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

SFCA-RM

06 DEC 2005

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Draft Government Purchase Card (GPC) Army Regulation (AR)

In accordance with the Government Accountability Office (GAO), Report Number GAO-02-0732 recommendation, Army has developed a Draft GPC AR (enclosed) to address Army Leadership's concerns and management of the GPC program and to provide improved guidance to GPC Program participants at all levels. This regulation will establish policies and procedures required to implement, maintain, and operate a GPC Program within the Department of the Army.

This memorandum announces the establishment of the GPC AR 715-xx and its release to the Army GPC program participants. It will be used as a working document, effective as of the date of this memorandum. The draft AR 715-xx supersedes the Army GPC Standard Operating Procedure dated July 31, 2002. Compliance with the working draft is mandatory for all Army GPC programs and will be utilized until such time as the GPC AR 715-xx final document is published.

My point of contact for this action is Ms. Patricia Wingers, (703) 325-3430, DSN 761-1049 or e-mail: patricia.wingers@aca.army.mil.

E. Ballard
Deputy Assistant Secretary of the Army
(Policy and Procurement)

Enclosure

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KE6-938

Army Regulation AR-715-xx

REVISED 12 AUGUST 2005

Procurement Policy and Procedures

Government Purchase Card Program

Headquarters
Department of the Army
Washington, DC
1 October 2004

UNCLASSIFIED

Headquarters

Department of the Army

Washington, DC

Army Regulation AR-715-xx

Procurement Policy and Procedures

Government Purchase Card Program

By Order of the Secretary of the Army:

[Name]
General, United States Army
Chief of Staff

Official:

[Signature]
Administrative Assistant to the
Secretary of the Army

[Signature]
[Name]
Secretary of the Army

History. This is the initial issuance of AR715-XX.

Summary. This regulation establishes policies and procedures required to implement, maintain, and operate a Government Purchase Card (GPC) Program within the Department of the Army.

Applicability. This regulation applies to the Active Army, the Army National Guard of the United Status (ARNGUS), and the U.S. Army Reserve (USAR).

Proponent and exception authority. The proponent of this regulation is the Assistant Secretary of the Army (Acquisition, Logistics, and Technology).

The proponent has the authority to approve exceptions to this regulation that are consistent with controlling law and regulations. The proponent may delegate, in writing, the authority to approve exceptions to this regulation to a member with the rank of colonel or higher, or to a civilian with the grade of GS-15 or higher.

Army management control process. This regulation contains management control provisions and identifies key management controls that must be evaluated.

Supplementation. Use of the forms in this regulation is mandatory and shall not be changed without prior approval from the Office of the Assistant Secretary of the Army (Acquisition, Logistics, and Technology), 103 Army Pentagon, Washington, DC 20310-0103.

Suggested improvements. Users are invited to send comments and suggested improvements on DA Form 2028 (Recommended Changes to Publications and Blank Forms) directly to the Deputy Assistant Secretary of the Army (Policy and Procurement), 103 Army Pentagon, ATTN: SAAL-ZP, Washington, D.C., 20310-0103.

Distribution. Distribution of this publication is made in accordance with the requirements of [Army to assign Initial Distribution Number (IDN)] intended for electronic distribution only.

Supersession. The policy established in this document supersedes previous guidance issued by the Army Level II Activity/Organization Program Coordinator (A/OPC).

[Note: The table of contents provided on the next pages is for draft use only. The final version, with table and figure list, will be automatically generated by the Army Electronic Publishing System.]

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Chapter 1

The Government Purchase Card Program

1-1. Purpose

a. This regulation establishes policies and procedures required to implement, maintain, and operate a GPC Program within the Department of the Army, excluding non-appropriated fund (NAF) activities. This regulation establishes Army-wide standards designed to provide all Army agencies and major Army commands (MACOMs) with a foundation upon which to build specific directives governing their programs.

b. For the U.S. Army NAF GPC Program, the Army NAF Level III A/OPC will develop policies and procedures within the parameters required by the General Services Administration (GSA), the Department of Defense (DoD), the DoD Purchase Card Joint Program Management Office (PCPMO), and this regulation. U.S. Army NAF GPC Program policies and procedures will be adapted to ensure compliance with established policies and procedures set forth in AR 215-1, Morale Welfare and Recreation Activities and NAF Instrumentalities Regulation and AR 215-4, NAF Contracting Regulation, with regard to the execution of NAF procurements using the NAF GPC.

1-2. References

Required and related publications and prescribed and referenced forms are listed in Appendix A.

1-3. Explanation of abbreviations and terms

Abbreviations and special terms used in this regulation are explained in the glossary.

1-4. Responsibilities

Responsibilities are listed in Section 1-9.

1-5. Background

a. In 1998, GSA awarded a multiple award schedule contract for U.S. Government commercial purchase card services. The contractor (hereinafter referred to as the "Servicing Bank") provides commercial GPCs and associated services.

b. The GPC program achieves government-wide savings by reducing the administrative costs associated with the purchase of commercially available goods and services. The GPC was adopted to replace the paper-based, time-consuming purchase order process, thereby eliminating procurement lead-time, providing transaction cost savings, reducing procurement office workload, and facilitating payment.

c. The DoD GPC program is managed by the PCPMO.

1-6. Authority

1. The National Defense Authorization Act for Fiscal Year 1998 (Public Law 105-85; 10 U. S. C. 2304 note) provided in section 848, REQUIREMENTS RELATING TO MICRO-PURCHASES.:

DEFINITIONS- In this section:

(1) The term "micro-purchase threshold" has the meaning provided in section 32 of the Office of Federal Procurement Policy Act (41 U.S.C. 428).

(2) The term "streamlined micro-purchase procedures" means procedures providing for the use of the Government-wide

commercial purchase card or any other method for carrying out micro-purchases that the Secretary of Defense prescribes in the regulations implementing this subsection.

(2) Federal Acquisition Regulation (FAR) 1.603-3, Appointment, provides:

(a) Contracting officers shall be appointed in writing on an SF 1402, Certificate of Appointment, which shall state any limitations on the scope of authority to be exercised, other than limitations contained in applicable law or regulation. Appointing officials shall maintain files containing copies of all appointments that have not been terminated.

(b) Agency heads are encouraged to delegate micro-purchase authority to individuals who are employees of an executive agency or members of the Armed Forces of the United States who will be using the supplies or services being purchased. Individuals delegated this authority are not required to be appointed on an SF 1402, but shall be appointed in writing in accordance with agency procedures.

(3) FAR 13.301, Government-wide commercial purchase card, provides:

(a) The Government-wide commercial purchase card is authorized for use in making and/or paying for purchases of supplies, services,

or construction. The Government-wide commercial purchase card may be used by contracting officers and other individuals designated in accordance with FAR 1.603-3. The card may be used only for purchases that are otherwise authorized by law or regulation.

(b) Agencies using the Government-wide commercial purchase card shall establish procedures for use and control of the card that comply with the Treasury Financial Manual for Guidance of Departments and Agencies (TFM 4-4500) and that are consistent with the terms and conditions of the current GSA credit card contract. Agency procedures should not limit the use of the Government-wide commercial purchase card to micro-purchases. Agency procedures should encourage use of the card in greater dollar amounts by contracting officers to place orders and to pay for purchases against contracts established under FAR 8 procedures, when authorized; and to place orders and/or make payment under other contractual instruments, when agreed to by the contractor. See FAR 32.1110(d) for instructions for use of the appropriate clause when payment under a written contract will be made through use of the card.

(c) The Government-wide commercial purchase card may be used to-

(1) Make micro-purchases;

(2) Place a task or delivery order (if authorized in the basic contract, basic ordering agreement, or blanket purchase agreement); or

(3) Make payments, when the contractor agrees to accept payment by the card.

1-7. Policy

The Chiefs of the Contracting Offices are encouraged to delegate micro-purchase authority to individuals who are Army employees or members of the United States Army who will be using the supplies or services being purchased. Such micro-purchase authority should be delegated to the lowest possible level; however, a GPC shall be issued only to individuals who have received the orientation and training on the Army purchase card program as required in this regulation.

If contractors working under cost type contracts request a GPC, their requests shall be forwarded to the Army contracting officer for the cost-reimbursable

contract. If that contracting officer determines that the contractors are eligible, the contractors will then file a Request for Eligibility Determination with the GSA SmartPay Contracting Officer.

Army cardholders who are Ordering Officers may be authorized to utilize the GPC as a payment instrument for orders made against GSA Federal Supply Schedule (FSS) contracts, orders made against Blanket Purchase Agreements (BPA) placed under GSA FSS contracts or orders placed against DoD Indefinite Delivery/Indefinite Quantity (IDIQ) contracts that contain a provision authorizing payment by purchase card.

The GPC may also provide a streamlined way of paying for contracts other than those listed above. Prior to using the GPC in this way, a contracting officer shall determine that use of the GPC for contract payments is in the best interest of the government. The written determination shall address any increase in price and/or administrative costs caused by use of the GPC to make contract payments versus the costs of processing these contract payments without the use of the GPC.

The GPC may be used to pay for government-owned materiel or government-performed services received from other government sources (i.e., DAPS, GSA Global, DLA). When using the GPC to pay for services or supplies received from other government sources, procurement thresholds do not apply.

The GPC shall be used as a method of payment for all commercial training $25,000 and below.

The maximum single transaction dollar limit for the GPC for stand-alone purchases shall be the micro-purchase threshold as defined at FAR 2.101. The maximum single transaction dollar limit for contract payments against existing contracts shall be as identified in the contract.

1-8. Applicability

This regulation applies to all GPC purchases with Army-appropriated funds. Non-Army tenant organizations issued Army GPCs or convenience checks by an Army contracting office are also subject to this regulation. All Billing Officials, Cardholders, A/OPCs (at all levels), Resource Managers, Logisticians, and other stakeholders that participate in the GSA SmartPay Purchase Card Program under the Army Level II hierarchy are subject to this regulation. The policy established in this document supersedes previous guidance issued by the Army Level II A/OPC. Explanation of the Army Level hierarchy is provided below at 1-9.

1-9. Program organization and responsibilities

The GPC program is managed through a six-level reporting hierarchy. The program's structure and assigned roles and responsibilities are listed here.

(1) **Level I.** The first level of the reporting hierarchy represents DoD as a whole. The DoD PCPMO serves as the Level I reporting agency for DoD.

(2) **Level II.** The second reporting level identifies the military service. The Army Headquarters A/OPC is the Level II reporting entity for the Army. An Army Headquarters staff member serves as the Level II A/OPC, which entails administering the Army GPC Program, establishing policies and guidelines, ensuring effective surveillance within the MACOMs, and serving as a liaison with Army organizations, the Servicing Bank, the PCPMO, and GSA.

(3) **Level III.** The third reporting level identifies the MACOM or equivalent organization. A procurement staff member (DAWIA Level II Trained) at each MACOM or equivalent organization shall be designated as the Level III A/OPC. Primary Level III responsibilities include implementing, administering, and monitoring the MACOM GPC program subject to DoD and Army policies; serving as a liaison with Army Headquarters, the Servicing Bank, MACOM staff, and field organizations; and providing

program support to MACOM and installation GPC focal points. The Level III A/OPC establishes and implements MACOM-specific policy and guidelines and develops the organization's surveillance plan, internal management controls and reporting mechanisms. The Level III A/OPC reports to the Level II A/OPC as required.

(4) **Level IV.** The fourth reporting level identifies the installation/organization. The installation/organization's Chief of Contracting Office designates a contracting staff member (DAWIA Level II Trained) as the Level IV A/OPC to manage the day-to-day operation of the GPC Program at the installation/organization. The Level IV A/OPC is responsible for implementing and administering the GPC program; establishing policy and guidance; conducting training and monitoring GPC use at the installation level; and serving as a liaison between the MACOM, the Servicing Bank, the Defense Finance and Accounting Service (DFAS), and installation organizations. Oversight responsibilities may not be redelegated. The Level IV A/OPC's specific responsibilities include the following:

(a) Account management to include, processing GPC applications; maintaining a current listing of all Cardholders and Billing Officials under the Level IV A/OPC's jurisdiction; closing accounts upon abuse or misuse of card privileges, compromise of account information, card

loss, or Cardholder departure; and annually determining each Cardholder's continuing need to maintain an account.

(b) Ensuring letters of procurement authority delegation are issued to Cardholders.

(c) Managing GPC account profiles to properly reflect single purchase and cycle spending limits and Merchant Category Code (MCC) inclusions and exclusions.

(d) Developing and implementing local procedures to identify, and make Cardholders aware of, items that the local command prohibits from purchase with the GPC.

(e) Ensure completion of the following for all Cardholders and Billing Officials:

(1) Mandatory DAU initial GPC training.

(2) Annual refresher training.

(3) Proper maintenance of training records.

(f) Maintaining an appropriate span of control between Billing Officials and Cardholders.

(g) Assisting Cardholders and Billing Officials in fulfilling their responsibilities.

(h) Monitoring Bank transaction reports during the billing cycle to disclose potential prohibited or improper use, and taking immediate action to address suspected legal or policy violations.

(i) Monitoring Bank transaction declination reports to identify potential fraud activity.

(j) Conducting an annual review of each assigned Billing Official's records and procedures. This oversight responsibility may not be delegated.

(k) Issue a formal written report on the results of the review to the Billing Official's Head of Activity (HA) within 30 days of completing the review.

(l) Reviewing transactions and buying logs of newly appointed Cardholders within three months of their appointment.

(m) Reviewing convenience check transactions to ensure that program officials are complying with the governing financial management and acquisition regulations.

(n) Processing requests for user identifications and passwords for the Servicing Bank's automated system.

(o) Obtaining and forwarding completed DD Form 577 appointments to the supporting DFAS Operating Location (OPLOC).

(p) Working with Resource Managers and Billing Officials to correct and process rejected electronic data interchange (EDI)-transmitted billing invoices.

(5) **Level V**. The fifth reporting level identifies the Billing Official (also referred to as the Approving Official and the Certifying Officer). The Billing Official's primary responsibilities involve GPC administration for his Cardholder accounts including approval/disapproval of all purchases, funds accountability, property accountability, invoice certification, and surveillance of all Cardholders within that Billing Official account. The Billing Official is nominated by the HA and is recommended to be in the Cardholder's supervisory chain. He or she has oversight responsibility for a number of Cardholders to ensure that all transactions are necessary and for official government purposes only. The Billing Official is also a Certifying Officer within the context of the GPC program. The Certifying Officer's minimum qualifications and eligibility are discussed in DoD Financial Management Regulation (FMR) Volume 5, Chapter 33. Billing

Officials are responsible for the accuracy of payments, including designation of the proper appropriations(s) or other funds, certified to the paying office and Disbursing Officer. Billing Officials are financially responsible for any illegal, improper, or incorrect payment as a result of an inaccurate or misleading certification. The Billing Official's responsibilities include, but are not limited to:

(a) Recommending GPC dollar limits to the Level IV A/OPC for Cardholders under the Billing Official's oversight.

(b) Ensuring each Cardholder fulfills his or her responsibilities related to the GPC.

(c) Reviewing his or her assigned Cardholder's statements and approving a statement in a Cardholder's absence within the required time frames.

(d) Verifying that all of his or her assigned Cardholders' transactions were necessary to support the card holder's supported work area and permitted government purchases in accordance with GPC policy and guidance, and all other government agency policy and procedures.

(e) Retaining a copy of each billing statement and maintaining all original supporting documentation (for example, receipts, logs, invoices, delivery tickets, and approvals).

(f) Notifying the Property Book Officer of all accountable property acquired.

(g) Reporting suspected cases of fraudulent, improper, abusive, or questionable purchases to the Level IV A/OPC.

(h) Notifying the Level IV A/OPC as soon as possible (in most cases prior to the event) to close any Cardholder accounts for individuals who have transferred, terminated, are in "absent without leave" (AWOL) status, retired or have otherwise no further need for use of the GPC.

(i) Notifying the Level IV A/OPC of any lost, stolen or compromised cards (in addition to the Cardholder's immediate notification of the Servicing Bank) and submitting a report to the Level IV A/OPC within five business days to detail the circumstances of the lost, stolen or compromised card.

(j) Resolving any questionable purchases with the Cardholder.

(k) Certifying billing statements

(1) Electronically within 5 business days for Electronic Data Interface (EDI)-enabled accounts

(2) Forwarding the official invoice to the Paying Office for payment in the case of manually paid accounts within 15 days of receipt

(l) Ensuring designation of the proper line of accounting.

(m) Ensuring there is at least one Alternate Billing Official appointed.

(n) Notifying the Level IV A/OPC to terminate or reassign a Billing Official account prior to the Billing Official's reassignment to other duties and/or departure from the installation/activity.

(6) **Level VI.** The sixth reporting level identifies the individual Cardholder. Primary responsibilities include making authorized transactions, collecting and maintaining the required documentation, logging and reconciling transactions, and obtaining approvals of all transactions made in support of organizational requirements. A Cardholder's responsibilities include the following, but are not limited to:

(a) Completing the required initial and refresher training as described below at paragraph 2-2.

(b) Comply with FAR 8 and DFARS 208 required sources (for example, Javits-Wagner-O'Day items), rotating merchants when practicable, and utilizing Mandatory Army Blanket Purchase Agreement to purchase supplies and services.

(c) Obtaining all required pre-purchase approvals.

(d) Using the GPC to purchase and/or pay only for official supplies and services in support of the Cardholder's agency's mission, ensuring that he or she does not use the GPC to purchase items for personal use, ensuring that others do not use his or her GPC or account number, and understanding what restrictions may be placed on purchases by the funds allotted to the card.

(e) Maintaining the Servicing Bank's electronic purchase log.

(f) Verifying receipt/acceptance of purchased goods or services.

(g) Maintaining receipts and other supporting documentation for purchases until provided to the Billing Official monthly.

(h) Reviewing, reconciling, and approving transactions.

(I) Resolving unauthorized, erroneous, or questionable transactions with merchants.

(II) Resolving with merchants and tracking any purchases billed but not received.

(i) Disputing with the merchant any unresolved transaction for which a charge occurred during the prior billing cycle(s) but the item(s) have not been received, and tracking the dispute to completion.
In accordance with the GSA SmartPay contract, disputes shall be filed, using a Cardholder Statement of Questioned Items (CSQI), within 60 days of the cycle end date in which the transaction appeared.

(j) Notifying the Billing Official of unusual/questionable requests and disputable transactions.

(k) Maintaining physical security of the GPC (and convenience checks) to avoid unauthorized use. No one except the Cardholder shall use the GPC. Additionally, the Cardholder shall not release the GPC account number to entities other than a merchant processing a transaction.

(l) Immediately reporting lost, stolen, or compromised cards to the Servicing Bank, Billing Official, and Level IV A/OPC.

(m) Notifying the Billing Official of a lost, stolen, or compromised GPC within one business day, so that the Billing Official can meet the requirement to submit a report to the Level IV A/OPC within five business days.

(n) Notifying the Level IV A/OPC to terminate the card upon reassignment to other duties and/or departure from the installation/activity.

(o) Maintaining the Servicing Bank's electronic purchase log throughout the billing cycle, reconciling all transactions, and approving the statement of account within three business days of the end of the billing cycle. If the electronic purchase log is not accessible, the Cardholder is responsible for maintaining a manual purchase log.

(p) Ensuring funds are available to pay for a purchase prior to making the buy.

(q) Ensuring purchased items are received by the requiring activity.

(r) Notifying the Property Book Officer of the receipt of all accountable property and providing its descriptive and serial number information.

1-10. Management of the GPC Program

a. The Head of the Contracting Activity (HCA) has the overall ownership and cognizance of the GPC program. Responsibility for the establishment and operation of an agency's GPC program is delegated to the agency's

b. Principal Assistant Responsible for Contracting (PARC). The PARC will designate a Level III A/OPC and an alternate(s) who will be dedicated to the GPC Program within their agency/organization. PARCs will ensure that adequate resources are dedicated to the GPC program within their agency/organization to ensure successful management of the program. Only individuals who meet the following criteria may be appointed as Level III Coordinators for the GPC Program; Appointed 1102 's, and at a minimum DAWIA Level II certified. This requirement is effective upon publication of this document. Although the Level III Program Coordinator position typically warrants a GS-11 or higher grade, the A/OPC Level III grade will depend on the responsibilities, complexity, and volume of the program.

Exception: Any individual occupying a GPC Coordinator position (Level III) on or before the publication of this document may remain in current position; however, the A/OPC and all alternates shall receive training in the GPC program as well as basic contracting courses. When position becomes vacant, it must be filled in compliance with 1102 requirements.

c. The PARC management responsibility authority for the GPC Program is further delegated to the Chiefs of Contracting Offices. They will ensure that adequate resources are dedicated to the GPC program within their installation/activity to allow effective administration of the program. They will also coordinate with the local personnel office(s) to ensure procedures are established that will require individuals involved in the GPC Program to clear through the Level IV A/OPC when they out-process from the installation. The Level IV A/OPC will be appointed at a grade that will depend on the responsibilities, complexity, and volume of the program or they will appoint Level IV A/OPCs of a sufficient grade/rank to exercise their authority. Effective on the date of the publication of this document, only individuals who meet the following criteria may be appointed as Level IV Coordinators for the GPC Program; appointed 1102 series, and DAWIA Level II certified.

Exception: Any individual occupying a GPC Coordinator position (Level IV) on or before the publication of this document may remain in current position; however, the A/OPC and all alternates shall receive training in the GPC program as well as basic contracting courses. When position becomes vacant, it must be filled by an individual who meets the 1102 requirements. In addition, they will ensure that Level IV A/OPCs receive training in the GPC program as well as in general contracting subjects that will support career progression.

d. The Level IV and Level III A/OPCs must have the following knowledge, skills, and abilities:

(1) An understanding of the relevant policies, procedures, and commercial contracting practices;

(2) The ability to communicate, organize, and manage effectively;

(3) Basic analytical and computer skills; and

(4) The ability to analyze, research, and provide concise recommendations to the chain of command on required actions to anticipate, prevent, or correct problems in business processes that are supported by the GPC.

e. Installation, unit, and local Heads of Activities or their designees will nominate individuals from their organizations as Billing Officials and Cardholders. Because of the Billing Official's fiduciary obligation to ensure the proper use of, and expenditures under, the GPC, he/she will also be responsible for certifying payments to the paying office's Disbursing Officer for the Servicing Bank's GPC invoice. Billing Officials are financially responsible for erroneous payments resulting from the performance of their duties in accordance with Title 31, United States

Code, Section 3528. They will ensure procedures are in place so that individuals who are retiring or departing the organization will forfeit their cards to the Level IV A/OPC and notify him/her to close their account.

f. Resource Managers will fund GPC purchases using the "bulk" method in lieu of creating and citing unique accounting classifications for each individual GPC purchase. The bulk funding method requires a periodic (monthly, bimonthly, or quarterly) fund reservation, through obligation or commitment, equal to the anticipated purchases for that period. Bulk funds may be assigned as a single line of accounting to each Cardholder account to cover anticipated GPC purchases for a specified period (see Federal Acquisition Regulation (FAR) 13.101(b)(4)). The Resource Manager is responsible for:

(1) Coordinating GPC funding and spending limits with the Billing Official and Level IV A/OPC.

(2) Establishing bulk funding for each account, at either the Cardholder or Billing Official level.

(3) Providing the Billing Official or Cardholder with an official notification of funding.

(4) Assigning default and alternate lines of accounting as appropriate.

(5) If responsible for non-EDI accounts, ensuring that obligations are posted prior to the submittal of an invoice.

(6) Assisting with resolving accounts that are in a delinquent status and providing payment information when requested.

(7) Assisting the Level IV A/OPC with the surveillance of assigned accounts.

g. The assigned DFAS OPLOC is responsible for:

(1) Maintaining the DD Form 577.

(2) Receiving and processing electronic data interchange (EDI) transaction sets 821, Obligation Files; and 810, Invoice Files, and notifying the responsible installation or activity when the corresponding files are not received.

(3) Notifying the installation/activity, within one day, of rejects and interest penalties assessed to individual accounts.

(4) Receiving and processing requests for manual payments; for example, bank system rejects and non-EDI accounts.

Chapter 2

Establishing and Maintaining a GPC Account

2-1. Nomination, selection, and appointment of Cardholders and Billing Officials

a. An installation, unit, or local HA, or senior official must nominate prospective Cardholders through a nomination letter to the local DOC. The letter will explain why the nominee needs a GPC and will verify the individual's trustworthiness and reliability in carrying out the responsibilities inherent in holding a GPC. Officials should only nominate individuals who have demonstrated responsibility and possess the required business acumen to be entrusted with a GPC.

b. Creditworthiness: Reserved.

c. Cardholders whose nominations have been accepted by the DOC must successfully complete the required GPC and procurement ethics training

and be delegated micro-purchase authority by the DOC prior to receiving a GPC. A sample delegation of micro-purchase authority is provided at Appendix F.

d. Similarly, Billing Officials whose nominations have been accepted by the DOC must successfully complete the required GPC and procurement ethics training and be delegated Billing Official authority by the DOC. The local HA or senior official must complete a DD Form 577. A sample DD Form 577 is provided in Appendix E.

2-2. Training requirements

a. Individuals must complete locally developed GPC training and the mandatory web-based Defense Acquisition University (DAU) DoD GPC Tutorial prior to being delegated micro-purchase authority. Each Level IV A/OPC is responsible for providing training to Cardholders and Billing Officials. There will be no exceptions or substitutions for this training. At a minimum, the training for Cardholders and Billing Officials will cover the following:

(1) Army Purchase Card Program policies and procedures.

(2) Cardholder and Billing Official duties and responsibilities.

(3) Cardholder and Billing Official guides developed by the Servicing Bank.

(4) Procedures and techniques for the use of the Servicing Bank's automated system.

(5) Funding, billing, payment, and file documentation requirements.

(6) Property accountability procedures.

(7) Ethics Training.

(8) Mandatory sources of supply.

(9) FAR/DFARS/AFARS coverage of simplified acquisition procedures

(10) Record retention requirements.

(11) Prohibited items and items that require pre-approval for purchase.

(12) Dispute procedures.

(13) Cancellation and lost, stolen, or compromised card procedures.

b. Additional training is required for Cardholders who will be given authority to place orders above the micro-purchase threshold against existing contracts, and for Cardholders outside the Continental United States (OCONUS) who will have a single purchase limit in excess of $2,500 [DFARS] 213.3).

c. Annual refresher training for all Cardholders and Billing Officials can be accomplished locally by the Level IV A/OPC or via the DAU GPC training course. This training shall cover relevant changes as well as any special requests or needs of the group being trained. Cardholders and Billing Officials who fail to complete annual refresher training shall have their GPC account suspended until training is completed.

d. Level IV A/OPCs should notify all participants in the GPC program of changes, as they occur, through the most efficient means (such as e-mail or newsletters).

e. Attendance at the annual GSA SmartPay Conference is mandatory for all primary and alternate Level 4 A/OPCs. This is the only A/OPC training venue for the GPC program.

2-3. Account establishment

a. A GPC will be issued only as mission requirements warrant. Only DoD civilian employees and military personnel may be issued a GPC or be appointed a Billing Official. GPCs shall not be issued to contractor personnel. OCONUS, local national employees of the Army, and host Government direct hires for OCONUS agencies/organizations whose salaries are reimbursed by the Army, are not considered DoD contractors, and may be designated as Cardholders and Billing Officials.

b. Only those personnel with a continuing need to use the GPC will be appointed Cardholders. Billing Officials will advise the Level IV A/OPC when Cardholders no longer have a continuing need or will transfer to other duties or organizations, retire, or leave Government service. Billing Officials will confirm that the actual cards assigned to these individuals were returned and destroyed. During the annual review of a Billing Official's account, the Billing Official will advise/recommend to the Level IV A/OPC whether, based on mission requirements and purchase history, a continuing need for the GPC is justified for each assigned Cardholder.

c. The Level IV A/OPC, in coordination with the Resource Manager and Billing Official, will set and maintain each Cardholder's spending limits and merchant codes based on a reasonable estimation of what that

Cardholder needs to buy as part of the activity mission and function. The single purchase limits and monthly limits should be set at a level that is commensurate with the buying history of the activity or organization. The Resource Management Office will establish the default and alternate lines of accounting for the proper designation of appropriation.

d. In organizations with both appropriated and non-appropriated funds, separate Cardholder accounts must be established to segregate purchases by fund type.

2-4. Account maintenance

The Level 4 A/OPC is required to update account information upon notification of changes in a Cardholder's name, address, single purchase and monthly spending limits, or authorized MCCs. Cardholders must promptly report lost, stolen, or compromised cards to the Servicing Bank's Customer Service Center, Billing Official, and Level IV A/OPC. The Servicing Bank shall immediately block the account from accepting additional charges.

2-5. Liability of the Government, Cardholders, and Billing Officials

a. Use of the GPC by an authorized Cardholder to make an unauthorized purchase is the liability of the Government. However, the

installation/organization is responsible for taking appropriate action against the Cardholder.

b. The intentional use of the GPC for other than official Government business may be considered an attempt to commit fraud against the U.S. Government. Misuse may result in immediate cancellation of an individual's card, financial liability, and negative administrative and/or disciplinary action against the Cardholder and, if warranted, against the Billing Official.

c. Liability: GPC Billing Officials are personally and pecuniarily liable for the full amount of any improper payments resulting from misuse, abuse, or unauthorized purchases of the GPC, in accordance with Title 31 U.S. Code § 3528. Strict pecuniary liability attaches automatically when there is an erroneous payment. GPC Cardholders are pecuniarily liable for erroneous payments that result from the negligent performance of duties in the amount of erroneous payment, up to one month's pay. All accountable officials are required to comply with DoD regulations, policies, and procedures, including standard operating procedures. Failure to act in accordance with such regulations, policies, and procedures is generally considered evidence of negligence. Following orders from superiors that are contrary to regulations, policies, and procedures, is no defense to

negligence or bad faith. A heavy workload or a lack of experience, supervision, or training, is not a factor in determining relief from liability.

d. Statutory authority: Any misuse of the GPC is subject to criminal, civil, Uniform Code of Military Justice, administrative, and disciplinary actions as appropriate.

(1) Cardholders are defined under the DoD FMR as an Accountable Official. As such, Cardholders are liable for up to one month's pay for misuse resulting from their negligent actions. DoD Directive 7000.15 §3.2 imposes financial liability for negligent performance of the Cardholder's duties. The FMR Vol. 5, Chapter 33, § 3307 also discusses pecuniary liability. Accountable Officials shall be personally and pecuniarily liable for erroneous payments that result from the negligent performance of duties in the amount of the erroneous payment, up to one month's pay.

(2) Billing officials: Title 31 U.S. Code § 3528 provides for personal and pecuniary liability for improper payments resulting from misuse/abuse of the purchase card for Certifying Officials. The GPC Billing Official meets the definition for Certifying Officer in the DoD FMR. The Billing Official is financially liable for improper payments resulting from misuse or abuse of the GPC. The act of certifying a billing statement for

payment makes the Billing Official financially responsible for illegal, improper, or incorrect payment due to an inaccurate or misleading certification. Consequently, a Billing Official who knowingly makes a false certification may be asked repay the Government for the items or service purchased. If a Billing Official is unsure about certification, he/she should contact the supporting Level IV A/OPC for guidance and/or assistance.

e. TRIGGERS OF LIABILITY: 31 U.S.C. § 3528 and Paragraph 330303 of the FMR states that Certifying officers are responsible for: Repaying a payment: 1. that is determined to be illegal, improper, or incorrect because of an inaccurate or misleading certificate; 2. that is determined to be prohibited by law; or 3. that does not represent a legal obligation under the appropriation or fund involved. Unauthorized purchases, being contrary to law and regulation, will trigger personal and pecuniary liability.

f. INVESTIGATION REQUIRED: When a review/audit of the GPC account indicates questionable purchases, to include unauthorized purchases, the reviewer MUST ask the Certifying Officer for justification. If there is no justification, the reviewer must raise a charge against the billing official and notify the Billing Official's Commander or Director. That Commander MUST conduct an

investigation, (in accordance with AR 15-6, and the DoD FMR 3308, to determine whether the erroneous payment was the result of the accountable official's negligence. The investigation must provide the DoD employee or military member with an opportunity to rebut the presumed liability. If the commander/director determines that the erroneous payment was not the result of the accountable official's negligence, the charge against that official shall be cleared. Failure to follow regulation and policy constitutes negligence.

g. DEBT COLLECTION: If liability has been determined by the investigation, the efforts to recover the funds must be undertaken in accordance with the debt collection procedures prescribed in Chapters 29 and 30 of the DoD FMR. Statutory authority for debt collection by involuntary salary and administrative offset are found at: 5 U.S. Code § 5705 for Civilian employees; and 37 U. S. Code § 1007 for military members.

h. REQUIREMENT TO CONDUCT INVESTIGATION: DoD FMR (DoD 7000.14-R), Vol. 5 Chapter 33, Para 330805, impose the requirement for Commanders to conduct an investigation of erroneous GPC payments.

i. PROCEDURES USED IN THE INVESTIGATION: Army Commanders should use specific instructions for conducting formal and informal investigations contained in AR 15-6. Commanders from other services should use that services specific regulation. The convening authority shall appoint an Investigative Officer, citing AR 15-6 and DoD FMR, Vol. 5 Appendix C, (DoD 7000.14-R), as authority for the investigation.

j. STANDARDS APPLICABLE IN THE INVESTIGATION: The liability of Billing Official is strict and independent of any fault or negligence. In evaluating the facts to determine whether any accountable individual was negligent for purposes of relief from liability, the standard of "reasonable care" is applied. This is the standard of simple or ordinary negligence, not gross negligence. Since liability of an accountable individual is strict and automatic at the time of the loss or deficiency, the fact of the occurrence of a loss or deficiency gives rise to a presumption of negligence on the part of the accountable individual. While the presumption may be rebutted by evidence to the contrary, it is the accountable individual's burden to produce the evidence. It should be emphasized that the Government does not have to produce evidence to establish that the accountable individual was at fault to hold him or her liable; liability is automatic.

k. REQUESTS FOR RELIEF: Under Title 31 USC § 3528, the Comptroller General may relieve a certifying official (Billing Official) from liability when the Comptroller General decides that — (1) the certification was based on official records and the official did not know, and by reasonable diligence and inquiry could not have discovered, the correct information; or (2) the obligation was incurred in good faith; no law specifically prohibited the payment; and the United States Government received value for payment. The Comptroller General may deny relief when the Comptroller General decides the HA did not carry out diligent collection action under procedures prescribed by the Comptroller General.

l. DEBT COLLECTION AUTHORITY: If liability has been determined by the investigation, the efforts to recover the funds must be undertaken in accordance with the debt collection procedures prescribed in chapters 29 and 30 of the DoD FMR. Statutory authority for debt collection by involuntary salary and administrative offset are found at: Section 5514 of Title 5 of the United States Code for civilian employees and section 1007 of Title 37 of the United States Code for members of the United States Army.

m. The following are the authorities that allow action against an individual who misuses the GPC:

(1) Criminal Disciplinary Actions:

- False Claims (18 U.S.C. Section 287)
- False Statements (18 U.S.C. Section 1001)
- Major Fraud Act (18 U.S.C. Section 1031)
- Mail Fraud (18 U.S.C. Section 1341)
- Wire Fraud (18 U.S.C. Section 1343)
- Conspiracy to Defraud (18 U.S.C. Section 371)
- Conflicts of Interest (18 U.S.C. Section 208)
- Theft; Embezzlement, and Destruction of Public Money, Property or Records (18 U.S.C. Section 641)
- Uniform Code of Military Justice (10 U.S.C. Chapter 47) Note: Applicable only to members of the military

(2) Civil Disciplinary Actions:

- False Claims Act (31 U.S.C. Section 3729 and the subsequent sections)
- Program Fraud Civil Remedies Act (31 U.S.C. Section 3801 and the subsequent sections)
- Anti-Kickback Act (41 U.S.C. Section 51 and the subsequent sections)
-

(3) For civilian employees, the following administrative disciplinary actions are authorized:

- Adverse counseling; and/or suspension without pay, and/or termination of employment.

2-6. Card suspension policy

a. In accordance with DoD business practices, when any of the following conditions exist the Servicing Bank will automatically suspend Billing Official accounts.

(1) When a Billing Official's account goes over 60 days past due (90 days after the billing date), that Billing Official's account, and those of all assigned Cardholders within the account, will be suspended until the delinquent payment posts at the Servicing Bank.

(2) When a Billing Official's account goes over 180 days past due (210 days after the billing date) all accounts that are assigned under the respective Level IV A/OPC will be suspended.

(3) When a Billing Official's account has more than 20 open Cardholder accounts, the Billing Official's account will be suspended unless a waiver has been approved by the Army Level II A/OPC.

b. Only the Army Level II A/OPC may reopen accounts that have been suspended before the cause of the suspension has been corrected. Before reopening accounts that have been closed due to delinquent payments, the Level III A/OPC must document that payments have been made to the Servicing Bank to clear the delinquencies.

c. Accounts will be closed permanently if more than two suspensions occur within a 12-month period.

d. Only the Army Level II A/OPC may approve waivers to the Army Purchase Card Account Suspension Policy.

2-7. Card security

Cardholders are responsible for properly using and safeguarding their GPCs. Accordingly, Cardholders should take the appropriate precautions comparable to those taken to secure personal checks, credit cards, or cash.

Chapter 3

Operational Guidance and Procedures

3-1. Making purchase transactions

A Cardholder may be delegated micro-purchase authority to purchase supplies, equipment, and non-personal services authorized by law. Volume I of the Government Accountability Office (GAO) Appropriations Law explains that federal funds are made available for obligation and expenditure by means of appropriation acts and the subsequent administrative actions which release appropriations to the spending agencies. The use or "availability" of appropriations once enacted and released (that is, the rules governing the purpose, amounts, manner, and timing of obligations and expenditures) is governed by various authorities: the terms of the appropriation act itself; legislation, if any, authorizing the appropriation; the "organic" or "enabling" legislation which prescribes a function or creates a program which the appropriation funds; general statutory provisions which allow or prohibit certain uses of appropriated funds; and general rules which have been developed largely through decisions of the Comptroller General and the courts. These sources, together with certain provisions of the Constitution of the United States, form the basis of "appropriations law"-an area where questions may arise in as many contexts as there are federal actions that involve spending money.

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.

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. See Appendix C and section 3-2 for help with identifying whether a proposed purchase is authorized by law.

a. Overseas Cardholders who receive authorization and training from their Level IV A/OPC may use the GPC to make commercial purchases up to $25,000 if the purchases are made outside the United States, for use outside the United States, in accordance with DFARS 213.301. Purchase requirements that exceed the micro-purchase threshold should be referred to a contracting office for formal contracting action. A requirement cannot be split into smaller component parts to avoid formal contracting procedures. Splitting requirements solely to keep them under the micro-purchase threshold is prohibited.

b. Contracting Officers may award contracts and purchase orders that cite a GPC as the method of payment up to the warrant limit of the Contracting Officer. It is highly recommended that the Billing Official of Cardholders with a GPC used for contract payments as authorized above shall be an individual assigned to the contracting organization in the DAWIA Level II Certified contracting series. Cardholders with a GPC used for contract payments must comply with the requirements of this regulation for establishing, funding, reconciling, and approving card purchases when the card is used as a payment method on a contractual document. Other individuals, designated by the contracting officer, under the supervision of the contracting officer, may use the GPC for payments against existing contracts for payment up to $25,000.00.

c. If authorized as an Army Ordering Officer to place orders above the micro-purchase threshold, Cardholders who are not Contracting Officers will use the GPC only to obtain items from GSA Federal Supply Schedule (FSS) contracts, Army blanket purchase agreements tied to GSA FSS contracts, DoD Indefinite Delivery/Indefinite Quantity (ID/IQ) contracts or from Army contracts that, by their terms, expressly allow Army Ordering Officers to place orders and pay with the GPC. For example, the Army-wide BPA for office products can be used to acquire items valued above $2,500 with the GPC. Training requirements and special delegations to receive this authorization are identified in AFARS 5113. All purchases greater than

$2,500 must be reported in accordance with DFARS 204.6, Contract Reporting, and AFARS 5104.6, Contract Reporting. Cardholders are responsible for electronically or otherwise completing the reporting requirements for all purchases over $2,500. An individual Contract Action Report (CAR), is required for all transactions exceeding $2,500, with two exceptions 1.) Training DD Form 1556 or equivalent payments and 2.) Purchases under $25,000 made outside the United States. Intra-Governmental transfers (for example, Defense Automated Printing Service (DAPS) and GSA Global) are not purchases or payments, therefore such transactions are not required to be reported.

d. The GPC is the authorized method of payment for all commercial training authorized by the DD Form 1556 or equivalent and valued at or below $25,000.

e. Cardholders may place orders online via the Internet if authorized by their internal agency procedures to do so. When making online purchases, Cardholders will take appropriate measures to safeguard their account numbers at all times and ensure that they are purchasing on a secure Web site.

3-2. Prohibited purchases and restrictions on GPC use

a. Each Cardholder is authorized to buy supplies and services that support the agency mission; provided there is adequate funding, the items are purchased at a reasonable price, and are not prohibited. While some requirements are clearly permitted and others are obviously prohibited, some fall in the gray area. In those cases, the Cardholder shall consult with his or her Resource Manager or Level IV A/OPC for guidance. Appendix C provides general rules regarding prohibited items and items requiring pre-purchase approval. In most cases, Appendix C should allow the Cardholder to determine whether a particular buy is appropriate. This list is not all-inclusive and should be supplemented by MACOM and installation A/OPCs (Levels III and IV), as necessary. Cardholders shall ensure that all purchases are properly documented, and that necessary approvals are obtained prior to making the purchase.

b. In addition to the items listed in Appendix C, Cardholders should obtain pre-purchase approval and documentation for requirements that appear to be outside the normal needs of the requesting organization. This documentation must address the bona fide need for the item that is being acquired.

c. Each GPC account has a single purchase transaction limit and monthly purchase limit. Generally the single purchase limit is the micro-purchase

threshold. The monthly purchase limit is the cumulative spending value for the account's billing cycle. Total monthly purchases may not exceed the billing cycle limit that is established in the Servicing Bank's transaction authorization system. These spending limits may be modified by the Level IV A/OPC when operational circumstances warrant.

3-3. Separation of duties

a. The proper separation of duties creates a situation that should preclude errors and attempts at fraud or improper usage of the GPC. Key duties, such as making purchases (Cardholder), authorizing payments (Billing Official), certifying funding (Resource Managers), and reviewing and auditing transactions (Level IV A/OPCs and Property Book Officers) shall be assigned to different individuals in order to minimize the risk of loss to the Government to the greatest extent possible.

b. If resource constraints prevent assignment of the key duties set forth in paragraph (a) above to different individuals, the HA will request a waiver through the Level IV A/OPC to the Chief of the Contracting Office. If approved, a copy of this waiver will be forwarded to the applicable Assessable Unit Manager for that organization (See AR 11-2). The status of these situations will be reviewed by the Level IV A/OPC during his or her annual inspection and may warrant additional surveillance.

c. Notwithstanding the above-described waiver process, certain key duties shall not be assigned to the same individual. In no case shall the same individual be the Cardholder and the Billing Official for a GPC account. In no case shall the Chief of the Contracting Office, Property Book Officer, or any Level IV A/OPC (primary or alternate) also be 1.) A Cardholder, 2.) A Billing Official or 3.) A Contracting Officer who is making contract payments with a GPC or executing GPC documentation. It is highly recommended that a Cardholder, who is also a hand receipt holder, not purchase accountable property for their own use.

3-4. Span of control

a. The Army standard for span of control for a Level IV A/OPC is 300 accounts. This number includes both Billing Official and Cardholder accounts. When the number of accounts assigned to a particular Level IV A/OPC exceeds the Army standard, the PARC and the DOC will ensure adequate resources are made available to allow the Level IV A/OPC's successful performance of his or her duties. When the span of control exceeds the Army standard 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 A/OPC will retain copies of this documentation.

b. A Billing Official cannot perform his or her duties if too many cardholders have been assigned. The Billing Official must review cardholder activities in depth every month. This is a time consuming task. Therefore, a ratio of not more than seven Cardholders to one Billing Official is the Army standard. The total number of transactions, as well as the number of assigned Cardholders, must be considered when determining an acceptable Cardholder-to-Billing-Official ratio. In some cases, seven Cardholders may be too many for a particular Billing Official if the total number of transactions per month is excessive.

c. The Billing Official will complete his or her review of assigned Cardholder monthly statements and certify the invoice for payment within five business days of the end of the billing cycle (15 days for accounts that have not been EDI enabled). During the annual inspection of Billing Official accounts, Level IV A/OPCs will determine whether the span of control is acceptable—that is, whether the Billing Official can reasonably be expected to complete a thorough review of all transactions and certify the invoice within five business days of its receipt. The Level IV A/OPC will document all cases where the Cardholder-to-Billing-Official ratio exceeds the Army standard. In these cases the Billing Official 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 Billing Official 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 Billing Official 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 Billing Official:

- 8–10 Cardholders: Through the Level IV A/OPC to the DOC.
- 11–19 Cardholders: Through the A/OPC (Level IV and Level III) to the PARC.
- 20 or more Cardholders: Through the A/OPC (Level IV, Level III, and Level 2) to the DoD Purchase Card Joint PMO.

3-5. Tax-exempt status

For purchases within the United States (see the glossary for the related definition), the Cardholder will inform the merchant that the purchase is for official U.S. Government purposes and, therefore, is not subject to state or local sales tax. The GPC is embossed with the statement "U.S. GOVT TAX EXEMPT," and

the Cardholder will point this statement out to any merchant that attempts to apply taxes to a purchase. In some tax jurisdictions, it may be necessary for the Cardholder to provide a tax-exempt number if requested by the merchant. The Federal Government is not exempt from certain federal and state excise taxes. Further, overseas purchases are not exempt from foreign taxes unless foreign tax agreements so specify.

3-6. Property accountability

a. All personnel who are entrusted with the acquisition of Government property are responsible for its proper custody, safekeeping, and accountability. For the purpose of GPC purchases, an item is considered to be accountable if it is assigned a manufacturer's serial number. Cardholders shall ensure the accountable item is placed on a hand receipt. Local procedures should emphasize pre-purchase approvals and documentation subsequent to purchase. To ensure separation of duties, Property Book Officers will not be appointed as GPC Cardholders or Billing Officials.

b. Level IV A/OPCs, in coordination with local Property Book Officers, will provide installation-specific guidance on property accountability procedures. Property Book Officers or their representatives should assist Level IV A/OPCs in their reviews of Billing Officials and Cardholders to ensure that property accountability procedures are being followed. The

reviewing Level IV A/OPC will provide formal reports of non-compliance to the local HA. Abuse or repeated non-compliance with property accountability procedures will be grounds to suspend GPC accounts until assurances are obtained that property accountability documents are made current and established procedures will be followed in the future.

3-7. Merchant Category Code (MCC) blocks and overrides

a. The banking community has established a code system to categorize merchants by the goods and services they provide. These MCCs are used within the Servicing Bank's card processing system to authorize or decline purchase transactions based on controls established for each GPC account.

b. Based on their MCCs, various classes of merchants have been blocked from doing business with the Army through the GPC. These merchants have identified themselves as specializing in certain products or services that are not authorized for official purchases with the GPC. The unauthorized MCCs are:

- 4829 – Wire Transfer/Money Orders
- 5932 – Antique Shops
- 5933 – Pawn Shops

- 5937 – Antique Reproductions
- 5944 – Jewelry Stores
- 5960 – Direct Marketing Insurance
- 6010 – Financial Institutions: Manual Cash Advance
- 6011 – Financial Institutions: Automatic Cash Advance
- 6012 – Financial Institutions: Merchandise and Services
- 6051 – Non-Financial Institutions: Foreign Currency, Money Orders, and Travelers Checks
- 6211 – Security Brokers/Dealers
- 6760 – Savings Bonds
- 7012 – Timeshares
- 7273 – Dating and Escort Services
- 7995 – Betting, Casino Gaming Chips, and Off-Track Betting
- 8651 – Political Organizations
- 9211 – Court Costs, Alimony, and Child Support
- 9222 – Fines
- 9223 – Bail and Bond Payments
- 9311 – Tax Payments
- 9700 – Automated Referral Service

c. A merchant that has been blocked may still sell items that are authorized for purchase with the GPC. If a Cardholder determines that he or she must make a purchase from a source that has been blocked because of

its assigned MCC, the following procedures will apply. The request to override a merchant's blocked MCC must be prepared by the Billing Official of the Cardholder who wants to make the purchase. The request must contain the name and masked account number (show only the last 10 digits of the account number) of the Cardholder, a description of the item(s) to be purchased, the merchant's exact name and address, the MCC that must be overridden, the estimated dollar amount of the purchase, the estimated date of the purchase, and a description of efforts to locate a source other than the merchant with the blocked MCC. In addition, the request must specify the need for the particular requirement (for example, a special magnifying glass, available only from a jewelry store, needed to examine circuit card wiring).

(1) The request will be routed through the appropriate Level IV A/OPC to the Level III A/OPC for approval. Approvals will be granted on a transaction-by-transaction basis. This process will not allow recurring purchases from a restricted merchant. If the request is approved, the Level III A/OPC will contact the Servicing Bank to have the specific transaction approved from the restricted merchant. The Cardholder will then have five days to make the purchase. At the time of purchase, the Cardholder will advise the merchant to call the Servicing Bank's Customer Service Department and provide the following information:

(a) GPC number, Cardholder name and billing address.

(b) GPC expiration date.

(c) Purchase amount.

(d) Advise that this transaction has been coordinated through the Army Level IV A/OPC.

3-8. Reconciliation

a. The Cardholder reconciles the statement of account by reviewing it for accuracy and comparing it with his or her purchase log entries. If the statement is correct, the Cardholder approves it within three business days from the end of the billing cycle. If the statement is not correct, the Cardholder must contact the merchant and request correction. If the merchant will not cooperate and either process a correcting transaction or provide ordered goods and services, the Cardholder must dispute the incorrect transaction.

b. The Billing Official must ensure GPC transactions are legal, proper, and correct in accordance with Government rules and regulations. If the billing statement is correct, following the Billing Official's review, certification of the Billing Statement is done within five business days. If the Billing Official finds questionable transactions, the Cardholder must be contacted to review supporting documentation. If the Billing Official determines the

Cardholder is negligent, appropriate administrative or disciplinary action must be taken in accordance with DoD and Army disciplinary policy. The Level IV A/OPC should be consulted in such matters.

3-9. Pay and confirm

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 that have been reconciled and approved for payment 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 (see paragraph FAR 1-9(6)(j)).

3-10. File retention

a. The documents that must be retained in the file include (1) the Billing Official 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 Billing Official 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 Billing Official and Cardholder 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 Billing Official for any reason.

b. In addition, Level IV A/OPCs shall retain file documentation for appointed Cardholders and Billing Officials. 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) Audit reports

3-11. Convenience checks and foreign draft checks

Convenience checks and foreign draft checks (FDCs) provide activities with the flexibility to issue checks for payment of small value purchases of supplies and services. Convenience checks are issued for domestic purchases valued in U.S. dollars when the merchant will not accept the GPC. DoD activities have the

flexibility to issue convenience checks to pay for products and services at the activity level. FDCs are issued for overseas purchases valued in foreign currency when the merchant will not accept the GPC. The following requirements apply to one or both of these financial instruments as specified.

a. The Cardholder shall not use a convenience check or FDC unless its use is considered advantageous to the activity after evaluating all alternative methods of purchase. Convenience checks and FDCs may not be used to avoid the normal GPC payment process. Before a check is issued, the paying agency must make every effort to use the GPC, including making maximum efforts to find and use merchants that accept the GPC. The authority to maintain a checkbook shall be justified on an individual organization basis and controlled and monitored by the organization's HA. The number of checkbooks per installation must be kept to a minimum. Billing Officials shall develop and implement appropriate internal controls that protect the Government from potential misuse of the checks. Delegations of authority to maintain and use convenience checks will be granted in writing by the Chief of the Contracting Office.

b. Convenience checkbook accounts are available only to organizations that maintain active GPC accounts in good standing. A convenience checkbook holder may have a GPC account and a separate convenience checkbook account. Convenience checks are pre-numbered, and their use

is controlled with a separate convenience check purchase log for each account. Checkbook holder shall maintain original voided checks.

c. Convenience checks and FDCs may not be issued for more than $2,500 (or the foreign currency equivalent) per check and will be issued for the exact payment amount. In the case of an FDC, the payment amount will include the administrative processing fee. "Splitting" payment amounts across more than one convenience check or FDC to keep the purchase amount per check below the $2,500 limit is prohibited. Convenience checks and FDCs will not be issued as an "exchange-for-cash" vehicle to establish cash funds. If merchants issue credit or refunds by cash or check, the funds must be immediately credited to the account against which the purchase was originally made.

d. Billing/Certifying Officials for convenience check and FDC accounts accept financial liability for payments made using these accounts. The intentional use of the Convenience Checks or FDC for other than official Government business may be considered an attempt to commit fraud against the U.S. Government. Misuse may result in immediate cancellation of an individual's Convenience Checking Account/FDC account, financial liability, and negative administrative and/or disciplinary action against the Cardholder and, if warranted, against the Billing Official.

e. Convenience checks and FDCs are negotiable instruments and must be stored in a locked container, such as a safe or locking filing cabinet.

Checks will be accounted for appropriately to prevent loss, theft, or potential forgery. Convenience check and FDC accounts must be audited at least quarterly. The checks will be reconciled just as other GPC transactions, as a part of the monthly statement billing cycle. Copies of voided checks must be retained as a part of the account-holder's original documentation files.

f. The same purchase prohibitions that apply to the GPC apply to the convenience check and the FDC.

g. The normal dispute process associated with the GPC is not applicable to convenience checks and FDCs. Any concerns over a purchase made with a check must be resolved directly with the merchant. The check writer is solely responsible for securing credit or disputing purchases with the merchant. Each organization is responsible for all checks written on an account, unless it is determined fraud is involved (see Section 4-5 on fraud). In some cases, payment can be stopped on a convenience check that has been written if the check has not yet been posted to an account. To stop payment on a check, the check-writer must call the Servicing Bank's Customer Service Department to receive instructions on processing the action.

h. FDC accounts are established in the contracting office. Customer activities desiring FDC accounts outside the contracting office must justify, in writing, to the DOC why an account is necessary. Accounts are authorized when appropriate and necessary to support mission requirements.

i. Heads of Activities will appoint personnel as Billing Officials, cashiers (check writers), and custodians of FDC accounts. Any U.S. Government employee—military or civilian—including local national employees, may be selected for appointment. Contractors working for the Army may not be selected for appointment.

FDC Billing Officials, cashiers, and custodians must receive standard GPC training prior to being issued active FDC accounts.

(1) The check cashier is the only person who has the authority to issue and sign checks. He or she may hold a GPC account in addition to the convenience check FDC account, as long as the accounts are maintained separately.

(2) The check custodian orders, receives, stores, issues, inventories, reconciles, and disposes of FDC stock. He or she will not be

responsible for approving and processing requirements for check writing.

(3) The Billing Official authorizes and certifies the issuance of FDCs written by the cashier. In order to maintain effective internal controls, the Billing Official may not perform the check-writing and maintenance functions of the cashier and custodian.

j. All convenience checks and FDCs must be reconciled as a part of the monthly billing statement at the end of the billing cycle.

k. Establishing Convenience Check Accounts.

(1) A request to establish convenience check accounts must be justified in writing by the organization's commander/director and forwarded to the Level IV A/OPC. If approved, a delegation of authority to maintain and use convenience checks will be granted in writing by the Chief of the Contracting Office. Required information must consist of the following:

(a) Reason for requesting checks.

(b) Check writer's complete name, office name, address, e-mail, phone and fax number.

(c) Single and monthly purchase limits.

(d) Types of vendors check will be written to.

(2) Approximate dollar amount of checks intended to be written within a 12-month period.

I. Use of Convenience Check Accounts.

(1) Convenience checks may be used for small purchases, when supplies or service are available for delivery within 30 days whether at the contractor's place of business or at destination. Purchases made with the check must not require detailed specifications or an inspection report.

(2) Convenience checks may be used for purposes not related to small purchases when such expenditures are authorized by other regulations such as:

(a) Delivery charges associated with the purchases made with a convenience check when the contractor is requesting to arrange delivery. These charges include local delivery, parcel post including cash on delivery (C.O.D.) postal charges, and line haul or inter-city transportation charges, provided the charges are determined in the best interest of the Government.

(b) C.O. D. charges for supplies ordered for payment with a convenience check upon delivery.

(c) Metro transportation passes or tokens.

m. Prohibited Purchases.

(1) Payment of salaries and wages.

(2) Travel advances or any other advances.

(3) Payment of travel claims.

(4) Purchase from contractors or contractor's agents who are military personnel or civilian employees of the Government.

(5) Repetitive purchases from the same contractor when another method of purchase, such as a purchase card or blanket purchase agreement, would be appropriate.

(6) Payment of on-the-spot cash awards.

(7) Payment of contracts.

3-12. Contingency operations

a) Active component units deploying in support of contingency operations should take their locally issued GPCs with them to use while deployed. Prior to deployment, coordinate with the Contracting Activity that has contracting authority in the contingency area to see if there are special requirements for using the GPC while deployed in the AOR. If, after coordination with the contracting authority for the deployed area, it is determined that the deploying units will not take their cards, these accounts must be temporarily suspended during the period of deployment. If GPCs are authorized while deployed, make appropriate adjustments to lines of accounting, EDI flags and routers, and additional information to be entered in the Servicing Bank's electronic system.

b) For Reserve Units and National Guard:

Mobilizing Reservists may use their GPC until they reach the Mobilization (MOB) station. Once arriving at the mob station, the Reserve issued GPC shall no longer be used. The Reserve A/OPC will deactivate the mobilized soldier's GPC account at this point, through temporary closure or termination. The gaining activity in the contingency operation area will determine if a soldier will require a GPC. If it is determined that the mobilized Reservist will require a GPC, the unit's command will identify the FORSCOM home station responsible for its issuance. All GPC accounts (cardholder and approving official) for mobilized Reservists will be managed by the FORSCOM home station installation A/OPC to which the contingency unit is assigned.

Cards are to be used in theater for mission essential requirements only. The A/OPC will provide a GPC cardholder worksheet to assist the cardholder with contingency purchases.

Chapter 4

Program Oversight and Reviews

4-1. Monitoring and surveillance

a. Monitoring and surveillance of the GPC program are shared responsibilities. All stakeholders in the program, including Resource Managers, Property Book Officers, and local audit and oversight organizations, have a part in ensuring that the GPC is used in the proper manner and only authorized and necessary official purchases are made. The Servicing Bank's automated system gives all A/OPCs and Resource Managers the capability to electronically review Cardholder transaction details on a daily basis. This tool must be used to maintain the highest level of visibility over this program.

b. Level III A/OPCs will make semi-annual reports (due 21 April and 21 October) to the Army Level II A/OPC, providing the results of the surveillance programs for their prospective organization. Each report will list the number of Billing Official accounts that were inspected in the two

previous fiscal-year quarters, the method of inspection (hands-on or other), the total number of transactions that were reviewed, the number of formal reports issued to the Chief of the Contracting Office, a summary of significant findings (such as systemic problems, gross abuse by an individual, or fraud) that were included in these reports, and a summary of adverse actions, if applicable, (type and number) against the individuals responsible for the significant findings. The report will also identify examples of exceptional GPC programs or performance.

c. Level IV A/OPCs will annually inspect a representative, randomly selected sample of transactions of each Billing Official account. Hands-on inspections are preferred, but alternative methods are allowable. The Level IV A/OPCs will review the selected transactions to verify that the Billing Officials are following correct procedures and processes. The Level IV A/OPCs are encouraged to include participation from representatives of the local Resource Management Office as well as other local oversight organizations in their surveillance programs. At a minimum, these reviews will address compliance with formal GPC purchase and payment procedures, appropriateness of spending limits, span of control, and property accountability. Review guidelines and checklists are provided in Appendix D. In addition to the above, as specified by AFARS 5113.270(a), convenience check and FDC accounts shall be audited quarterly.

4-2. Management reviews

a. Activities shall conduct a formal management control evaluation of their organizations' GPC programs at least once every two years. They must certify that they have completed this evaluation by preparing and signing DA Form 11-2-R. A copy must also be provided to the Chief of the Contracting Office. Appendix D provides an agency/organization compliance checklist.

b. Although a formal evaluation is required every two years, Heads of Activities should conduct a program review as an assessment tool prior to signing annual assurance statements. DoD FMR 7000.14-R, Chapter 33, Volume 5, Paragraph 3308, requires pre-payment and post-payment random reviews of Billing Official actions by the appointing authority (or his or her designated review official). When a review results in an allegation of an erroneous payment, the Head of Activity must convene or order an investigation in accordance with Chapter 33 of the DoD FMR. If the Head of Activity does not have authority to appoint an investigating official or board, a request for appointment shall be submitted through the chain of command to the appropriate level.

4-3. Suspected abuse or fraud

a. All Government employees must prevent the loss of taxpayer money by preventing fraud and the conditions that lead to it. Government fraud is often committed by or with the help of DoD employees. For example, 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 GPC through their ability to make buys with the card. All instances of suspected fraud or abuse must be reported. Various channels of reporting include the Chain of Command, the A/OPC, the command's procurement fraud advisor (Judge Advocate General), the servicing Criminal Investigation Division (CID) office, internal review organizations, and Inspector Generals (IGs) at all levels.

b. If proper procedures are followed to report GPC fraud, the Government is generally not responsible for paying for fraudulent charges incurred.

c. The following are violations of policy indicators of possible fraud:

(1) Repetitive buys from the same merchant.

(2) Lack of documentation for a purchase.

(3) Failure to safeguard cards and account numbers.

(4) Cardholders/Billing Official authorizing the use of their cards by others.

(5) Inadequate oversight by Billing Officials and agencies.

(6) Unauthorized purchases.

(7) Payments made for items not received.

(8) Split purchases to avoid spending limitations.

(9) Lack of accounting for nonexpendable or sensitive items.

(10) Forwarding invoices/billing statements late to DFAS incurring interest penalties.

(11) Approval of a Cardholder's statement of account by someone other than the Cardholder or Billing Official (or alternate).

(12) Cardholders returning merchandise to merchants for store credit vouchers instead of having credits issued back to their GPC accounts.

4-4. Metrics and reporting requirements

a. There are many reports available through the Servicing Bank's automated system that will assist all A/OPCs in the management and oversight of the GPC program. In addition to reviewing these reports, A/OPCs at all levels should collect and maintain certain metrics that will be used to assess the performance of their program. These include:

(1) The number of open Cardholder accounts assigned to a Billing Official.

(2) The number and dollar amount of transactions.

(3) The number of accounts that have been inactive (that is, accounts with no transactions posted) for more than six months.

(4) The percentage of delinquent (that is, over 30 days past due) Billing Official accounts out of all open accounts. The Army goal is to pay all accounts on time. Level IV A/OPCs who have a history of more than 5 percent of Billing Official accounts delinquent during four or more billing cycles in the reporting period must report, on a semi-annual basis to their Level III A/OPCs, what corrective actions they have taken to improve payments. Delinquencies as a percentage of the outstanding balance due also should be tracked.

(5) The percentage of Billing Official accounts that are EDI enabled. The Army goal is 100 percent of non-exempt accounts processing GPC certifications through the Servicing Bank's EDI system.

(6) The percentage of Billing Official accounts that have been reviewed within the previous six months. The Army requires that 100 percent of Billing Official accounts be reviewed annually.

b. The formal reporting requirements for reporting to the Army Level II A/OPC are listed in Appendix G.

Appendix A

References

Section I

Required Publications [Per DA PAM 25-40, a *required* publication is one that the user needs to read in order to understand or comply with the publication being written.]

AFARS 5113.270 (a) and (c), Actions at or Below the Micro-Purchase Threshold (Cited in paras 2-2a, and 4-1c.)

Army Regulation (AR) 11-2, Management Controls. (Cited in para 3-3.)

AR 735-5, Policies and Procedures for Property Accountability (Cited in para 3-6a.)

FAR 8, Required Sources of Supplies and Services. (Cited in para1-9(6)(b))

FAR 13.301, Government-wide Commercial Purchase Card. (Cited in para 1-7.)

DFARS 208, Required Sources of Supplies and Services. (Cited in para 1-9(6)(b))

DFARS 213.301, Simplified Acquisition Methods. (Cited in para 3-1a.)

DoD Directive 7000.15, DoD Accountable Officials and Certifying Officers. (Cited on DD Form 577.)

DoD FMR, Volume 5—Disbursing Policy and Procedures, Chapter 33—Accountable Officials and Certifying Officers; also Paragraph 3308. (Cited in paras 1-9(5) and 4-2b.)

Section II

Related Publications [Per DA PAM 25-40, a *related* reference informs the reader of a source of additional information.]

AR 37-47, Representation Funds of the Secretary of the Army.

AR 710-2, Inventory Management Below the Wholesale Level.

AR 725-50, Requisition, Receipt, and Issue System.

DoD Charge Card Task Force Final Report, 27 June 2002.

DoD, "Department of Defense (DoD Charge Card Programs," Policy Memorandum (Paul Wolfowitz, 21 June 2002.)

DoD, "Disciplinary Guidelines for Misuse of Government Charge Cards by Military Personnel," Policy Memorandum (David Chu, 10 June 2003.)

DoD, "Government Charge Card Disciplinary Guide for Civilian Employees," Policy Memorandum (Ginger Groeber, 21 April 2003)

DoD, "Guidance for the Investigation of Fraud, Waste, and Abuse Involving the Use of Purchase Cards and Travel Cards," Policy Memorandum (Joseph Schmitz, 25 September 2002).

DoD, "Inclusion on Personnel Departure Checklists of the Requirement to Turn in Government Charge Cards," Policy Memorandum (David Chu, 23 June 2003.)

DoD, "Suspension of Access to Classified Information Due to Abuse or Misuse of Government Charge Cards," Policy Memorandum (John Stenbit, 4 November 2002.)

EO 12931, Federal Procurement Reform, 13 October 1993.

FAR 2.101, Definitions.

FAR 4.805, Storage, Handling, and Disposal of Contract Files.

FAR 52.232-25, Prompt Payment.

Federal Acquisition Streamlining Act of 1994, P.L. 103-355, Title IV—Simplified Acquisition Threshold, Subtitle D—Micro-Purchase Procedures.

GAO, Audit Guide: Auditing and Investigating the Internal Controls of GPC Programs, November 2003. GAO Report Number GAO-04-87G.

GAO, General Accounting Office Policy and Procedures Manual for Guidance of Federal Agencies.

GSA SmartPay master contract, Section CC.8, Authorization Controls for the Purchase Card Program.

Management Initiative Decision No. 904, DoD Charge Card Management, December 18, 2002.

Office of the Assistant Secretary of the Army Financial Management and Comptroller OUSD(C) Memorandum, Foreign Draft Checks, 4 February 1998.

Office of the Under Secretary of Defense, "Acquisition Policy on Facilitating Merchant Shipments in the DoD Organic Distribution System," Memorandum,

23 July 2003.

Office of the Under Secretary of Defense (Comptroller), "Purchase Card Reengineering Implementation Memorandum #1, Certifying Officer Guidance, Change 1," Memorandum.

Treasury Financial Manual, Volume 1, Part 4, Chapter 4500—Government Purchase Cards.

U.S. Army Non-Appropriated Fund Instrumentalities Standing Operating Procedure, Purchase Card and Convenience Checks, 22 June 2004

USC, Title 5, Section 5514, Withholding Pay – Installment Deduction for Indebtedness to the United States

USC, Title 10, Section 2302b, Implementation of Simplified Acquisition Procedures

USC, Title 10, Section 2304, Contracts: Competition Requirements, note Requirements Relating to Micro-Purchases

USC, Title 10, Chapter 47, Uniform Code of Military Justice.

USC, Title 18, Section 208, Acts Affecting a Personal Financial Interest.

USC, Title 18, Section 287, False, Fictitious, or Fraudulent Claims.

USC, Title 18, Section 371, Conspiracy to Commit Offense or to Defraud United States.

USC, Title 18, Section 641, Public Money, Property, or Records.

USC, Title 18, Section 1001, Fraud and False Statements—Statements or Entries Generally.

USC, Title 18, Section 1031, Major Fraud against the United States.

USC, Title 18, Section 1341, Frauds and Swindles.

USC, Title 18, Section 1343, Fraud by Wire, Radio, or Television.

USC, Title 31, Section 3528, Responsibilities and Relief from Liability of Certifying Officials.

USC, Title 31, Section 3729, False Claims.

USC, Title 31, Section 3801, Administrative Remedies for False Claims and Statements—Definitions.

UCS, Title 37, Section 1007, Pay and Allowances of the Uniformed Services – Deductions from Pay

USC, Title 41, Sections 51 to 58, Anti-Kickback Act of 1986

USC, Title 41, Section 427, Simplified Acquisition Procedures

USC, Title 41, Section 428, Procedures Applicable to Purchases Below Micro-purchase Threshold

Section III

Prescribed Forms

DA Form 11-2-R, Management Control Evaluation Certification Statement.

Section IV

Referenced Forms

This section contains no entries.

Appendix B

Resource Material

The following URLs link to resources related to the information in this AR.

a. Defense Acquisition University (DAU): http://www.dau.mil

b. DoD 2001 Annual Online Ethics Training:
http://www.defenselink.mil/dodgc/defense_ethics/2001ethics_training.

c. DoD EMALL: http://dodemall.dla.mil/

d. Army Purchase Card Program: http://aca.saalt.army.mil/army/

e. GSA Schedules: http://www.fss.gsa.gov/schedules

f. GSA Advantage: http://www.gsaadvantage.gov

g. Javits-Wagner-O'Day (JWOD) Program: http://www.jwod.com

h. UNICOR–Federal Prison Industries, Inc. (FPI) -

http://www.unicor.gov/index.htm

i. U.S. Army MWR NAF Contracting:

http://www.armymwr.org/contracting/default.asp?ID=8

Appendix C

Prohibited Items, Items That Often Require Pre-Purchase Approval, and Fiscal Law Issues

Appendix C is divided into three sections. Section I deals with prohibited items. Under no circumstances shall a cardholder purchase a prohibited item. Section II deals with pre-purchase approvals that may be required. Section III deals with fiscal law issues.

Section I

Prohibited Items

This section identifies transactions that are prohibited. It is not all-inclusive. Cardholders should contact local authorities prior to purchasing any items that seem questionable or may have the appearance of being inappropriate.

The following transactions are prohibited items for GPC purchases made using appropriated funds:

C-1. Cash advances

Money orders, travelers' checks, and gift certificates are also considered to be cash advances and will not be purchased by Cardholders, even to obtain items from merchants who do not accept the GPC.

C-2. Long-term lease of land and buildings

Use of the GPC to lease real property, i.e. land and/or buildings, for a term longer than one month is prohibited. See C-24 for limited short-term rentals.

C-3. Aircraft Fuel

Use of the GPC to purchase fuel or oil for aircraft is prohibited.

C-4. Repair of leased GSA vehicles

Use of the GPC to purchase repairs on GSA fleet operated vehicles is prohibited.

C-5. Telecommunication systems

The purchase of major telecommunications systems, such as FTS or DSN systems, is prohibited.

C-6. Construction services over $2,000

Use of the GPC to purchase construction services over $2,000 is prohibited.

C-7. Wire transfers

Use of the GPC to purchase wire transfers is prohibited.

C-8. Savings bonds

Use of the GPC to purchase savings bonds is prohibited.

C-9. Foreign currency

Use of the GPC to purchase foreign currency is prohibited.

C-10. Dating and escort services

Use of the GPC to purchase dating and escort services is prohibited.

C-11. Betting, casino gaming chips, and off-track betting

Use of the GPC for betting, casino gaming chips, and off-track betting is prohibited.

C-12. Transactions with political organizations

Use of the GPC for transactions with political organizations is prohibited.

C-13. Court costs, alimony, and child support

Use of the GPC to pay court costs, alimony, or child support is prohibited.

C-14. Fines

Use of the GPC to pay fines is prohibited.

C-15. Bail and bond payments

Use of the GPC to make bail and bond payments is prohibited.

C-16. Tax payments

Use of the GPC to make tax payments is prohibited.

Section II

Items That Often Require Pre-Purchase Approval

Purchases of certain items are often designated by an agency or organization as prohibited unless a specified agency official approves in advance the purchase of the item. This section lists many of these items. A cardholder shall obtain any required approval prior to purchase. Failure to obtain any required approval prior to purchase may result in the Cardholder and/or Billing Official reimbursing the Army for the loss i.e. the purchase price of the unapproved item or service. In addition, agencies often require that certain items or services be purchased from another government agency or specified vendor. In such cases a waiver is required before purchase from a different source.

C-17. Printing

Defense Automated Printing Service (DAPS) is the mandatory source for all printing/reproduction services. See FAR 8.802 and AR 25-50. Since DAPS is a government source this transaction is an intra-Governmental transfer and the micro-purchase threshold does not apply. Accordingly, cardholders may be authorized higher dollar limits to pay for DAPS services. Limited exception:

Cardholders may request a waiver from DAPS to allow purchase of commercial printing services.

C-18. Hazardous material

Purchases of hazardous or dangerous materials must be approved by the local authority.

C-19. Advertising

Cardholders must obtain pre-purchase approval for advertising purchases with the GPC in accordance with local procedures.

C-20. Video information (VI)

Cardholders must obtain pre-purchase approval for VI purchases in accordance with local procedures.

C-21. Information Technology

Cardholders must obtain approval from the installation's Information Management Office (IMO) before purchasing information technology services, computer equipment, and software. This requirement for prior approval includes

network equipment, printers, data storage devices, other computer peripherals and related software, and information technology services. In addition, the Cardholder must check with the Army Small Computer Program (ASCP) point of contact to determine whether the purchase must be made from one of the ASCP's blanket purchase agreements or contracts. The ASCP website is https://ascp.monmouth.army.mil/scp/ascp/aboutus.jsp

C-22. Equipment and materiel

Any equipment or materiel purchased with representational funds must be pre-approved (AR 37-47).

C-23. Ergonomic-related and low-vision equipment

Ergonomic-related and low vision equipment requirements and equipment selection should be identified or verified by a qualified safety or occupational health professional that has completed a 40-hour applied ergonomics course or equivalent. These professionals can ensure the equipment will meet the functional needs of the employee and prevent further injury or facilitate return to work. Before using agency funds for such purchases, the Computer/Electronic Accommodations Program (CAP) office should be considered, as it may fund the purchase. The CAP office requires injury verification by medical documentation and the supervisor's approval for the funding request. Contact the USACHPPM

Ergonomics Program, 410-436-3928 for more information on ergonomics and ergonomic equipment solutions. http://tricare.osd.mil/cap

C-24. Travel-related purchases

Travel-related purchases include rental/lease of motor vehicles associated with travel or temporary duty supported by travel orders (for example, purchase of airline, bus, and train tickets), and purchase of meals, drinks, lodging, or other travel or subsistence costs associated with official Government travel that will be reimbursed on a travel voucher. A Cardholder shall not purchase these type items with a GPC unless your GPC A/OPC approves, in writing, the purchase. A travel card should be used for travel-related purchases.

C-25. Short Term Rental or Lease of land and buildings

The GSA SmartPay master contract provides that the GPC "shall not be used for the long-term rental or lease of land or buildings. " While the term "long-term rental or lease" is not defined in the contract, GSA has historically interpreted this language to permit use of the GPC as a payment mechanism in the case of space acquired for a month or several weeks; for example, where a unit is deployed and requires space for such a time period. Additionally, GSA considers appropriate use of the GPC to include payment for renting a facility for a conference or meeting on a short-term basis (where a centrally billed travel card

account would not be appropriate) as well as use for an agency acquisition of space for several weeks in case of emergency, such as responding to a natural disaster or an act of terrorism.

C-26. Wood Packaging Material (WPM)

As the global movement of people and goods increases, so does the threat of the introduction of non-indigenous or "exotic" insects. Many of these insects pose a serious threat to the health of forests. Recently, a number of countries have adopted or announced upcoming adoption of new regulations concerning import requirements for wood packaging. Most countries are moving to draft regulations that meet the International Standards on Phytosanitary Measures (ISPM) 15, "Guidelines for regulating wood packaging in international trade". This standard recognizes wood that has been heat treated to 56 C at the core for 30 minutes. In the U.S., Pacific Lumber Inspection Bureau (PLIB) is accredited by the American Lumber Standard Committee (ALSC) to provide monitoring and auditing of wood packaging (pallets, crates, boxes, etc.) manufacturers. Under the WPM program, PLIB monitors the conformance of approved wood packaging facilities to the ALSC WPM program and ISPM 15. The ALSC WPM program operates under a Memorandum of Understanding with the USDA Animal Plant Health Inspection Service (APHIS). Contact PLIB for a list of mills, which can meet the requirements of the ALSC-APHIS program. Wood or wood products to

be used as wood packaging material shall not be purchased unless it meets the ISPM 15 standard or other acceptable standard.

Section III

Fiscal Law Issues

Many questions often arise regarding whether or not using the purchase card for a particular purchase is authorized by law. In many cases, there may not be a purchase card restriction but there is a higher-level restriction (i.e., is the use of government appropriated funds authorized for the purchase in question). The following examples are to illustrate the general rules for acceptability on using appropriated funds for these frequently encountered purchase categories. This list is not all-inclusive. Also, it does not take into account whether an activity has specific statutory authority for particular types of purchases. These examples should be used merely as a guide; there may be exceptions granted by additional authorities and/or your activity may have specific statutory authority for the purchase in question. Any requests for purchases in the below areas require careful scrutiny. Consult with your legal counsel and financial operations office.

C-27. Food and Refreshments

The general rule as to whether a proposed purchase of food is authorized by law and exceptions can be found in Principles of Federal Appropriations Law, 2nd Edition, Volume I, page 4-84, July 1991.

As a general rule, most appropriated funds are not available to pay subsistence or to provide free food to civilian government employees at their official duty stations or vicinity. The "free food" rule applies to snacks and refreshments as well as meals. (68 Comp. Gen. 46, 48 (1988); 42 Comp. Gen. 149, 151 (1962); B-140912, Nov 24, 1959). There is an exception. Food and/or refreshments may be purchased using Official Representational Funds.

Until recently, light refreshments at conferences where attendees were in TDY status with local attendees were authorized by the JFTR. In a new case issued on 27 January 2003, the Government Accountability Office (GAO) said it would not be appropriate to pay for the food of government employees attending a government-sponsored conference at their duty station. GAO's rationale is that food is a personal expense of the employee and may not be paid for with appropriated funds except where specifically permitted by statute. GAO said it would be okay to provide free food to the conference attendees who were on TDY because the free food could be considered part of their travel per diem. In that case, the TDY government attendees would have to claim the free food on

their travel voucher so that the cost of the free meals could be deducted from the reimbursement.

Of course, this creates a rather awkward situation, i.e., your out-of-towners being able to eat free of charge but your local folks having to pay. Most agencies have simply decided to either forego providing free food altogether, have everybody (locals and TDY attendees) pay for their meal at the meeting or conference, or break for lunch and let all attendees go out on their own.

The General Services Administration has recently announced that it plans to discuss resolution of this issue with the General Accounting Office. This discussion could result in an amendment to the Federal Travel Regulation and related guidance. Consequently, Comptroller and Counsel Offices should be consulted and involved in the planning process to ensure compliance with law and regulation.

Small "samples" of ethnic foods served during a formal ethnic awareness program as part of the agency's equal employment opportunity program are typically authorized (60 Comp. Gen. 303 as expanded in B-199387).

There are other exceptions to the general prohibition to providing free food to government employees at their official duty stations. Two exceptions are derived from the Government Employees Training Act, 5 USC 4109.

The first exception is called the "training" exception and it allows an agency to pay for the food of government employees attending a training conference at their official duty station if the meal is NECESSARY to obtain the full benefit of the training program. And it's not enough to simply call the conference a "training conference." There must be actual training taking place. The Act specifically allows the expenditure of appropriated funds to pay for "all or a part of the necessary expenses of training" and meals can be considered a necessary expense of providing training, under the right circumstances. Use of this exception requires an administrative determination, by a responsible official in the organization, that providing meals is necessary to obtain the full benefit of the training.

The second exception is called the "formal meetings and conferences" exception, which allows an agency to pay the cost of meals and refreshments at formal meeting and conferences when three conditions exist: (1) the meals must be incidental to the meeting or conference (i.e., can't be a meeting that takes place only over lunch); (2) attendance of employees at the meals must be necessary for full participation in the meeting or conference (e.g., an important speaker speaking during the lunch hour as part of the overall conference or meeting); and (3) the employees are not free to take meals elsewhere without being absent from the essential business of the meeting or conference. This exception does not apply to purely internal business meeting or conferences and usually requires an administrative determination that the three pre-conditions have been met.

C-28. Personal purchases

Cardholders shall not purchase items merely for personal convenience, comfort, or entertainment and not required for an official Government use. These items should be purchased through employee collections and/or personal funds. Limited exception: If an otherwise "personal" purchase is deemed proper by the respective agency official (usually an O-6 or above) as mission essential and a necessary expense of operating a facility, the purchase may be authorized. These mission-essential items must be documented and secured.

C-29. Memberships

Appropriated funds may not be used to pay membership fees of an employee of the United States or District of Columbia in a society or association (5 USC 5946) regardless of the resulting benefit to the agency. This prohibition does not apply if the fee is authorized under the Government Employees Training Act if the fee is a necessary cost directly related to the training or a condition of training (5 USC 4109 (b)). An agency may purchase a membership in its own name upon an administrative determination that the expenditure would further the authorized activities of the agency and this is not affected by any incidental benefits that may accrue to individual employees. In addition, payment of a membership fee at the beginning of the period of membership does not violate the prohibition on advance payments found in 31 U.S.C. Section 3324, B-221569, June 2, 1986.

What is being purchased is a "membership," and the "membership" is received upon payment.

C-30. Greeting Cards and Decorations

The cost of greeting cards is a personal expense and may not be charged to public funds. It does not matter if the card is "non-personal" (sent by the agency and not containing the names of any individuals (47 Comp. Gen. 314, 1967; B-156724, Jul 7, 1965). Seasonal decorations are permissible where the purchase is consistent with work-related objectives (such as morale), agency or other applicable regulations, and the agency mission, and is not primarily for the personal convenience or satisfaction of a government employee (67 Comp. Gen. 87, 1987).

C-31. Cellular Phones/Pagers

There are no purchase card specific prohibitions on purchasing cell phones/pagers. The GSA Advantage web site contains such items. However, local policies should restrict types of phones, who they may be purchased for, types of services to be obtained, etc. Additionally, the total dollar of the acquisition (equipment plus annual service period costs) must be considered in determining whether the purchase exceeds card threshold limits. Also, there are statutory provisions that would apply to telecommunications whether the card is

used or not. Consult Volume 10, Chap 12, pages 82-84 of the Financial Management Regulations. It also should be noted that the government does not pay in advance of services received. All such telecommunication charges should not be billed until after services are satisfactorily rendered.

C-32. Bottled water services

Cardholders shall not purchase bottled water services with their GPC. Limited exception: This purchase is authorized if an agency has a report, from an outside water-testing agency, determining that drinking water is not available on the premises or that the drinking water currently provided or available on the premises is harmful if consumed.

C-33. Motor vehicle, long-term rental or lease

Cardholders shall not enter into contracts for the rental or lease of motor vehicles. Limited exception: Authorization may be granted for official, nonrecurring Government functions for no more than 30 days.

C-34. Trophies, gifts, awards, plaques, and mementos as give-away items for hails, farewells, and other occasions

Appropriated funds may not be used for personal gifts unless there is specific statutory authority to do so (68 Comp. Gen. 226, 1989). Examples of decisions where the Comptroller General determined expenditures to be improper included key chains distributed to educators who attended seminars sponsored by the Forest Service (54 Comp. Gen 976, 1975), novelty plastic garbage cans containing candy distributed by the EPA at an exposition (67 Comp. Gen. 385, 1978), and T-shirts stamped with Combined Federal Campaign logo to be given to employees contributing a certain amount (70 Comp. Gen., B-240001, Feb 8, 1991). Limited exception: The purchase of give-away items when specifically authorized by regulation may be authorized.

C-35. Business cards

Cardholders are not authorized to purchase business cards. Limited exception: A DoD memorandum 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.

C-36. Clothing

The test for purchase of clothing was described in 3 Comp. Gen. 433 (1924), and that discussion is still relevant today:

"In the absence of specific statutory authority for the purchase of personal

equipment, particularly wearing apparel or parts thereof, the first question for consideration in connection with a proposed purchase of such equipment is whether the object for which the appropriation involved was made can be accomplished as expeditiously and satisfactorily from the Government's standpoint, without such equipment. If it be determined that use of the equipment is necessary in the accomplishment of the purposes of the appropriation, the next question to be considered is whether the equipment is such as the employee reasonably could be required to furnish as part of the personal equipment necessary to enable him to perform the regular duties of the position to which he was appointed or for which his services were engaged. Unless the answer to both of these questions is in the negative, public funds can not be used for the purchase. In determining the first of these questions there is for consideration whether the Government or the employee receives the principal benefit resulting from use of the equipment and whether an employee reasonably could be required to perform the service without the equipment. In connection with the second question the points ordinarily involved are whether the equipment is to be used by the employee in connection with his regular duties or only in emergencies or at infrequent intervals and whether such equipment is assigned to an employee for individual use or is intended for and actually to be used by different employees."

Under the rule set forth in 3 Comp. Gen. 433, most items of apparel were held to be the personal responsibility of the employee. e.g., 5 Comp. Gen. 318 (1925)

(rubber boots and coats for custodial employees in a flood-prone area); 2 Comp. Gen. 258 (1922) (coats and gloves for government drivers). But there were limited exceptions. Thus, caps and gowns for staff workers at Saint Elizabeth Hospital in Washington were viewed as for the protection of the patients rather than the employees and could therefore be provided from appropriated funds as part of the hospital equipment. 2 Comp. Gen. 652 (1923). See also 5 Comp. Gen. 517 (1926), Similarly, aprons for general laboratory use were held permissible in 2 Comp. Gen. 382 (1922). Another exception was wading trousers for Geological Survey engineers as long as the trousers remained the property of the government and were not for the regular use of any particular employee. 4 Comp. Gen. 103 (1924), One category of apparel not permissible under the early decision was uniforms, Uniforms were viewed as personal furnishings to be procured at the expense of the wearer, 24 Comp. Dec. 44 (1917).

There are three statutes under which purchase of wearing apparel may be authorized—5 USC Section 7903 (special clothing for hazardous occupations), 5 USC Section 5901 (uniform allowances), and Occupational Safety and Health Act of 1970 (protective clothing). A decision summarizing all three is 63 Comp. Gen. 245 (1984). If none of these applies, then the rule of 3 Comp. Gen. 433 continues to govern.

Agency/Organization Compliance Checklist

The Level IV A/OPC will ensure that all Billing Official accounts are reviewed on an annual basis throughout the fiscal year. Agencies/organizations will perform an annual review of Billing Official accounts, document any deficiencies, and have a copy of the review available for external review. An agency/organization must be able to provide assurance that procedures, controls, and operations are adequate and in compliance with Army policy. An agency/organization is in compliance by having:

a. Written procedures outlining such areas as property accountability for non-expendable items and coordination with the agency Information Management Officer when buying information technology items.

b. Written guidance to Cardholders advising of office limits and when and how funding will be managed for each purchase card account.

c. Adequate separation of duties.

d. Records in good shape and easy-to-track billings with purchases.

e. Documentation in files explaining any unusual situations, such as a buy that appears to have been a "split" but was not, or pre-purchase justification on an item that may seem questionable.

f. Utilization of required/mandatory sources consistent with FAR 8.

Section II

Surveillance Checklist: Review of Billing Official Account

The following is a list of sample questions that can be used in developing local Level IV A/OPC surveillance checklists. For any "no" answers to these questions, provide additional information in a "Comments" section at the end.

a. Does the Billing Official have a DD Form 577 that designates him or her as a Billing Official (Certifying Official)?

b. Has the Billing Official received GPC and ethics training?

c. Are all the Cardholders under the Billing Official appropriate (for example, the Billing Official's supervisor(s) are not in any of his or her accounts)?

d. Does the Billing Official review each of his or her Cardholder's statements each month?

e. Does the Billing Official certify and process the monthly billing statement within five business days of its receipt?

f. Does the Billing Official promptly notify the Level IV A/OPC when a Cardholder departs, retires, or otherwise no longer needs a card?

g. Has the Billing Official notified the Level IV A/OPC of any lost, stolen, or compromised cards within five business days of the loss/theft?

h. If the Billing Official also manages convenience check accounts, are quarterly surveillance reviews conducted?

i. Have all convenience checks on accounts under the Billing Official been written for less than $2,500?

j. Has the Billing Official notified the installation Level IV A/OPC of any Cardholder/check-writer account procedure violations discovered?

k. Does the Billing Official coordinate card dollar limits with the installation Level IV A/OPC and installation Resource Manager when Cardholder accounts are established?

l. Does the Billing Official maintain original supporting documentation for closed Cardholder/check-writer accounts in accordance with FAR 4.805?

m. Does the Billing Official coordinate with the Property Book Office to verify that all purchased accountable property has been properly documented?

n. Does the Billing Official coordinate with the Resource Manager to establish funding for all Cardholders?

o. Has the Billing Office complied with procedures covering the deployment of Cardholders?

p. How many Cardholders under the Billing Official were reviewed by the Level IV A/OPC as a part of this annual review? Is this an appropriate number per the Army standard?

q. Has an adequate Cardholder-to-Billing Official ratio been maintained?

r. What is the percent of randomly selected transactions that were reviewed, out of the total number of transactions for the review period? Is this an appropriate percentage?

s. Does the Billing Official ensure Cardholders maintain their purchase logs in the Servicing Bank's automated system?

t. The Billing Official's HA evaluates, prepares, and certifies a DA form 11-2-R at least once every two years IAW DoD FMR 7000.14R, Chapter 33, Volume 5, para 3308 for all Certifying Officials appointed on a DD 577. A copy of the certified DA Form 11-2-R shall be provided to the Chief of the Contracting Office.

Section III

Surveillance Checklist: Review of Cardholder/Check-Writer Accounts in the GPC Program

a. Does the Cardholder have a letter delegating specified procurement authority from the DOC?
b. Has the Cardholder received training on Army procedures for using the GPC?
c. Has the Cardholder participated in refresher training sessions or received refresher training material?
d. Does the Cardholder know and comply with his or her monthly spending limits?

e. If the Cardholder is required to use both appropriated and non-appropriated funds, does he or she have a separate card for each type of funds?

f. Are all purchases entered in the Servicing Bank's electronic purchase log for EDI accounts?

g. Does the Cardholder obtain all required pre-purchase approvals and authorizations?

h. Are the Cardholders' monthly spending limits justified by their buying activity?

i. Were all purchases made by the Cardholder authorized? If the answer is "No," describe in a "Comments" section at the end of this review.

j. Does the Cardholder reconcile all transactions in the Servicing Bank's electronic system within three business days of the end of the billing cycle?

k. Does the Cardholder safeguard his or her card (for example, by not allowing others to use his or her card)?

l. Does the Cardholder comply with the requirements to purchase items from mandatory sources in accordance with FAR 8?

m. Does the Cardholder rotate sources when placing repeat orders?

n. Does the Cardholder document all transactions that posted to the billing statement but were not received, and utilize a tracking system to verify their subsequent delivery?

o. Does the Cardholder maintain supporting documentation for his or her purchases?

p. Does the Cardholder reconcile all transactions and approve the billing statement within three business days of its receipt?

q. Does the Cardholder reconcile his or her transactions throughout the billing cycle?

r. Does the Cardholder follow the appropriate procedures for disputing transactions?

s. Has the Billing Official acted on behalf of the Cardholder during the review period?

t. Does the Cardholder use the reallocation feature of the Servicing Bank's electronic system properly?

Section IV

Surveillance Checklist: Review of Convenience Check Accounts

a. Have all checks been issued for less than $2,500?

b. Does the check-writer capture all of the necessary TD1099 data for reporting to the Internal Revenue Service (IRS)?

c. Have all checks been written by the checking account holder?

d. Have all checks been written for items to be delivered within 15 days?

e. Have all checks been written for only authorized items (for example, no prohibited purchases)?

f. If stop-payment actions were processed against any check, was the $25 charge deducted from the funds available?

g. Does the check-writer account for checks written but not processed by the Servicing Bank when reconciling his or her account, to ensure adequate funds are available?

h. Has the check-writer received training on the GPC procedures from the Level IV A/OPC?

i. Are checks stored in locked containers when not in use?

Section V

Comments

Comments are to be entered here.

Appendix E

Sample DD Form 577 for Appointing a Certifying Officer

APPOINTMENT/TERMINATION RECORD - AUTHORIZED SIGNATURE

(Read Privacy Act Statement and Instructions before completing form.)

PRIVACY ACT STATEMENT

AUTHORITY: E.O. 9397, 31 U.S.C. §§ 3325, 3528, DoD Financial Management Regulation, Vol. 5, Chapter 33, and DoDD 7000.15, DoD Accountable Officials and Certifying Officers.
PRINCIPAL PURPOSE(S): To maintain a record of certifying and accountable officers' appointments, and termination of those appointments. The information will also be used for identification purposes associated with certification of documents and/or liability of public records and funds.
ROUTINE USE(S): The information on this form may be disclosed as generally permitted under 5 U.S.C. § 552a(b) of the Privacy Act of 1974, as amended. It may also be disclosed outside of the Department of Defense (DoD) to the the Federal Reserve banks to verify authority of the accountable individual to issue Treasury checks. In addition, other Federal, State and local government agencies, which have identified a need to know, may obtain this information for the purpose(s) identified in the DoD Blanket Routine Uses published in the Federal Register.
DISCLOSURE: Voluntary; however, failure to provide the requested information may preclude appointment.

SECTION I - FROM: COMMANDER/APPOINTING AUTHORITY

1. NAME *(First, Middle Initial, Last)*	2. TITLE	3. DOD COMPONENT/ORGANIZATION

4. DATE *(YYYYMMDD)*	5. SIGNATURE

SECTION II - TO: APPOINTEE

6. NAME *(First, Middle Initial, Last)*	7. SSN	8. TITLE

9. DOD COMPONENT/ORGANIZATION	10. ADDRESS *(Include ZIP Code)*
11. TELEPHONE NUMBER *(Include Area Code)*	**12. EFFECTIVE DATE OF APPOINTMENT** *(YYYYMMDD)*

13. POSITION TO WHICH APPOINTED *(X one)*

☐ CERTIFYING OFFICER ☐ ACCOUNTABLE OFFICIAL ☐ OTHER *(Specify)*

14. YOU ARE HEREBY APPOINTED TO SERVE IN THE CAPACITY SHOWN ABOVE. YOUR RESPONSIBILITIES WILL INCLUDE:

15. YOU ARE ADVISED TO REVIEW AND ADHERE TO THE FOLLOWING REGULATION(S) NEEDED TO ADEQUATELY PERFORM THE DUTIES TO WHICH YOU HAVE BEEN ASSIGNED:

DoDFMR, Vol. 5, chapter 33;

SECTION III - ACKNOWLEDGEMENT OF APPOINTMENT

I acknowledge and accept the position and responsibilities defined above. I understand that I am strictly liable to the United States for all public funds under my control. I have been counseled on my pecuniary liability and have been given written operating instructions. I certify that my official signature is shown in the box below.

16. PRINTED NAME *(First, Middle Initial, Last)*	17. SIGNATURE

SECTION IV - TERMINATION OF APPOINTMENT

		18. EFFECTIVE DATE *(YYYYMMDD)*	19. APPOINTEE INITIALS
	The appointment of the individual named above is hereby revoked.		

20. NAME OF COMMANDER/APPOINTING AUTHORITY	21. TITLE	22. SIGNATURE

DD FORM 577, JAN 2004 PREVIOUS EDITIONS ARE OBSOLETE. Reset

Appendix F

Sample Letter of Delegation of Procurement Authority

MEMORANDUM FOR: (Cardholder's Name and Title)

FROM: (Name and Title of HCA designee)

SUBJECT: Delegation of Contracting Authority for GPC Use

You are hereby designated as a GPC Program Cardholder. You have successfully completed the mandatory GPC training program and are authorized to obtain supplies and non-personal services using the GPC. Your single purchase limit has been established at _____, and your total monthly spending limit is _____. You cannot exceed either of these limits without approval of the A/OPC. Your Billing Official is _____.

The supplies and non-personal services you obtain with the GPC must be for official Government requirements and must be consistent with your assigned responsibilities and your card purchase limits, including commodity restrictions. This authorization does not exempt you from the requirement to obtain certain supplies from required sources of supply listed in Federal Acquisition Regulation (FAR) Part 8, or from other organizations that have been given exclusive contracting authority for that commodity or service.

You are required to obtain any pre-purchase approval required by Army or this organization's policy and also to ensure that all accountable property is reported to the Property Book Officer. You are responsible for all transactions made with this card. You alone are authorized to use this card. This delegation is valid until it is formally modified, suspended, or cancelled. This delegation of authority cannot be re-delegated.

You must notify your Billing Official when you separate from (Name of Activity) through dismissal, retirement, transfer, or for any other reason. If it is determined that you no longer will be required to use the card, this delegation will be terminated and the card must be destroyed.

First Name Last Name
Chief of Contracting

I HAVE REVIEWED THE ABOVE AND UNDERSTAND AND CONCUR WITH MY RESPONSIBILITIES IN CONNECTION WITH THE GPC PROGRAM

_____ _____

(SIGNATURE) (DATE)

Appendix G

Formal Reporting Requirements

G-1. Quarterly requirements

A listing of all Billing Official accounts that have not been EDI-enabled will be prepared by each Level III A/OPC and provided to the Army Level II A/OPC no later than 15 October, 15 January, 15 April, and 15 July of each year. The report will identify data collected during the previous quarter of the fiscal year. See the sample report format below.

Department of the Army
Government Purchase Card (GPC) Program

Quarterly Report of Non-EDI-Enabled Billing Official Accounts

For Quarter ___, Fiscal Year _____

Level 3 Hierarchy No. _____ Installation/Organization _____ Reporting Activity _____

A/OPC Name _____ _____
A/OPC Phone No. _____

Preparer's Name (if other than A/OPC) _____
Preparer's Phone No. _____

Part 1 – Quarterly Summary					
As of End of Quarter	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total for Fiscal Year
Total Number of GPC Accounts					
Number of EDI-Enabled GPC Accounts					
Number of Non-EDI-Enabled GPC Accounts					
Percentage of GPC Accounts not EDI Enabled					

Part II - List Non-EDI Enabled Billing Official GPC Accounts for Current Quarter				
Entry Number	**Organization Name/Code**	**GPC Account Number (with first 6 numbers masked)**	**Date GPC Account Established (ddmmyyyy)**	**Reason for Delay in Enabling EDI**
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				

If additional accounts are to be listed, continue on additional pages.

G-2. Semi-annual requirements

a. Surveillance program results will be prepared by each Level III A/OPC and provided to the Army Level II A/OPC no later than 21 April and 21 October. The report will identify data collected during the two previous quarters of the fiscal year.
b. A list of the number of waivers to the Army Standard Span of Control that have been requested (broken down to Cardholder to Billing Official, 300 accounts per Level IV A/OPC, and so on), and the disposition of these requests, will be reported.
c. The Level III A/OPC will identify the status of each open account that has been inactive during the previous six months. He or she will list the masked account number and advise the disposition of the account (whether it has been closed) or provide the reason for which it needs to remain open.

d. Level III A/OPCs will submit a summary of the corrective actions taken by the Level IV A/OPC to reduce the number of delinquent accounts. In subsequent reports, the Level IV A/OPC will advise the results of the corrective actions.
e. See the sample report format below.

Department of the Army
Government Purchase Card (GPC) Program

Semi-Annual Surveillance Report

Report ___ for Fiscal Year _____

MACOM _____Installation/Organization _____
Reporting Activity _____

A/OPC Name _____ A/OPC Phone Number _____

Person Preparing Report (if different than A/OPC) _____ Phone Number _____

As of End of Quarter	21 Apr (1 Oct – 31 Mar)	21 Oct (1 Apr – 30 Sep)	Semi Annual (Two Prior Quarters)
A. Total Number of Waiver Requests			
A1. Cardholder Accounts to Billing Official Waiver (7 to 1)			
A2. Cardholder Accounts to A/OPC Waiver (300 to 1)			
B. Total Number of Waivers Approved			
B1. Cardholder to Billing Official Waiver (7 to 1)			
B2. Cardholder Accounts to A/OPC Waiver (300 to 1)			
C. Total Number of Waivers Disapproved			
D. Total Number of Waivers Outstanding			
E. Number of Open but Inactive Accounts (0 to 3 months)			
E1. Number of Open but Inactive Accounts (more than 3 months)			

Part II - Number of Waivers to the Army Span of Control Standards for Semi-Annual Period ___ for Fiscal Year ___

Entry Number	Organization Name/Code	Span of Control Waiver Request Summary and Reason for Waiver Request	Date Waiver Submitted to A/OPC (ddmmyyyy)	Status/Disposition of Waiver Request
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				

If additional waivers are to be listed, continue on additional pages following Part II format.

Part III - List of Open but Inactive Accounts for Semi-Annual Period ___ for Fiscal Year ___				
Organization Name/Code	GPC Account Number (masked)	Date Opened (ddmmyyyy)	Date Inactive (ddmmyyyy)	Disposition of Account and Reason for Delay

Glossary

Section I

Abbreviations

AFARS - Army Federal Acquisition Regulation Supplement
A/OPC - Agency/Organization Program Coordinator
AWOL - absent without leave
BPA - blanket purchase agreement
CAP - Computer/Electronic Accommodations Program
CID - Criminal Investigation Division
C.O.D. - cash on delivery
CSQI - Cardholder's Statement of Questioned Items
DAPS - Defense Automated Printing Service
DFARS - Defense Federal Acquisition Regulation Supplement
DFAS - Defense Finance and Accounting Service
DoD - Department of Defense
EDI - electronic data interchange

EO - Executive Order
FAR - Federal Acquisition Regulation
FDC - foreign draft checks
FMR - Financial Management Regulation
FSS - Federal Supply Schedule
GAO – Government Accountability Office
GPC - Government Purchase Card
GSA - General Services Administration
HCA - Head of the Contracting Activity
ID/IQ - indefinite delivery/indefinite quantity
IG - Inspector General
IRS - Internal Revenue Service
MACOM - Major Army Commands
MCC - Merchant Category Code
OCONUS - outside the Continental United States
PARC - Principal Assistant Responsible for Contracting
PCPMO - Purchase Card Program Management Office
U.S.C. - United States Code
VI - video information

Section II

Terms

The following definitions are provided for terms used in this regulation. Other definitions that are not detailed below are contained in the training manuals provided by the Servicing Bank.

1) Accountable Property - A term used to identify property recorded in a formal property management or accounting system. Accountable property includes all property purchased, leased (capital leases), or otherwise obtained having a unit acquisition cost of $5,000 or more (land, regardless of cost), and items that are sensitive. Sensitive items require a high degree of protection and control due to statutory requirements or regulations, such as narcotics and drug abuse items; precious metals; items which are of a high value, highly technical, or a hazardous nature; and small arms, ammunition, explosives, and demolition material or classified (See Volume 10, Table 61 of DoD 4100.39-M reference (k)). Additional and/or separate records or other record keeping instruments shall be established for management purposes, or when otherwise required by law, policy, regulation, or agency direction, including, but not limited to pilferable items. Pilferable items have a ready resale value or application to personal possession and are, therefore, especially subject to theft.
2) Agency/Organization Program Coordinator (A/OPC) - A Government employee responsible for the overall administration of the activity/organization's purchase card program, to include developing and

implementing policy, establishing and making changes to accounts, as well as training Cardholders and Billing Officials. This individual shall have overall responsibility for the card program within his or her agency/organization. Multiple levels of Agency/Organization Program Coordinators exist at different hierarchical levels within the program for each agency/organization.

3) Assessable Unit Manager - A Head of Activity designated by the head of the reporting organization to provide leadership and support needed to ensure that management controls are in place and operating effectively.
4) Billing Invoice - The billing invoice identifies all of the purchase card transactions made by the Cardholders assigned to a particular Billing Official, that are posted during a billing cycle. The invoice can be paper based or presented through the Electronic Access System of the issuing bank.
5) Billing Official (Approving Official; Certifying Official) - A Government employee who has been nominated by his or her activity/organization and appointed by the Level IV A/OPC to have oversight responsibility over the Cardholders assigned to his or her managing account. The Billing Official reviews transactions and certifies monthly invoices (billing statements) for payment processing. The Billing Official is at Level 5 in the GPC reporting hierarchy.
6) Bulk funding method - The bulk funding method requires posting specific funds to the official accounting records prior to payment of a Cardholder's account. Bulk funding may be made as appropriate to the funding environment of the activity.
7) Cardholder - An individual designated by an agency/organization to be issued a card. The card bears the individual's name and can be used only by that individual for official purchases in compliance with agency internal procedures. The term "Cardholder" also applies to check writers on convenience check accounts. The Cardholder is at Level 6 in the GPC reporting hierarchy.
8) Cardholder statement of account - The statement of charges provided to a Cardholder detailing all of the transactions posted to his or her account during a billing cycle.
9) Certifying Official - The Billing Official is also a Certifying Official. The Certifying Official certifies that a proposed payment is legal under the appropriation or fund involved and forwards the voucher to the disbursing officer for payment. See Billing Official.
10) Certifying Officer - The Resource Manager is the Certifying Officer. See 1-10 e. for the Resource Manager's duties and responsibilities with respect to the GPC program.
11) Computer/Electronic Accommodations Program (CAP) - A centrally funded program that provides ergonomic-related and low-vision equipment for all DoD employees.
12) Convenience checks - Third-party drafts issued using the GPC account. Third-party drafts may be used to acquire and pay for supplies or services.

13) Delegation of authority letter - A document issued by the DOC that gives an individual the authority to place orders with the GPC. This delegation of authority will specify the single-purchase and monthly purchase limitations unique to that Cardholder.
14) Electronic Access System (EAS) - A web-based computer system required by the task order with the issuing Bank for account set-up, maintenance, reporting, and electronic bill presentment and certification.
15) Electronic data interchange (EDI) - The automatic process of receiving electronic obligation and invoice records directly from the Servicing Bank into a DoD accounting system is accomplished through electronic data interchange (EDI).
16) File turn time - The average number of calendar days between the time a charge (purchase) is posted and payment is received by the issuing Bank.
17) Fraud - Any intentional deception designed to deprive the Government unlawfully of something of value or to secure from the Government for an individual a benefit, privilege, allowance, or consideration to which he or she is not entitled.
18) Hand Receipt Holder - Individual accountable for security of government property/equipment.
19) Head of Activity (HA) - The military officer in command or the civilian executive in charge of the mission of a command or activity. This individual has disciplinary authority over Cardholders and Billing Officials in his or her organization and is responsible for having proper internal controls that deter fraud and ensuring that those who violate the policies are properly sanctioned or counseled.
20) Head of Contracting Activity (HCA) - The official who has overall responsibility for managing the contracting activity, including use of the GPC by personnel under his or her contracting cognizance. (FAR 2.101) " Contracting activity" for DoD also means an element of a Defense agency, designated by the Head of Activity for that Defense agency, that has been delegated contracting authority through its agency charter. (FAR 2.101)
21) Javits-Wagner-O'Day (JWOD) Act - A law that establishes mandatory sources for supplies and services, administered by the Committee for Purchase from People Who Are Blind or Severely Disabled. Two national, independent organizations, National Industries for the Blind (NIB) and NISH, help state and private nonprofit agencies participate in the JWOD Program.
22) Merchant Category Code (MCC) - A code used by the issuing bank to categorize each merchant according to the type of business in which the merchant is engaged and the kinds of goods and services provided. MCC codes are used as authorized-transaction-type codes on a card/account to identify authorized types of businesses from which purchases may be made with the GPC. The DoD PCPMO will maintain the list of DoD-wide blocked codes. It will be the responsibility of the Army Level II A/OPC to administer and record any waiver requests to these blocks.

23) Pre-purchase approval - When required and identified by Army or local procedures, documentation showing authority has been obtained to purchase special-use items such as hazardous material or information technology.
24) Prompt Payment Act - A law that requires prompt payment of invoices (billing statements) within 30 days of receipt (FAR Clause 52.232-25, Prompt Payment, (May 1997)). An automatic interest penalty is required if payment is not timely.
25) Required or mandatory sources of supply - The priority of sources is dictated by FAR 8, Required Sources of Supplies and Services, Subpart 8.001, Priorities for Use of Government Supply Sources, and DFARS 208. Mandatory sources must be considered before an open-market source can be considered.
26) Resource Manager - The Resource Manager is a Certifying Officer who certifies that funds are available for the GPC program and establishes lines of accounting used on the GPC program. See 1-10 e. for a description of the Resource Manager's responsibilities with respect to the GPC program.
27) Split purchase - Separating a requirement that exceeds a Cardholder's single purchase limit or threshold into two or more buys. This action is prohibited.
28) United States - The 50 States and the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, the Commonwealth of the Northern Mariana Islands, Guam, American Samoa, Wake Island, Johnston Island, Canton Island, the outer Continental Shelf lands, and any other place subject to the jurisdiction of the United States (but not including leased bases).

Section III

Special Abbreviations and Terms

This section contains no entries.