they have received.
  - (2) Maintain a remedial action plan.

- (h) Maintain documentation on any disciplinary action taken.

## 19. FREQUENTLY ASKED QUESTIONS

### **Q1. Can commemorative coins be purchased?**

A1. No. Coins may only be purchased to use as awards for a job well done, not as personal mementos or commemorative coins. File documentation supporting this purchase must be included with the invoice. Absent an official awards program, distributing coins is considered a gift and this falls outside of a permissible practice. Offices typically conduct fundraisers and take donations for the purchase of commemorative coins. Please see “Coins” in Chapter 12, Restricted and Unauthorized Purchases.

### **Q2. Are purchases of supplies or repairs for leased vehicles allowed under the purchase card?**

A2. No. Leased vehicle expenses cannot be charged with a purchase card. For leased vehicle expenses, the GSA Fleet card or the Voyager card should be used. Please see “Vehicle Repairs, Leased” in Chapter 12, Restricted and Unauthorized Purchases, for limited exceptions.

### **Q3. Are vehicle expenses for agency-owned vehicles permitted purchases with the purchase card?**

A3. Yes.

### **Q4. Is everything in the GSA-managed Virginia Industries for the Blind (VIB) store available for purchase under the card?**

A4. No. Not all of the items at the VIB stores are available for general purchase with the card. Certain items carried by the store may only be purchased if the Review Team Branch Chief has approved an exception to policy. Please see Chapter 12, Restricted and Unauthorized Purchases, for further details.

### **Q5. Can wrist supports and ergonomic chairs be purchased with the purchase card?**

A5. Yes. Please see “Ergonomic Equipment and Accommodating Technology”, in Chapter 12, Restricted and Unauthorized Purchases.

### **Q6. Can the purchase card be used for monthly recurring utility charges, phone bills, and cable bills?**

A6. Yes, provided the total dollar amount per year does not exceed \$3,000. If the estimated annual requirement is over \$3,000, a formal agreement needs to be placed by CCE’s Contracting Office for orders to be paid for with the Government Purchase Card. See Chapter 15, Purchase Card as a Payment Vehicle. Service support agreements may not be entered into by CHs outside the CCE Contracting Office.

**Q7. Can the purchase card be used for monthly IT maintenance?**

A7. Monthly recurring IT charges for maintenance that do not exceed \$3,000 annually may be purchased under the purchase card. Maintenance fees above \$3,000 annually should be ordered under contract. Service support agreements may not be entered into by CHs outside the CCE Contracting Office.

**Q8. Is the list of CHs releasable under the Freedom of Information Act?**

A8. No. CH names are not releasable. However, the names and numbers for agencies that hold purchase cards within our program may be released along with transaction information.

**Q9. Can food be purchased for meetings, award programs or retirement functions?**

A9. Ordinarily, the purchase of food is not allowable. There are very limited situations where purchase of food is permissible. Those situations are listed under “Food” in Chapter 12, Restricted and Unauthorized Purchases.

**Q10. Is a UNICOR (Federal Prison Industries) waiver still required for the purchase of furniture from other sources?**

A10. The revisions to the FAR and DFARS provide that waivers are no longer required if:

The purchase does not exceed \$3,000; or,

The agency makes a comparability determination and decides that the UNICOR product is not comparable in terms of price, quality, or time of delivery, and then completes the acquisition. The only time a waiver is required is if the agency determines that the UNICOR product IS comparable and yet decides that it wants to buy from other sources anyway.

**Q11. Can seasonal decorations be purchased under the purchase card?**

A11. Seasonal decorations may be purchased only if they are located in a common use area – not in a private office. Purchase of a Santa suit is not permitted.

**Q12. Can buses be leased or rented for such functions as organization day, recreational activities, and office picnics?**

A12. No. These activities are not mission related and therefore appropriated funds may not be used.

**Q13. Can frames be purchased with the purchase card?**

A13. Yes. Frames may be purchased for use in an official civilian recognition awards program. The mandatory source, ABILITY ONE, carries frames which may meet your requirement.

**Q14. Can the purchase card be used to pay for conference registration fees?**

A14. Yes, conference registration fees may be paid with the purchase card as these are considered training expenses. However, hotel and related travel expenses may not be paid with the purchase card. The travel card is to be used for those expenses.

**Q15. Can the purchase card be used to pay for flag patches and the sewing costs for enlisted soldiers?**

A15. Yes. The flag patch is a special insignia not covered by the soldiers' annual clothing allowance.

**Q16. Can artwork be purchased with the purchase card?**

A16. Yes. Artwork which is reasonably priced and bears a relationship to the mission and function of the agency may be purchased for use in common areas only, not private offices.

**Q17. Can cell phone accessories, such as hands-free devices and car chargers, be purchased using the purchase card?**

A17. Yes. These items are considered as accessories to the cell phone, not vehicle expenses.

**Q18. Can Franklin Covey® planners and refills be purchased with the purchase card?**

A18. No. Planners may be purchased, but government employees are required to purchase the similar ABILITY ONE product.

**Q19. Can sales tax be paid on purchase card buys?**

A19. No. Government purchases are exempt from sales tax. Cardholders need to obtain a credit from any vendor who charges sales tax.

**Q20. If I have been given a \$25,000 purchase card, does this mean that I can purchase any item up to \$25,000 as long as I obtain three (3) bids?**

A.20. No. Purchases using the \$25,000 purchase card are limited to procurements made against the GSA Schedule, other existing CCE contracts, or a Blanket Purchase Agreement (BPA). No procurements may be made with the purchase card above \$3,000 on the open market even if three (3) bids are obtained.

**Q21. Is the purchase of coveralls for maintenance employees permitted?**

A21. No. Coveralls cannot be considered "special items of clothing or equipment" within the meaning of 5 USC 7903. See Comp. Gen. Dec. B-123223 (June 22, 1955) denying expenditure of appropriated funds for coveralls. Employees are required to purchase these items with their personal funds.

**Q22. Is the purchase of cold weather gear permitted?**

A22. Absent very unusual circumstances, cold weather gear is not considered special clothing or equipment and is not permitted. See Comp. Gen. Dec. B-289683 (Oct. 7, 2002) finding that "cold weather gear" does not constitute "special clothing or equipment" absent very unusual circumstances. Employees are required to purchase these items with their personal funds. However, GAO has upheld the purchase of cold weather clothing for agency personnel required to go TDY to Alaska. See Comp. Gen. Dec. B-213993, March 16, 1984. The GAO recognized that the employees assigned to Alaska on TDY would not be expected to own clothing suitable for such extreme environments but without it, they could not physically perform their duties without endangering their health. Items purchased under this limited exception are Government property. They should be labeled as Government property and administered/controlled as such.

**Q23. Can the purchase card be used to purchase personalized stationery for SES employees, such as "From the Desk Of...?"**

A23. No. The acquisition of stationery is governed by AR 25-30, The Army Publishing Program (2 June 2004) See [http://www.army.mil/usapa/epubs/pdf/r25\\_30.pdf](http://www.army.mil/usapa/epubs/pdf/r25_30.pdf). Paragraphs 7-12 and 7-14 expressly prohibit personalizing stationery at government expense. General Officer and SES stationery are authorized for purchase with local printing funds; however, they may only contain the organization name, office title, installation, city, state and zip code. The purpose for this rule is to avoid obsolescence and allow the individual's successor use of unused stationery.

**Q24. Can the purchase card be used to procure promotional items for instructors and students used in the classroom as instructional items in support of the agency's mission or to promote safety awareness?**

A24. No. Appropriated funds may not be used to purchase any promotional items whether in support of the agency's mission or not, including items to promote safety awareness. The only exception would be where there is specific statutory authorization, i.e., a line item in the DOD Budget that says the organization may purchase promotional items, with a concurrent budget amount listed as well.

**Q25. Can the purchase card be used to pay for monthly recurring wireless or other phone service?**

A25. Only if the total dollar amount for the service for the year does not exceed the cardholder's single purchase limit. If the total annual amount for the service will exceed the cardholders single purchase limit the purchase card may not be used for payment unless a CCE contract officer issues.

**Q26. Can we use the purchase card to obtain Go Kits for the office to support exercises or directions to "stay in place"? The items we would need include: plastic sheeting, towels, duct tape, flashlights, medical kits, water, and snacks.**

A26. The purchase card may not be used to purchase food or water for safe rooms or emergency needs. These items are prohibited purchases under the purchase card and no authority has been provided to make this an exception. Our legal counsel also stated that it would create problems such as what to do as the food, water ages - how to dispose, when to replace. The other items for Go Kits could be purchased with the purchase card.

**Q27. Can we use the purchase card to pay for books that our senior leader wants to use for mentoring employees in this office? Do the books have to stay in the agency, or may the employees take them home?**

A27. Yes. This expense is proper and employees can keep the books if they are used for mentoring/training purposes. You should document the need for the purchase and how distributing the books to the employees will further the agency mission. That documentation should be kept in the files for review purposes.

**Q28. When conducting market research for a ABILITY ONE product, if a lower price is found for a comparable product that is not ABILITY ONE can the purchase be made from the lower priced vendor?**

A28. Generally, no. We are required to support Government-mandated socioeconomic programs.

**Q29. Can CHs who have been delegated cards with \$25,000 purchase authority make purchases above \$3,000 on the open market, i.e., not against an already established contract?**

A29. No. All purchases above \$3,000 made with the \$25,000 card must be against already established contracts, i.e., GSA Schedule contracts, other agency contracts, or BPAs. Sole source requirements above \$3,000 not ordered against already existing contracts must be procured through the contracting office. See Chapter 14.

**Q30. Can individual newspaper subscriptions be purchased with the purchase card?**

A30. No. An office newspaper may be purchased if needed to support the mission; however, newspapers may not be ordered in the name of an individual.

**Q31. If my card is lost or stolen, who should I contact?**

A31. If your card is lost or stolen:

- a. Notify U.S. Bank at 888-994-6722 immediately.
- b. Notify law enforcement, if stolen.
- c. Notify the BO within one (1) business day.
- d. The BO must contact the APC within five (5) business days.

**Q32. Can purchase card training, taken at another agency or through a commercial source, be substituted for CCE's Government Purchase Card Basic Orientation Training?**

A32. No. Only CCE training provides the information you will need about our program.

**Q33. What action must I take if I inadvertently place personal charges on my GPC?**

A33. If you have placed personal charges on your GPC, here are two ways to correct this problem:

First, contact the merchant and explain that you used the wrong charge card. Many vendors are willing to work with you as long as you coordinate with them in a timely manner. Ask them to reverse the charges from your GPC and apply them to your personal account to be charged. Prepare a Memo for Record explaining the situation for the purchase card files.

Second, if you were unsuccessful with the first step, you will have to send payment directly to DFAS to reimburse the U. S. Treasury. The billing official will coordinate with resource manager to fill out the DD Form 1131, Cash Collection Voucher. Send the original and one copy of the DD Form 1131 along with a personal check, money order, cashier's check or deposit ticket to DFAS Indianapolis. If you also include a self-addressed envelope, DFAS will return a copy of the processed cash collection voucher to you.

Do not dispute the charge in the C.A.R.E. system: it is a valid charge.

Last, be aware that it is a violation of federal law to use the GPC for personal purchases. In most instances, timely repayment to the U. S. Treasury will enable you to avoid prosecution.

**Q34. Do current cardholders and billing officials need to complete the DAU on-line training course, DOD Purchase Card Training?**

A34. Yes. All participants in the GPC program, regardless of how long they have been associated with the program, must complete the DAU course and forward a copy of their certificate to their APC. This requirement comes from the Director, Defense Procurement, in the Office of the Under Secretary of Defense in a letter dated 27 Sep 2002.

**Q35. Can refreshments for Combined Federal Campaign (CFC) events and items such as CFC pins be purchased with the purchase card?**

A35. No. The purchase card is backed by appropriated funds, which cannot be used for this purpose. This regulation is contained in DODD 5035.1.

**Q36. Can we purchase organizational and positional flags with the purchase card?**

A36. Yes, but only through authorized sources. The purchase must be made through the federal sources listed in FAR Part 8 unless you obtain a waiver authorizing a purchase from the federal sources through the open market. The shadow box is not authorized for purchase.

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