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COMNAVREGSW INSTRUCTION 4200.1

Subj: POLICIES AND PROCEDURES FOR THE OPERATION AND MANAGEMENT
OF THE GOVERNMENT COMMERCIAL PURCHASE CARD PROGRAM

Ref: (a) Federal Acquisition Regulations, Part 13
(b) NAVSUPINST 4200.85
(c) EBUSOPSOFFINST 4200.1A
(d) DON eBusiness Office Desktop Guides for the Agency
Program Coordinator (APC), Approving Official (AO),
and Cardholder (CH)
(e) CNRSWINST 7510.1
(f) FISC SANDIEGOINST 4295.2C
(g) DOD Financial Management Regulation, Volume 5
(h) CNRSWINST 5090.4
(i) RAPID Users Guide

1. Purpose. To provide integrated guidelines and procedures
for management and execution of the Navy Purchase Card program.

2. Scope. This instruction is applicable to all Cardholders,
Approving Officials and Alternate Approving Officials assigned
to NRSW and its subordinate commands.

3. Background. The Navy Purchase Card program provides a fast
and convenient method to pay for all requirements under the
micro-purchase threshold (\$2,500 for supplies and services and
\$2,000 for construction under the appropriate conditions). The
program provides Department of the Navy civilian employees and
military personnel a convenient and commercially available
payment method to make procurement purchases. Government
purchase cards can only be issued to government employees and
military personnel.

4. Action. Every individual involved in the Purchase Card
program is personally accountable for strict adherence to these
policies and procedures as outlined in references (a) through
(i). Specific responsibilities are delineated for the
Commander, Installation Commanding Officers, Program Managers
(PM), Agency Program Coordinators (APC), Deputy Program

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Managers (DPMs), Directors, Program Manager Support Offices (PMSO), Approving Officials (AO), Reviewing Officials (RO) and Purchase Cardholders (CH) per references (a) through (d).



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Chief of Staff

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POLICIES AND PROCEDURES FOR THE
OPERATION AND MANAGEMENT OF THE
GOVERNMENT COMMERCIAL PURCHASE
CARD PROGRAM

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CHAPTER 1

GENERAL POLICIES AND PROCEDURES

1. Scope. This chapter provides general policy and procedures for CNRSW ashore activities involved with the operation, management, and oversight functions of the Navy Purchase Card program.
2. Definitions and Acronyms. Appendix A contains a comprehensive list of relevant definitions and acronyms used in the Purchase Card program. Several commonly used definitions within NRSW are listed below:
 - a. AO - Approving Official. The individual officially appointed and liable for reviewing and verifying the monthly purchase card statements of the card accounts under his/her purview.
 - b. AAO - Alternate Approving Official. The individual officially appointed to assume duties in the absence of the AO.
 - c. CH - Cardholder. The individual officially appointed to serve as a Contracting Officer on behalf of the U.S. Government, and designated to be issued a card and make purchases for their functional program.
 - d. GAPC - Geographic Agency Program Coordinator. An individual designated to provide local management and oversight of the purchase card program at the remote activity centers and at the Central Resource Management Office in San Diego.
 - e. PM and DPM - Program Managers and Deputy Program Managers. The PM and DPM are responsible for providing policy, guidance, and resources for that functional program throughout Navy Region Southwest.
 - f. PMSO - Program Management Support Office. Provides on-site financial support to assigned functional programs.
 - g. RAPC - Regional Agency Program Coordinator. An individual designated by Commander, Navy Region Southwest (CNRSW) to provide central management and oversight of the purchase card program across the entire region.

h. RMSO - Resource Management Site Office. Provides limited on-site administration and oversight of fiscal and financial operations at the bases outside of San Diego.

3. Policy. The Purchase Card shall be used to purchase materials and services for official government business in accordance with references (a) through (d).

a. The Purchase Card will be used for:

(1) Micro-Purchase Requirements. The Purchase Card is used to buy and/or pay for all requirements valued at or below the micro-purchase threshold. The Purchase Card is used to purchase materials and services not to exceed 2,500 dollars and construction not to exceed \$2,000.

(2) Training. The Purchase Card shall be used to pay for all training requirements using the DD 1556 (Certification of Training) valued at 25,000 dollars and below.

b. Method of Payment. The Purchase Card may be used as a method of payment in conjunction with other contracting methods above the micro-purchase threshold for the categories found below:

(1) DD 282 (DOD Printing Requisition/Order) valued at 100,000 dollars and below.

(2) DD 1155 (Purchase Orders) valued at 100,000 dollars below or up to five million dollars for commercial items.

(3) Blanket Purchase Agreement orders valued at 100,000 & below or up to five million dollars for commercial items.

(4) Delivery order against Federal Supply Schedules valued at 9,999,900 dollars and below.

(5) Basic Ordering Agreements and orders under Indefinite Delivery Type Contracts valued at 9,999,900 dollars and below.

(6) Oral orders against Letters of Agreement valued between 2,500 dollars and 25,000 dollars for procurement of supplies only.

c. Prohibited Purchases or Purchases Requiring Special Authorizations. Certain categories of purchases have consistently been identified as not allowed or requiring special approvals or waivers for Purchase Card procurement. Appendix B

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contains a comprehensive list of prohibited and special attention items. References (c) and Appendix B list those items that are prohibited or require special authorization specifically within NRSW.

d. Improper Transactions. The Purchase Card shall only be used for authorized U.S. Government purchases. Intentional use of the Purchase Card for other than official Government business will be considered an attempt to commit fraud against the U.S. Government and will result in immediate cancellation of an individual's Purchase Card and potential disciplinary action. In the absence of specific statutory authority, purchase of items for the personal benefit of government employees, such as flowers, food, etc., are not permitted and are therefore, improper transactions. The use of the Purchase Card for personal purchases for any reason is strictly prohibited. Reference (e) addresses these issues and outlines actions that may be taken if the purchase card is used for other than official purchases.

e. Split Requirements. NRSW cardholders shall not split requirements over the micro-purchase threshold to avoid the competition requirements or break down requirements merely to make several Purchase Card transactions. Splitting requirements in that manner is an inappropriate use of the Purchase Card and may be violating statutory requirements for small business participation, competition or service contract act requirements.

f. Cash Refunds. Under no circumstances will a NRSW cardholder accept a cash refund for non-receipt of, returned or damaged items initially purchased using a government Purchase Card. The cardholder shall only accept credit to the purchase card account.

g. Lost Card. If the cardholder loses his or her purchase card or if it is stolen, the cardholder must immediately notify their AO and GAPC in writing and call CitiBank.

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CHAPTER 2**ROLES AND RESPONSIBILITIES OVERVIEW**

1. Command Roles, Responsibility and Accountability. This chapter provides an overview on the roles, responsibility and accountability of CNRSW personnel involved in the DON Purchase Card program. Every individual involved in the Purchase Card program is personally accountable for strict adherence to policies and procedures. The Head of Activity, Installation Commanding Officers, Program Manager (PM), Firectors, Agency Program Coordinators (APC), Deputy Program Managers (DPMs), Program Manager Support Office (PMSO), Approving Officials (AO), Reviewing Officials (RO) and purchase cardholders (CH) each have specific responsibilities in the program.
2. Head of Activity. Commander NRSW is responsible for the following Department of the Navy Purchase Card program elements:
 - a. Establishment and monitoring of internal management controls to ensure appropriate management, operation and oversight of the local Purchase Card program in accordance with DOD and DON guidance.
 - b. Ensuring the local program is being executed in accordance with DOD and DON guidance.
 - c. Establishment of formal disciplinary actions for non-compliance, fraud, misuse, and/or abuse of the purchase card program in accordance with reference (c).
3. Installation Commanding Officers/Program Manager/Deputy Program Manager/Director. Support the Head of Activity in all aspects of managing the Navy purchase card program in their area of responsibility.
4. Regional Agency Program Coordinator (RAPC). The Regional APC is responsible for managing the regional Purchase Card program procedures in accordance with reference (b).
 - a. Develop regional policies and procedures and communicates them to the GAPCs in the form of NRSW Policies and Procedures, training curriculum and new directives.
 - b. Provide central administration of the regional Purchase Card program to ensure standard application of DOD and DON

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policy, procedures, record keeping and reporting throughout the region. The RAPC is located in the Central Resource Management Office in San Diego.

c. Ensure program personnel, APCs, AOs, AAOs and purchase cardholders are properly appointed, trained, and capable of performing their respective duties. There are initial Ethics and Purchase Card training requirements for new APCs, AOs, AAOs, and CHs. Additionally, there is a yearly requirement for Ethics training and a biennial requirement for the Purchase Card training required by the eBusiness Operations Office. Initial training for the use of CitiDirect is also required. NRSW also requires that all purchase card personnel attend local annual procedures training. Upon successful completion of the required training, training certificates will be provided and must be submitted to the GAPC before an account is activated. Training certificates must be forwarded to RAPC for entry into Regional database.

d. Ensure that when local reviews reveal non-compliance, misuse and/or abuse, appropriate action is taken as directed by reference (e).

e. Proactively monitor the Purchase Card program using reports available through the CitiDirect ad-hoc reporting tool.

f. Update regional database of purchase card personnel and report to GAPCs, PMSOs, PMS, DPMS and Directors as needed.

g. Issue all CH/AO authorization letters.

h. Communicate with higher echelon POCs and Citibank/CitiDirect.

i. Ensure timely completion of audits and reports by GAPC.

j. Promulgate procedures for the obligation and expenditure of all authorized funding.

k. Serve as the Community Manager for the CNRSW eKM Purchase Card Community.

5. Geographic Agency Program Coordinators (GAPC). GAPCs (located in the Resource Management Site Office, RMSO, at the remote activities and in the central Resource Management Office in San Diego) are the vital link between the Regional APC, and the Authorizing Officials and Cardholders. GAPCs are located at

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Metro San Diego, Fallon, Lemoore, Seal Beach, Ventura, and El Centro. The primary responsibility of the GAPC is to ensure all CH/AOs/AAOs under the GAPCs cognizance follow the CNRSW policies and procedures.

a. The GAPC ensures AO and CH profiles are appropriate for the local mission. On a quarterly basis or sooner, they:

(1) Perform regularly scheduled account profile maintenance to ensure that the account profile information is current and accurate.

(2) Ensure the AO span of control remains within specified limits (no more than seven CH accounts to one AO).

b. Where reviews reveal non-compliance, misuse and/or abuse the GAPC investigates and notifies the RAPC so that appropriate action may be taken.

c. Chapter 6 provides the GAPC roles and responsibilities in more detail, which includes account set-ups and maintenance, training, problem resolution, audit, data collection, and reporting.

6. Program Managers, Deputy Program Managers (DPMs) and Directors

a. PMs, DPMs and Directors control assignment of AOs, AAOs, and CHs by submitting a written request to their GAPC. This request must:

(1) Include a statement that this assignment is essential to meet mission requirements.

(2) Indicate the type and kinds of items that will normally be purchased, and the single and monthly credit limits required to perform the mission.

(3) State that the prospective AO or purchase cardholder has the training, business acumen and judgment to act on behalf of the Government.

b. The APC will not take action to add or change AOs/AAOs or CHs without authorization from the Program Manager, Deputy Program Manager or Director.

c. The PM, DPM or Director must maintain all procurement records for all open and closed AO/CH accounts.

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7. Program Manager Support Office (PMSO). The following represents the primary responsibilities of the PMSO:

a. Respond to RAPC and GAPC requests for lines of accounting (default and alternate) for each AO/CH in their program.

b. Assist and advise CHs and AOs in researching funding issues.

c. Reconcile CH log with the CH eStatement on a weekly basis and at the close of the billing period.

d. Provide each cardholder with spending limits, based on program funding.

8. Approving Officials (AOs) and Alternate Approving Officials (AAOs)

a. Approving Officials and Alternate Approving Officials are synonymous in the CNRSW Purchase Card Program and for the purposes of this instruction.

b. AO/AAO serves as Certifying Officer, and as such has fiduciary responsibility and pecuniary liability for all transactions certified for payment.

c. Each AO must prepare in writing a letter appointing the CH as an Accountable Official, and then forward a copy of letter with the CH's signed acceptance to the RAPC. Sample letter is attached as Appendix D.

d. Each AO should have an Alternate AO to perform all AO functions, including on-line certification, in the AO's absence.

e. Should the CH be unavailable to certify their transactions for payment, it is the AO's responsibility to ensure that certification is completed in the CH's absence.

f. The AO must ensure reallocation is completed (if necessary) prior to certification.

g. The AO is responsible for ensuring that all purchases made by the CHs within their cognizance are appropriate and the charges are accurate.

h. The AO will review CH transactions via the CitiDirect eStatement on a minimum weekly basis for unauthorized,

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fraudulent or improper transactions. The AO will notify the GAPC in the event any suspected unauthorized purchase or purchases (purchases that would indicate non-compliance, fraud, misuse and/or abuse) are detected.

i. After reviewing the cardholder's monthly eStatement, the AO will certify it in a timely manner and maintain all supporting documentation in accordance with reference (c). The AO will initiate appropriate action for improper transactions before certifying for payment.

j. The AO will ensure proper receipt, acceptance and inspection is accomplished on all items being certified for payment.

k. The AO has pecuniary liability for payments they certify. This means that the AO may have to repay part or all of the purchase cost to the government if through their negligence they erroneously approve a transaction that is fraudulent or against regulations.

l. An AO may be a Work Center Supervisor, Division Officer, Department Head, etc., and should be in the cardholder's chain of command.

9. Purchase Cardholders (CHs). The cardholder receives delegation of authority to purchase supplies and services from the RAPC. The CH is ultimately responsible for Purchase Card transactions being proper. The CH responsibilities include the following actions:

a. Ensures adequate funding is available prior to any Purchase Card action.

b. Each CH serves as an Accountable Official, and as such has financial responsibility and pecuniary liability for all transactions that they make.

c. Screens all requirements for their availability from the mandatory Government sources of supply.

d. Purchases only mission essential requirements that meet the minimum needs of the program at fair and reasonable prices, ensuring that vendors are rotated as required by reference (a).

e. Maintains the CH log and all documentation of each transaction including procurement request, invoices, receipts, and proof of acceptance and receipt of the goods/services.

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f. Reviews the eStatement on a weekly basis to ensure validity of transactions.

g. Monthly certifies transactions (as appropriate) and forwards the supporting documentation to their AO for certification for bank payment.

h. Obtains and verifies documentation that all procured goods/services were received and accepted.

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CHAPTER 3**PURCHASING PROCEDURES**

This chapter describes the process for purchasing materials and services from the procurement request through proper receiving, using both the manual method and the Regional Automated Procurement and Invoice Database (RAPID) method. Detailed instructions on the process for purchasing using RAPID can be found in reference (i).

1. Purchase Card Log. This log is used to track funding and document the procurement of materials and services. This log and its supporting documentation should provide an audit trail supporting the decision to use the card and any required special approvals that were obtained. The following information will be entered into the log.

- a. Date the item or service was ordered.
- b. The merchant name.
- c. The dollar amount of the transaction.
- d. A description of the item or service ordered.
- e. Date of receipt.
- f. Name of individual receiving item or service.
- g. Paid but not received (pay and confirm).
- h. Credit received (if applicable).
- i. Disputed (if applicable).

2. Procurement Request. Each purchase for material or services with the Purchase Card requires the completion of a PCR. A sample PCR is included in Appendix C.

a. The individual requesting the material or services shall fill out the PCR with the following:

- (1) Requestor/Phone No.
- (2) Request Date
- (3) Dept./Work Center

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- (4) Urgency
- (5) Description of Requested Items
- (6) Unit Price (Quote Only)
- (7) Quantity Requested
- (8) Source of Supply information - include or note availability.

b. After completion of the PCR, it shall be forwarded to the assigned CH. Upon receipt, the CH annotates the date received and notes whether the purchase is within their purchase authority.

c. The CH will determine if funds are available to purchase the materials or services by checking the appropriate CH log funds balance or checking with the Fast Data OPTAR Keeper.

d. Technical Screening. The CH shall review the request by completing the Technical Screening section of the PCR. This includes material or services requiring additional approval under Special Authorizations. The CH must annotate on the PCR that technical screening is completed, either with a signature from the POC or an attached email from the POC, before the purchase is made. If at this point there is doubt about the purchase, the CH must contact their AO. The CH may also contact their GAPC for further guidance.

(1) NIB/NISH - All items purchased must be screened against the NIB/NISH supply listing to ensure that NIB/NISH products are purchased before commercial products. This screening can be done at <http://www.jwod.gov> or <http://www.jwod.com>.

(2) UNICOR - There is a recent change to DFARS Subpart 206.1 on how items are now ordered from UNICOR. The procedure in Chapter 4, paragraph 2 of this instruction will be followed.

(3) Printing - ALL printing **MUST** be purchased through Defense Automated Printing Service. **NO EXCEPTIONS.** If DAPS cannot meet requirements, **THEY** will either provide a waiver or contract the requirement through the Government Printing Office. In addition, the purchase or rental of any copying equipment must go through DAPS.

(4) Recycled/Recovered Materials - It is the CH's responsibility to ensure that items purchased meet the requirements for recycled/recovered materials. For example, all toner

cartridges purchased should be recycled, and all copier paper purchased should have a minimum of 20% recycled content.

(5) Property - CH must ensure that accountable property purchased is reported to the Program Manager Property Coordinator (PMPC) with copies of receiving documents, warrants, etc., so the property can be recorded in the appropriate property tracking system. Refer to paragraph 5 of this chapter for more information.

(6) ADP Software/Hardware - All AIS/IT hardware or software purchases require local IT manager approval before purchase. This includes PDAs and other peripherals that require software interfaces.

(7) Hazardous Materials - Hazardous Materials may be purchased with a purchase card only as specified in reference (h). A MSDS must be provided to end-user. Each GAPC has a point of contact listing for this program, and the CH may contact the GAPC for POC information or clarification on technical screening.

(8) Hazardous Equipment - Hazardous Equipment includes such items as power tools. Each GAPC has a point of contact listing for this program, and the CH may contact the GAPC for POC information or clarification on technical screening.

f. Solicitation and Award Procedures for transactions greater than \$2,500. If a purchase requirement is greater than \$2,500, contact the local GAPC to find out if it is possible to satisfy your requirement by using method of payment procedures. Three vendors must be solicited for a quotation to provide goods or services to ensure best value for the government. Letters of Agreement (LOAs) or other contracts might be set up to handle other requirements. The purchase card may be used as a "method of payment" for existing or newly created contracts. Appendix E provides an outline for vendor quotation and documentation.

g. Price Verification. After it has been determined that funds are available and that the purchase is appropriate, fair and reasonable, the CH shall contact the vendor for verification of the pricing information and the availability of the material or services. The preferred method of obtaining a quotation is orally over the telephone. CHs are encouraged to shop for the best price and are **required to rotate vendors**.

h. Approval. When the PCR is completed, the CH shall forward the request to the AO for approval. If approval is granted, they sign, date, and return the approved PCR to the CH.

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3. Logging the Purchase on the Cardholder Log. The primary purpose of the purchase card log is to provide documentation to support the monthly invoice certification process. The log gives the CH the necessary backup data to confirm the accuracy of their monthly statement from Citibank. The CH uses the log to document individual card transactions. Entries must be made as card transactions and/or convenience check transactions occur. Entries in the purchase log may be supported by internal agency documentation such as a request for procurement document or an email request. The purchase card documentation should provide an audit trail supporting the decision to use the card and any required special approvals that were obtained. At a minimum, the purchase card log will contain the date that the item or service was ordered, the merchant name, the dollar amount of the transaction, a description of the item or service, and, an indication of whether the item was received.

a. PMSOs will give each CH spending limits against direct funds and reimbursable funds.

b. Each CH will track funds available for purchase. If funds are not available, the CH must contact the PMSO for additional funds before the transaction can take place.

c. CH must enter CitiDirect on a weekly basis to look up the CitiDirect standard document number (SDN) and record that number on the CH log. The CitiDirect SDN is assigned 48 hours after the transaction is posted. Once this is done, CH sends a copy of the log NO LATER THAN Friday of each week (or Thursday if RDO) to the PMSO for review and reallocation (if appropriate), with a copy to the AO.

d. CH must enter CitiDirect after reallocation is completed to obtain the reallocation SDN. This SDN is assigned immediately after the reallocation occurs, and must be annotated on the CH log.

4. Making the Buy. Cardholders should use Appendix C for purchasing. The CH's method of purchase would include an Over-the-Phone, Internet Order or an Over-the-Counter Buy.

a. Only the CH may place the order.

b. All buys are exempt from sales tax. If the vendor asks for a Tax I.D. Number, the CH shall indicate to the vendor that there is no Tax I.D. Number. The GAPC has tax letters explaining that the U.S. Government should not be charged tax. These letters can be sent to vendors in lieu of the Tax Exempt I.D. Number.

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c. If it is an Over-the-Phone order, the following must occur:

(1) When placing the order, the CH must make sure that the vendor repeats all the information that was submitted in the requester's quotation. Describe shipping or receiving documentation requirements. Inform the vendor to NOT include the Purchase Card account number on any shipping document or packing list. All shipping should be FOB destination.

(2) Remind the contractor or vendor that the transaction must not be charged to the account until after the items are shipped, if applicable.

(3) If the order is going to be picked-up in person, identify the government employee authorized to pick up the order. Tell the vendor that they should ask for identification. Someone other than the CH must inspect and accept the order at either the business or later back at the office or job site. CH should instruct the employee picking up the item not to sign the purchase card slip. Since this is a phone order, no charge slip is signed.

(4) Record all ordering and follow-up information on the PCR or separate sheets. Inform your receiving personnel about the order and require that they send the signed and dated receiving documents to you.

d. If it is an Over-the-Internet buy, the following must occur:

(1) The CH places only secure orders via the Internet and ensures that appropriate account safeguarding measures are taken. The CH shall comply with the authentication and identification requirements (passwords, identification, PIN #, etc.) required by the commercial vendor from whom the cardholder is acquiring supplies.

(2) The CH ensures that any fee paid by the vendor is not added to the price of the items.

(3) When possible, the CH reminds the vendor that their purchase card account may not be billed until after the material has been shipped or service provided (notes or special instruction block).

(4) CHs must request copies of itemized sales receipts, or other sales documents supporting their purchase card transactions. This includes charge slips, cash register receipts, packing lists, etc. CHs must retain any documentation received from vendors to

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support proof of sales, as this will later be used to verify the transactions shown on the CH statements.

e. If it is an Over-the-Counter buy, the following must occur:

(1) The CH must receive a credit card receipt and invoice for the buy.

(2) The CH must notify the requestor when items are received. The requestor (or a third person) must inspect and accept the items by signing and dating the invoice or PCR.

(3) If the CH is the requester, the CH must have another government employee sign and date that they have inspected and accepted the items.

f. Three-way separation of function in receiving and accepting is preferred. "Separation of function" means having different individuals performing the following:

(1) Requesting the item

(2) Making the Purchase Card buy

(3) Inspecting and accepting the supplies as the receiver.

(4) If three different people are not available in an office, a minimum two-way separation of function must take place (person #1 requests item, person #2 makes the buy, person #1 inspects and receives). **Under no circumstances may the CH act as the receiver.**

5. Receiving Procedures. Following the correct receiving procedures for purchased goods and services is an important part of the purchase process and demonstrates fiscal responsibility and accountability to management, auditors, and the American taxpayers who pay the bills. Additionally, receiving is a vital part of accurately documenting and accounting for Navy-owned property in either the local spreadsheet or in Defense Property Accountability System (DPAS), depending on the cost of the item. It is the responsibility of the AOs and the CHs to ensure that property is received according to the procedures outlined here.

a. Materials and Supplies. Materials and supplies are consumable items held for use in the normal course of operations. **Someone other than the cardholder that made the purchase must perform physical receipt of the supplies.**

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(1) Receiver validates the quantity received against the packing slip or vendor invoice and inspects the condition of the item.

(2) Receiver records the following information on the vendor invoice or packing slip. It would be helpful to use a pre-printed label or a rubber stamp.

Received and Accepted by:
Print Name _____
Sign Name _____
Date _____

(3) Receiver gives the supplies to the requestor. If unknown who the requestor was, receiver gives supplies to the cardholder.

(4) Receiver gives the packing slip/invoice with the signed receipt and acceptance to the cardholder.

b. Services:

(1) Receiver verifies the service was completed satisfactorily and accepts by entering the information below on the vendor invoice. It would be helpful to use a pre-printed label or a rubber stamp. **Someone other than the cardholder that made the purchase must perform acceptance and physical receipt of the services.**

Received and Accepted by:
Print Name _____
Sign Name _____
Date _____

(2) For cell phone services, the cell phone user must certify that all calls made were in the course of government business and that all charges are correct by entering the following information on the detailed cell phone invoice by their calls:

I certify that all charges are correct and all calls were made in support of official business.

Signature/Print Name Date

c. Training. The recipient of training (person who attended training or conference) must provide proof of receipt

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to the purchase cardholder. Proof of receipt consists of either a copy of the certificate of completion or a DD1556 signed in Block 35 by the trainer/conference officials.

d. Property. Property is any item that is used but not consumed to produce goods or services supporting DoN's mission. **Someone other than the cardholder that made the purchase must perform physical receipt of the property.**

(1) Receiver validates the quantity, inspects the condition of the item, and checks for documentation accompanying the item; i.e., certifications, warranties, instructions, etc.

(2) Receiver records the following information on the vendor invoice or packing slip. It would be helpful to use a pre-printed label or a rubber stamp.

Received and Accepted by:

Print Name _____

Sign Name _____

Date _____

(3) Receiver verifies the presence and accuracy of the item serial and model numbers on the vendor invoice (highlighting is suggested). If not indicated, receiver records property's model and serial numbers on the vendor invoice or packing slip.

(4) Receiver gives property to the requestor; if requestor is unknown, then receiver gives property to the cardholder.

(5) Receiver gives the cardholder the annotated packing slip/vendor invoice, and warranties or certificates.

(6) Cardholder presents copy of vendor invoice and receiving documentation (may be DD250 Receiving Report) to the responsible Program Manager Property Coordinator (PMPC) for recording and tracking the property.

e. The CH files the PCR and the receipt documentation awaiting reconciliation of the CitiBank eStatement.

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6. Property Management

a. There are two ways of tracking property. The first is through DPAS (Defense Property Accountability System); the second is through internal program tracking.

b. DPAS is the database system used for property management and accounting throughout the Department of Defense. All items that cost over \$5,000 are entered into DPAS, plus any pilferable property or specifically designated items such as PDAs holding classified material and all Navy owned laptops.

c. Pilferable property must meet all of the following criteria before recording in DPAS:

- (1) The item is portable.
- (2) The item can easily be converted to personal use.
- (3) The item is critical to the activity's mission.
- (4) The item is hard to repair or replace.

d. Property items that cost less than \$5,000 and satisfy at least one of the following criteria are tracked by the program office:

- (1) The item is easily transportable.
- (2) The item has a ready resale value or application for personal use.
- (3) These could include things like TVs, VCRs, portable power tools, radios, digital cameras, etc.

e. Note that if an item being purchased falls into any of the above categories, the Program Management Property Coordinator (PMPC) is to be notified before and after the purchase of the item.

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CHAPTER 4**EXCEPTIONAL AND SPECIAL ATTENTION ITEMS AND CONTRACTING AND PAYMENT METHODS**

Use of the purchase card is governed by the policies and procedures of federal acquisition, some of which are unique and quite complex. This chapter seeks to simplify and clarify these special attention items as they apply to the Government-wide Purchase Card program.

1. Ordering Javits-Wagner-O'Day/Federal Prison Industries (JWOD/FPI) Products from Servmart. Purchase cardholders shall screen all requirements for their availability from JWOD sources. If the purchase/order is solely for JWOD/FPI products, purchase cards may be used up to limit in letter of appointment. However, if the purchase or order is not FPI or JWOD, or when the order is mixed between commercial items and FPI and JWOD items, the threshold for purchases is \$2,500.

2. Acquisitions from Federal Prison Industries (UNICOR)

a. UNICOR must be referenced when preparing a solicitation; in that regard, they are still considered a mandatory source. In other words, if UNICOR sells an item you are considering buying (furniture, toner cartridges, signs, etc) you must include them in your market comparison. If the item UNICOR provides is comparable (meets your needs) to those that commercial sources provide, you MUST make the purchase from UNICOR, or request a waiver. You must include documentation of the UNICOR market comparison.

b. You must document the following tasks in your procurement packages:

(1) Reviewing the UNICOR Catalog or the <http://www.unicor.gov> website for the availability of the product/services from UNICOR.

(2) Performing Market Research

(3) Comparing commercial product with the UNICOR product to determine if the UNICOR product including price, quality and delivery is comparable.

c. If UNICOR is comparable in price, quality and required date of delivery, you must purchase from UNICOR or request a waiver.

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d. You do not have to seek a waiver if you conduct a fair competition, which includes UNICOR in the market comparison, and they cannot meet your need. As well, you do not have to do a market comparison, or request a waiver, if the item you need is \$2500 or less.

e. FPI and nonprofit agencies participating in the Javits-Wagner-O'Day (JWOD) Program may produce identical supplies or services. When this occurs, ordering offices shall purchase supplies and services in the following priorities (ref: FAR, subpart 8.603):

(1) Supplies.

(a) Federal Prison Industries, Inc. (41 U.S.C. 48).

(b) JWOD participating nonprofit agencies.

(c) Commercial sources.

(2) Services.

(a) JWOD participating nonprofit agencies.

(b) Federal Prison Industries, Inc.

(c) Commercial sources.

3. Ordering from Non-Appropriated Fund Instrumentality (NAFI) and Exchanges. Cardholders are authorized to procure from NAFI/Morale, Welfare and Recreation (MWR) organizations. Before ordering from NAFI/MWR organizations, cardholders must screen the requirements from the mandatory government sources of supply. Supplies and services from the Exchanges or NAFIs are not considered agency inventories for the purpose of this procedure. Contracting with NAFIs/Exchanges does not automatically establish price reasonableness. Cardholders should independently determine that the prices are fair and reasonable at the NAFI/Exchange.

4. Gasoline or Oil for DON-owned Vessels and Vehicles.

Cardholders may not use their card to procure gasoline or oil for DON vessels and vehicles unless the requirement falls within the following criteria for the Continental United States - less than 10,000 gallons required annually. These amounts are beneath the ceiling provided for in the Contract Bulletins issued by Defense

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Energy Support Center (DESC). Requirements over the established amounts shall be procured by DESC.

5. Hazardous Materials (HAZMAT). Purchase cardholders are NOT authorized to purchase hazardous materials except as indicated below and in reference (i).

a. All purchases of hazardous materials must be for common use. The cardholder shall make available the appropriate MSDS to the product user.

b. Purchase cardholders who are supported by base Hazardous Materials Minimization (HAZMIN) Centers that are contractor owned or operated are authorized to purchase hazardous materials at these specific facilities.

6. Pesticides. Purchases of pesticides (such as insecticides, rodenticides, herbicides, weed and feed products, fungicides, wood preservatives, repellents, etc.), pesticide application equipment, and services that include pesticide application shall be in strict accordance with OPNAVINST 6250.4B/CMC (LFL), "Pest Management Programs".

a. Purchases of pesticides and pest control services shall be approved in advance by the responsible Naval Facilities Engineering Command, Engineering Field Division/Activity pest management professional.

b. Purchases of pesticides and skin/clothing repellents or pest control services to control potential disease vectors (e.g., mosquitoes or ticks) or shipboard pests, shall be approved in advance by the responsible BUMED medical entomologist.

c. For the purpose of this instruction, the requirement for professional oversight of pest control contracts applies to procurement of pest control services using the purchase card. Requests to responsible pest management professionals shall include a brief specification for integrated pest management services (not scheduled treatments). Quality assurance levels and in the case of termite control, a warranty, shall be provided. NAVFAC or BUMED pest management professionals will assist installations to ensure that service providers are properly licensed and that each applicator has commercial grade accreditation that meets state and Navy standards to apply restricted use pesticides without supervision.

d. The use of the purchase card to procure pesticide applications shall be reported monthly per OPNAVINST 6250.4B. The

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list of pre-approved pesticides for recurring requirements shall be documented in the installation pest management plan (PMP) (which is approved by the CO and administered by the installation pest management coordinator. The PMP addresses requirements for safe, compliant procurement as well as storage, mixing, application, disposal, and application reporting of pesticides. Some EPA-registered pesticides including water-treatment chemicals, paints containing "FIFRA"-regulated pesticides and other biocides are excluded from the scope of OPNAVINST 6250.4B. The installation environmental coordinator shall approve procurement of these materials or services that include use of these materials with the purchase card in advance.

7. Video Teleconferencing (VTC) Equipment. OPNAVINST 2015.1 dated 2 March 1992 and ALCOM R 051410Z of June 95 (DON Naval Video Teleconferencing) provide policy and guidance for DON afloat/ashore activities requiring VTC capability. The present guidance provides that activities may procure any brand of VTC equipment they chose. However, the chosen brand must utilize the commercial standard H.320 (Joint Services Standard) or H.323 (for I/P based VTC) in order to communicate with other Naval activities. CNO (N611) is responsible for the Video Information Exchange System (VIXS) Tactical VTC Systems and the VIXS Network. Naval activities wishing to procure secure VTC systems that are to be operated over the VIXS Network must obtain the appropriate approvals provided in this paragraph. The VIXS program supports a VTC architecture that allows video conferencing between tactical (afloat) and (shore) users to conduct operational missions. All activities should use the following guidance when procuring VTC equipment:

a. For activities requiring non-secure VTC equipment, CNO (N61) approval is not required.

b. Activities requiring secure VTC equipment that will not interface into the VIXS Network for operational purposes, CNO (N61) approval is not required.

c. If requirements exist to interface into the VIXS hub to conduct multi-point conferencing, a request in accordance with VTC Help Desk at SPAWAR System Center Charleston Code 732 COMM: 843-218-4882 or DSN: 312-588-4882.

d. Each activity is responsible for procuring additional or initial equipment outside of the VIXS Program of Record (POR). Furthermore, a Life Cycle Management (LCM) number or a memo from the sponsor stating the activity will be responsible for maintenance and operation of the system must be on the requirement. The VIXS Deputy Program Manager at COMSPAWARSYSCOM, resourced by

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N611, supports the installation of one VIXS system at designated afloat locations and limited shore locations as well as the LCM for VIXS POR systems.

8. Household Goods Transportation Services. The use of the purchase card to procure household goods transportation services is prohibited. Purchase cardholders shall not use their purchase cards to procure HHG transportation services in any case where the line of accounting from the military or civilian member's orders provide funding for the move (permanent change of station or temporary duty funds). Presently, the ONLY existing exception to this prohibition is the limited authorization to use the purchase card in support of Direct Procurement Method (DPM) Contract, Schedule III, and Local Moves.

9. Un-priced Services. Un-priced services may be obtained using the purchase card only when the cardholder can establish, in communication with the vendor, a ceiling price that will not be exceeded by the vendor. This authority is limited to services in which the commercial marketplace sets the market prices for services and those market prices are identified in the cardholder documentation along with the established ceiling price (e.g. copier repair, fax machine repair, etc.)

10. Utility Bills. Purchase cardholders may use the purchase card to pay for charges resulting from utility services. Utilities under this authorization are defined as water, sewer, electric, natural gas and propane. Utility charges can only be paid for with the purchase card under the following conditions:

a. The utility does not assess a service charge or fee for using the purchase card as method of payment; and the authority to use the purchase card to pay utility bills is listed in the card holder letter of appointment.

b. The charge does not exceed \$9,999,900 per transaction

11. Letters of Agreement (LOAs). Provides contracting officers, agency program coordinators and purchase cardholders an innovative approach to using the purchase card for procuring commercial supplies between \$2,500 and \$25,000, based on using oral solicitations, placing oral orders and paying using the purchase card. LOAs shall not be established for the procurement of services. Only contracting officers and agency program coordinators with appropriate delegation are authorized to establish LOAs.

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The following conditions must apply:

(1) All LOAs shall be issued in accordance with this instruction and all oral orders in amounts greater than the micro-purchase threshold, but not exceeding \$25,000 shall be paid using the purchase card as the method of payment.

(2) Cardholders authorized to use this method must complete the required training in accordance with this instruction and have the appropriate delegation of authority.

(3) Cardholders authorized to place orders against this type of agreement shall follow the procedures in the NAVSUPINST 4200.85(series), enclosure (1), Chapters 4 and 5 regarding solicitation and evaluation of quotations exceeding \$2,500.

(4) Cardholders must maintain records of oral price quotations to reflect the propriety of placing orders to the vendor selected at the prices paid. This can be accomplished on a telecom record, buyer's abstract or other record of solicitation.

b. Delegation of Contracting Authority. Activities wishing to utilize this method must have an appropriate grant of authority from their cognizant HCA.

c. LOAs. Activities using this method must establish LOAs with small business vendors (refer to FAR Part 19) providing commercial supplies who agree to permit the use of the purchase card as a method of payment for oral orders. LOAs cannot be placed with large business concerns. Vendors must agree to bid on oral solicitations and to accept the terms and conditions normally associated with the procurement of commercial items (refer to FAR Part 12). Orders shall be limited to supplies valued between \$2,500 and \$25,000 and will not be confirmed in writing. Clauses applicable to the acquisition of commercial items provided in FAR Part 12 should be incorporated in all agreements.

d. Establishing LOAs. Contracting officers should establish LOAs on a SF 1449 or DD Form 1155. APCs are limited to establishing LOAs using a letter format. See example provided in the Purchase Card Desk Guide.

e. Reporting. Contracting Officers or APCs must account for each LOA established as a Blanket Purchase Agreement (BPA) on the DD Form 1057. Additionally, all oral orders against LOAs must be accounted for on the DD Form 1057 as a BPA call.

f. Electronic Commerce. The HCA must make the required determination regarding the impracticality of processing solicitations via Federal Acquisition Computer Network or alternative electronic commerce methodologies when the solicitation will be oral and the payment is to be made under the LOAs.

g. LOAs List. A listing of contractors with whom LOAs have been established will be maintained by the contracting officer or APC and provided to the cardholders authorized to use this method. The listing must be reviewed and updated on a routine basis or as interested small businesses request LOAs and are added.

12. Convenience Checks. To pay vendors that do not accept the Purchase Card, a convenience or accommodation check cashier may be set up at each geographical location in the RMSO. The cardholder requesting the check must fund the associated costs of 1.25% of the check amount on the same line of accounting (LOA) charged for the purchase. The CH requesting a check will list the LOA to be charged on the Procurement Request and fill out the Procurement Request for the amount of the invoice plus 1.25%. In addition, the following applies:

a. Convenience checks will only be used after a maximum attempt or effort is made to use the Purchase Card, and it is determined that the use of Purchase Card is not possible. This includes attempting to find alternate vendors that will accept the purchase card for comparable materials and services.

b. Convenience checks will be issued for a maximum amount of \$2,500. No exceptions.

c. Convenience checks will be written after documentation of receipt of goods and/or services is received (signature and date) by Accommodation Check Cashier. This means that a check cannot be obtained before services are rendered/goods are received, except in cases of payment of fees and permits.

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

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

f. Activities may ONLY appoint ONE convenience check cashier to sign and issue checks. Activities are not authorized to appoint alternate cashiers.

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g. Convenience checks will only be signed and issued by the Accommodation check cashier. If a site's Check Cashier is not available, a different site's Check Cashier may issue check. Same procedures apply.

h. Activities fielding Convenience Check accounts must provide Convenience Check cashiers with a safe or locking cabinet for storage of the checks.

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

j. Activities shall establish internal controls to include approval by the cashier's approving official before writing the check.

k. An officer or DOD civilian who is independent of the office maintaining the account must audit Convenience Check accounts semi-annually on an unannounced basis.

l. A convenience check cashier may hold a purchase card only when the policies and procedures found within this instruction are observed.

m. In order to maintain effective internal controls, the functions of the convenience check custodian and cashier will be performed by the convenience check writer as indicated in reference (g).

n. Convenience check cashiers are responsible for the safeguarding and security of their checks and account information. The convenience check cashier shall not allow anyone to use or gain access to their checks or account information.

o. Convenience checks will be logged by the requesting cardholder against his authorized spending limit.

p. The minimum data that convenience check cashiers should capture before issuing a convenience check for services is as follows. Note that the convenience check cashier's bank account number is located on the bottom of each check and is not the number shown on the monthly billing statement.

(1) Payee's name.

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(2) Payee's Address.

(3) Payee's tax identification number (i.e., social security number or their employee identification number).

(4) The check number.

(5) The amount of the check.

(6) The date of the check.

q. Reporting convenience checks to the Internal Revenue Service (IRS) for tax purposes.

(1) There is a statutory requirement for DOD/DON to report payments made to contractors/merchants using convenience checks to the IRS. Reportable Payments include payments for services, rent, and medical payments regardless of the dollar value. If the payment was for goods and services combined it must be reported.

(2) Convenience check cashiers must enter 1099M data directly into the DFAS tax-reporting package via the Internet. To gain system access the APC or convenience check cashier must first complete the system access form found on the Internet at <https://dfas4DOD.dfas.mil.systems/1099>. The completed form can then be faxed to DFAS at (614) 693-5452. The APC or convenience check cashier should wait five to ten working days for processing. Each applicant will receive two e-mails from the DFAS Tax Office. The first will provide a user I.D. and the second will provide a password. The APC or convenience check cashier must follow the users manual located on the Welcome Page of the website noted above to change the password.

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CHAPTER 5**RECONCILIATION AND CERTIFICATION**

1. Performing Reconciliation and Certification. Each of these duties is the primary responsibility of the CH. However, in the absence of the CH, it becomes the responsibility of the AO to perform the CH duties listed below.

a. CH must enter CitiDirect on a weekly basis to look up the CitiDirect SDN and record that number on the CH log. The CitiDirect SDN is assigned about two business days after the transaction is posted at CitiBank. Once completed, CH sends a copy of the log NO LATER THAN Friday of each week (or Thursday if Friday is a regular day off) to the PMSO for reallocation and tracking spending, with a copy to the AO.

b. CH must enter CitiDirect after reallocation is completed to obtain the reallocation SDN. This SDN is assigned immediately after the reallocation occurs, and must be annotated on the CH log. If the PMSO performs reallocation, they must return the log to the CH after reallocation is complete. The CH will then document the reallocation SDN.

c. When the billing cycle ends, the CH will enter CitiDirect, and review and verify all transactions on the eStatement with the electronic log. The CH will:

(1) Ensure all transactions on the eStatement are appropriate.

(2) Resolve billing discrepancies and disputed items through the vendor.

(3) Retain applicable documentation, if transactions or credits are not included on the current eStatement, until the transaction or credit appears and can be reconciled.

(4) Certify the eStatement, print a copy of the certification screens for audit purposes, and forward the CH log and appropriate documentation to the AO.

d. In the event that the CH is not available to electronically certify their statement, the AO is responsible for completing certification.

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e. The AO enters CitiDirect and verifies the transactions on the CH's account with the CH log and supporting documentation. After the AO has verified that all transactions have a LOA assigned, has ensured the appropriateness of all goods and services obtained, and has determined if disputes have been resolved and properly reflected, the AO can certify the eStatement.

NOTE: All unresolved disputes at the vendor-cardholder level must be submitted to Citibank within 60 days of the transaction posting, using the Government Cardholder Dispute Form as found on the CitiDirect website. See paragraph 3 of this for dispute procedures.

f. The AO certifies the CH's statement. In addition, APCs, AOs and CHs must maintain purchase-related records (e.g. Purchase Card logs, requisitions, etc) for a minimum of 3 years and financial records (e.g. invoices, statements, etc) for 6 years and 3 months. This is subject to random audits of Resource Management by Command Evaluation, the Fiscal Services Division, and external Auditors.

g. The AO must certify all their CH statements before payment can occur.

h. It is the PM's responsibility to maintain all purchase related records in the event that an AO or CH account is closed. The PM must determine where these records will be held for the prescribed period.

2. Special Circumstances

a. Pay and Confirm. NRSW will follow standard DOD pay and confirm procedures. These procedures are used when goods are not received before billing or when damaged goods are received. The CH shall pay the invoice in full anticipating that the supplies will be received within the next billing cycle.

(1) If the supplies are not received within the next billing cycle, the cardholder will then dispute the item using established dispute procedures. **IMPORTANT - Disputes MUST be initiated within 60 days after the transaction posts to the eStatement.**

(2) Pay and confirm procedures should be followed when damaged items are received which are still under warranty, where the contractor confirms he/she will replace, modify or repair within the next billing cycle.

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(3) If the contractor or vendor does not agree to send the supplies within the next billing cycle, the CH will dispute the item. All charges must be disputed within 60 days after the transaction posts to the eStatement. Similarly, if the vendor does not agree to replace or repair a defective item, the CH will dispute the item. Vendors are not allowed to bill a CH until the date of shipment.

b. Short Paying. If the CH chooses not to use pay and confirm procedures in favor of "short paying" the invoice, the CH will have to manually certify the eStatement using the Prompt Payment Certification form. The CH will "short pay" the invoice, subtracting the amount in dispute from the total of the invoice. When the credit appears in a later billing cycle, the CH will again have to "short pay" the invoice, so that the CH's account does not reflect a credit for a transaction that was not paid for.

(1) Manual certification must be completed for all CHs if one CH is short paying. For example, an AO has three CHs. A CH is short paying due to a disputed transaction. All CH accounts must be manually certified.

(2) If conditional credit is received during the next billing cycle, all CH accounts must be manually certified as well.

c. Disputes

(1) Disputes are initiated when:

(a) The transactions on the CH's statements do not agree with entries in the log or retained receipts, or

(b) The item ordered is damaged in transit and not replaced or refunds.

(2) Disputes must be initiated within 60 days of transaction posting.

(3) In all cases, the first course of action is for the CH to contact the vendor and attempt to resolve the dispute directly. If attempts to resolve the dispute with the vendor have not been successful before the 60-day deadline, the CH or his AO should initiate the dispute process.

(4) The following are common types of disputes:

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(a) Unauthorized Mail or Telephone Order - CH may file a dispute, if billed for goods or services that the CH did not order, and seek reversal of the transaction.

(b) Duplicate Processing - Occurs when a merchant processes multiple billings for a single transaction. During dispute process, CH must identify when the original transaction was billed.

(c) Merchandise or Services not Received - If CH is billed for something not received yet, they should first contact merchant. The items may be in transit, lost in transit, or a service appointment was not kept. CH and merchant should come to an agreement regarding resolution. If CH and merchant cannot arrive at a satisfactory resolution, CH should file a dispute stating the details of the attempt to rectify the situation directly with the merchant.

(d) Canceled or Returned Merchandise - If canceled, CH should have record of date/time of cancellation, along with cancellation number, if applicable. If merchandise is returned in person, CH should have received a credit voucher. If returned via mail or delivery service, proof of return would be postal or UPS receipt or trucking company shipping document. This documentation, identifying the destination of the returned goods, will substantiate the return. A copy should be included when a dispute is filed.

(e) Credit not received - If CH has a credit voucher from merchant, but credit does not appear on subsequent statement, CH should file a dispute, including copy of the credit voucher.

(f) Difference in Amount - If the amount charged to the account does not agree with the amount agreed upon and documented on the original charge slip, CH should file a dispute for the difference. CH must include a copy of original sales slip (as proof of the valid amount of the transaction) with the dispute form.

(g) Inadequate Description/Unrecognized Charge - If the CH cannot identify or validate a charge that appears on the statement and cannot resolve directly with the vendor, he should file a dispute.

(h) Not as described - Use this reason when goods or services received did not conform to what was agreed upon with the merchant. CH must first contact the merchant to resolve the dispute by attempting to return the merchandise or seek other

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acceptable means of resolution. If no resolution can be achieved, CH should file a dispute.

3. How to Dispute a Transaction

a. CH must first contact the vendor and attempt to resolve the dispute directly.

b. All disputes unresolved at the vendor-CH level must be submitted in writing to CitiBank within 60 days of transaction posting to the eStatement. After 60 days have passed, a transaction may not be disputed. CH should call CitiBank to ensure receipt of dispute form (1-800-790-7206).

c. The CH must keep a copy of the form and send a copy to the GAPC, who serves as the local Disputes Officer.

d. CitiBank will give a conditional credit to the CH account once they receive notice of the dispute. CitiBank will acknowledge the initiation of a dispute to the CH. Payment of the amount in question is dependent on the outcome of the dispute process. The CH must read any correspondence from CitiBank regarding the dispute very carefully. In some instances, forms must be returned to the bank; if these forms are not returned in a timely fashion then CitiBank presumes the charges are valid. The CH will then have to certify the transactions for payment.

e. If CH has submitted a dispute to CitiBank and they have not acknowledged receipt of that dispute within 3 working days (confirmed by checking CitiDirect), call the Dispute Branch. Never assume that CitiBank is taking action on the dispute, unless they notify you in writing.

f. Based on the vendor's response to CitiBank, the charge will either be resolved in favor of the CH or the vendor. If resolved in favor of the CH, the charge is removed from the account. If resolved in favor of the vendor, a letter will be sent to the CH explaining the decision. The charge will appear on the balance due on the next eStatement, along with a dispute resolution message. CH must retain the dispute resolution letter and attach it to the next Statement as supporting documentation.

g. The CH must keep all correspondence concerning disputed transactions, as they are considered financial records.

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4. Tracking Disputes

a. Disputes must be tracked by the CH/AO in order to ensure that transactions disputed are not paid.

b. If the CH/AO chooses short pay (manual certification) to avoid paying a disputed transaction, then the AO must ensure the manual certification is completed for the billing cycle in which credit occurs.

CHAPTER 6**GAPC PROGRAM MANAGEMENT**

This chapter expands upon the roles and responsibilities of the GAPC as discussed in Chapter 2.

1. RAPC File Maintenance and Retention. The RAPC shall establish an individual file for each AO and cardholder. The file shall be retained for the duration the employee serves in this capacity and for three years beyond. In addition, APCs, AOs and CHs must maintain purchase-related records (e.g. Purchase Card logs, requisitions, etc) for a minimum of 3 years and financial records (e.g. invoices, statements, etc) for 6 years and 3 months. At a minimum, these files should include:

a. Approving Official

(1) Written request from Program Manager, Deputy Program Manager or Director

(2) Initial and all refresher training documentation.

(3) Copy of initial/all subsequent letters of delegation.

(4) Account setup form

(5) DD Form 577

b. Cardholder

(1) Written request from Program Manager, Deputy Program Manager, or Director.

(2) Initial and all refresher training documentation.

(3) Copy of initial/all subsequent letters of delegation.

(4) Account setup form

2. Account Set-ups and Maintenance. The GAPC is responsible for collecting, verifying, and processing all CH and AO (including alternate AOs) account set-ups and maintenance for

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personnel at their geographic location. To this end, the GAPC must:

a. Obtain the following before performing new account set-ups: set up form, eBusiness Operations Office training certificate (less than 24 months old), proof of ethics training (less than 1 year old), DAU Training certificate (only for initial set up), Deputy Program Manager nomination, and default LOA. CH accounts will be set up electronically via CitiDirect; all others must be faxed to CitiBank.

b. Update CH/AO accounts in CitiDirect. Before new accounts can become active, demographics must be defined and a default LOA must be entered into CitiDirect. New accounts must be designated "transactional", the appropriate UIC must be entered (obtained from PMSO), and a default LOA and any alternate LOAs must be entered (obtained from PMSO).

c. Perform maintenance involving credit limits as requested by the AOs. When changing a credit limit, the GAPC must notify the CH and AO in writing/via email that the credit limit change was authorized and completed. The GAPC must instruct the CH to attach this authorization to the original appointment letter as documentation until new letter of appointment arrives.

d. Maintain CH/AO files. Keep the Regional APC informed of all actions taken with the bank by providing copies of set-ups and maintenance forms and training certificates.

e. Receive new credit cards. GAPC is responsible for ensuring that the new CH receives his card and that new AO/CHs are trained in local and CitiDirect procedures before card usage.

f. Ensure each new CH/AO can successfully access CitiDirect.

g. Report all closed accounts to RAPC. Monitor CH/AO leaving the position and pursue cancellation of the account and replacement of the individual. CHs can not be active without an AO/AAO. CHs without an AO/AAO will be temporarily suspended.

h. Distribute CH/AO appointment letters and Accountable Official letters. The RAPC will prepare, sign, and mail letters to the GAPC for inclusion in the local file and for distribution to the CH/AO.

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i. Account Maintenance. GAPCs must perform all account maintenance on line using CitiDirect, to include entering additional lines of accounting as necessary.

3. Training and Communication with AOs/CHs. The GAPC must be thoroughly familiar with administrative and operational tenets of the Navy Purchase Card Program, as well as the unique requirements of the program as structured in the Southwest Region. To this end, the GAPC may be required to:

a. Provide input to RAPC as requested enabling development of regional policies, procedures, training curriculum, and forms.

b. Attend off-site "train-the-trainer" events as required, enabling GAPC to train AOs and CHs at their geographical sites.

c. Conduct local procedures and CitiDirect training for AOs (including alternates) and CHs in the geographic area. Accomplish all such training using materials and guides provided or approved by the RAPC. Train each new CH and AO in both local procedures and CitiDirect procedures.

d. Ensure that all CH/AOs have annual ethics training, and that the certification of completion is forwarded to the RAPC. Ethics information can be obtained from <http://www.ethics.navy.mil>. Ethics training can be obtained from [http://www.defenselink.mil/dodgc/defense ethics/](http://www.defenselink.mil/dodgc/defense_ethics/).

e. Ensure that all CH/AOs have initial training from Defense Acquisition University (DAU) and forward certificate (only required once). Training can be found at http://clc.dau.mil/kc/no_login/portal.asp

f. Ensure that all CH/AOs have biennial NAVSUP Purchase Card training and that the certificate of training is forwarded to the RAPC. Sources for this training are:

(1) The DON eBusiness website has an on-line tutorial or a CD-ROM to for the Government Purchase Card Training/Certification Course. On-line training is found at the Purchase Card policy section of: <http://www.don-ebusiness.navsup.navy.mil>.

(2) Classroom training is available through FISC San Diego. The FISC training schedule can be found at

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<http://www.sd.fisc.navy.mil>. The CH or AO can attend in San Diego or FISC can send an instructor to the location, for a fee.

g. Ensure that all CH/AOs attend annual local procedures training. The GAPC must maintain records of attendance.

h. Distribute all regional forms including the Purchase Log, Procurement Request form, local Purchase Card Policies and Procedures, and CitiDirect Users Guide.

i. Disseminate information to CHs/AOs as requested by RAPC and as needed at the location, via email or Enterprise Knowledge Management (eKM) as applicable.

j. Communicate with and train any CHs in the geographic area belonging to AOs located in a different area and possessing a different level five hierarchy.

4. Problem Resolution Guidance

a. Problem: AO leaves without identifying a replacement and there is no AAO.

GAPC should suspend corporate account until a replacement is identified and the paperwork is processed. The GAPC must notify PM/PM Site Manager of absence of AO and suspension.

b. Problem: Delinquent Account.

The RAPC has responsibility for researching and clearing up these delinquent accounts as follows:

(1) Reconcile AO's eStatements in CitiDirect with payments in STARS to detect any non-current account balance still owed (examples: disputes resolved, credits taken twice, prior balances unpaid from either manual or electronic certification).

(2) Obtain the AO's certification, an original copy of the AO's paper statement, and submit the package for payment.

(3) Contact CitiBank or DFAS to investigate problems perceived to be at their level.

c. Problem: Erroneous Charges. Sometimes transactions appear that the CH did not make. These should be considered erroneous charges, and must be disputed.

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(1) CH should call CitiBank and report charges as possibly fraudulent. CitiBank will immediately close the account and send an affidavit to the CH. This affidavit must be completely filled out, signed, notarized, and then returned to CitiBank. If not returned in five working days, CitiBank will presume that charges are valid and transactions must be certified for payment.

(2) Once the affidavit is received, CitiBank will initiate an investigation into charges to determine validity of dispute.

(3) CitiBank will issue conditional credits until investigation is completed. If CitiBank finds evidence of fraud, credits will stand. If CitiBank finds no evidence of fraud, then account will be re-billed for amount of transactions in question.

d. Problem: Fraudulent Charges. The AO/GAPC may notice that the CHs eStatement shows transactions that were not authorized, and want to investigate these improper charges. The following course of action should be taken:

(1) AO/GAPC should approach CH and inquire about transactions in question. If CH has no knowledge of transactions, the procedures for "Erroneous Charges" are followed.

(2) If CH has definitely and obviously made fraudulent charges purchases for gain, AO should inform GAPC who will immediately suspend CH account. GAPC should contact RAPC with information, and provide updates as necessary. Reference (e) addresses these issues.

(3) AO should contact the bank and dispute charges. AO will receive affidavit to sign and notarize. Citibank will begin investigation of transactions in question, and pursue payment of items from CH if their investigation deems it necessary.

Problem: Unauthorized Commitment. In the case of the Purchase Card program, unauthorized commitments occur when supplies or services are furnished to an activity as a result of the direction, order, or commitment issued by someone other than a cardholder. An unauthorized commitment made for the purpose of

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circumventing or evading procurement statues and regulations may **not** be ratified for payment. Reference (f) outlines the procedures for initiating ratification of an unauthorized commitment.

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CHAPTER 7**PROGRAM REVIEW**

This chapter identifies the internal controls and the external reporting requirements for managing the CNRSW Purchase Card Program.

1. Monthly RAPC Reviews. Using ad-hoc reporting, the RAPC shall conduct monthly transactional reviews. The review shall include all of the Purchase Card transactions within the previous month for all card accounts under the RAPCs cognizance. The review shall target the following critical elements:

- a. Suspicious vendors.
- b. Split purchases.
- c. Equitable distribution of business.
- d. Exceeding the micro-purchase threshold.
- e. Suspected fraudulent transactions.
- f. Timeliness of certification (AO Performance Review - AOPR).

2. Semi-annual RAPC Reviews. Semi-annual reviews shall consist of an RAPC evaluation of local operating procedures, internal management controls and a transactional review using ad-hoc reporting. The report shall be provided to the Commander Navy Region Southwest. If another internal auditor completes the review, a copy of the report shall be provided to the RAPC. The reporting periods for the semi-annual reviews shall encompass the months of April through September and October through March. The following areas must be covered in any Purchase Card Program Review:

- a. Review of internal operating procedures to ensure compliance with current DOD/DON regulations and directives.
- b. Program compliance with applicable training requirements.
- c. Appropriate delegations of authority.
- d. Integrity of purchase request process.

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- e. Compliance with micro-purchase procedures.
- f. Receipt, inspection and acceptance procedures.
- g. Invoice certification process.
- h. Internal procedures to resolve disputes and monitor command delinquencies.
- i. Use of the purchase card as a payment method.
- j. Span of Control (Card accounts to AO and card accounts to APC).
- k. Delinquencies.

3. Semi-annual GAPC Reviews. The GAPC will support the RAPCs Semi-annual Review by reviewing his/her AO/CH accounts for:

- a. Account spending limits.
- b. Questionable transactions:
 - (1) Purchases not required to fulfill minimum, immediate need to support DON mission.
 - (2) Purchases not for Government use, but for personal use.
 - (3) Purchases that exceeded authorized limits.
 - (4) Requirements that were split to circumvent the micro-purchase threshold.
 - (5) Purchases that were prohibited items explained in the Purchase Card Desk Guide.
 - (6) Purchases from vendor locations that appear questionable in terms of mission requirements.
 - (7) Screening for mandatory sources.
 - (8) Equitable distribution of business.
- c. Once they have reported to the RAPC, the GAPC will ensure correction of any problems/deficiencies identified during the semiannual review.

4. Semi-annual Major Claimant Reporting. The RAPC for NRSW will report the information provided below semi-annually to COMPACFLT and CNI APC by 30 November and 30 May of each year. The reporting period for the semi-annual review due 30 May of each year shall encompass the months of October through March. The reporting period for the semi-annual review due 30 November of each year will encompass the months of April through September. The GAPCs will perform this activity semi-annual review and report to the RAPC for compilation and submission to COMPACFLT and CNI.

Major Claimant Reporting Elements.

- a. Total number of Agency Program Coordinators (APCs).
- b. Total number of Approving Officials (AOs).
- c. Total number of Purchase Card accounts.
- d. Number of Agency Program Coordinators (APC) who exceed the ratio of 300 card accounts to one APC.
- e. Average claimancy ratio of Purchase Card accounts to approving officials.
- f. Number of approving official accounts above the 7:1 ratio (Provide activity name and ratio).
- g. Number of cardholders, approving officials, APCs trained.
- h. Weaknesses in Internal Management Controls (description of weakness area and activity name).

5. Data Collection and Reporting. GAPCs are responsible for the collection and reporting of various kinds of data related to the credit card program, as required by the RAPC. Refer data calls received from any other requestor to the Regional APC.

- a. Semiannual Navy Purchase Card Audit Report to RAPC - Submitted 30 March and 30 September every year by GAPC.
- b. Freedom of Information Act (FOIA) requests - These requests must be channeled through the local Staff Judge Advocate (SJA) office. The SJA will contact the RAPC for collation of the data and reply.

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c. The RAPC will identify metrics for measuring workload and compliance with policies and procedures, and these metrics will be required on a regular basis.

d. Illegal commitments - GAPC must report all illegal commitments identified to the RAPC and the PMSO.

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Appendix A

Definitions & Acronyms

Account Setup Information: Specific information required by the contractor for each cardholder or approving official so that an active account can be established. This information is supplied by each ordering DOD activity to the card-issuing bank.

Accountable Official: DOD military members and civilian personnel, who are designated in writing and are not otherwise accountable under applicable law, who provided source information, data or service (such as a receiving official, a cardholder) to a certifying or disbursing officer in support of the payment process. They have pecuniary liability for erroneous payments resulting from their negligent actions.

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, or classified. 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.

Agency Program Coordinator (APC): An individual designated by the ordering agency/organization to perform task order contract administration within the limits of delegated authority and to manage the card program for the agency/organization. This individual shall have overall responsibility for the card program(s) within their agency/organization, and may determine who participates in the card program(s). Multiple levels of program coordinators exist within different hierarchies or at different hierarchical levels within the program for each agency/organization.

Approving Official (AO): The individual responsible for reviewing and verifying the monthly purchase card statements of the card accounts under his/her purview. The AO must verify that all purchases were necessary and for official government purposes in accordance with applicable directives. The AO must also be the Certifying Officer for his/her cardholder(s) and in that capacity must certify the monthly billing statement and forward it to the appropriate office for payment. The

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certifying officer is responsible for:

(a) the accuracy of information stated in a voucher, supporting documents and records;

(b) computation of a certified voucher under sections 3528 and 3325 of title 31, United States Code;

(c) legality of proposed payment under the appropriation or fund involved;

(d) providing advice to accountable officials (cardholders);

(e) seeking advance fiscal decisions from legal counsel; and

(f) repaying a payment that is determined;

(1) illegal, improper, or incorrect because of an inaccurate or misleading certificate;

(2) to be prohibited by law;

(3) does not represent a legal obligation under the appropriation or fund involved.

ASN (RD&A) Assistant Secretary of the Navy (Research, Development and Acquisition)

AUL Authorized Use List (HAZMAT)

Billing Cycle: The billing cycle consists of approximately a 30-day billing period. Each monthly bill will be comprised of transactions (debits and credits) that post to the banks' system during this period. For DON the billing cycle begins on the 22nd of the month and ends on the 21st of the subsequent month. Cycle ends only occur on a business day (i.e. Monday through Friday) and as a result may adjust accordingly. The cycle end date will occur on the last business day of the normal cycle.

Billing Cycle Office (Credit) Limit: An authorization control assigned to each approving official, as determined by the ordering DON activity, which limits the cumulative spending amount of all card accounts assigned to that Approving Official during a given billing cycle. Any office limit may be assigned in increments of \$100 up to \$9,999,900. The office limit primarily is used for budgetary control purposes and may be adjusted up or down at any time. It encompasses all outstanding charges within a billing period.

Billing Cycle Purchase Limit: An authorization control that limits an account's cumulative spending for purchases in a given billing cycle. This limit or the billing office limit shall be used to ensure cardholders do not exceed reserved funding (positive funds control). Any purchase limit may be assigned in increments of \$100 up to \$9,999,900. This limit may be adjusted as ordering DON activities deem appropriate and shall be established for each cardholder account. It should reflect normal usage by that cardholder and must not default to the maximum available limit.

Billing Invoice: The monthly billing invoice is the official invoice for payment purposes, which is provided to the Certifying Officer by the issuing bank. The billing invoice identifies all of the purchase card transactions of their cardholders during a billing cycle. The invoice can be paper based or presented through the Electronic Access System of the issuing bank.

BOA Basic Ordering Agreement
BPA Blanket Purchase Agreement

Bulk Funding: An advance reservation of funds where a commitment or obligation is recorded in the aggregate rather than by individual transactions.

BUMED Bureau of Naval Medicine

Cardholder (CH): An individual designated by an agency to be issued a card. The card bears the individual's name and can be used by that individual to pay for official purchases in compliance with agency internal procedures. Also applies to convenience check account holders.

Cardholder Statement: The statement of charges provided to a cardholder detailing all of the transactions posted to their account during a billing cycle.

Certifying Officer: For the purposes of this instruction, the Certifying Officer is the Approving Official. This person is responsible for; 1) the existence and correctness of the facts stated in the certificate, voucher, and supporting documentation; 2) the correctness of the computations on the voucher and; 3) the legality of a proposed payment under the appropriation cited for payment. Has pecuniary liability for the amount of any illegal, improper, or incorrect payment resulting from their certification.

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CNO Chief of Naval Operations
CO Commanding Officer

Commercial Items (Supplies): Any item, other than real property, that is of a type customarily used for nongovernmental purposes and that:

a. Has been sold, leased or licensed to the general public;
or

b. Has been offered for sale, lease or license to the general public (A full definition can be found at FAR 2.101).

Commonly Used Hazardous Materials (HAZMAT): For the purpose of this instruction, commonly used HAZMAT means hazardous materials or products that are customarily sold to the general public to be used for non-governmental purposes (commercial products) which are in the same size and packaging found commercially and subject to procedures found later in this instruction. Examples of those materials or products include those required on a routine basis to meet daily operational needs, such as, lubricants, batteries, toner cartridges, detergents, etc.

Contracting Officer: Government employees who have the authority to bind the Government to the extent of their delegated purchasing authority. Purchase cardholders are provided that authority by their commanding officer or APC in writing by the issuance of a Letter of Delegation or SF 1402 Contracting Officer's Warrant.

Convenience Checks: Third party drafts issued using government purchase card account. Third party drafts may be used to acquire and to pay for supplies or services. Policies and regulations concerning the establishment of and accounting third party drafts, including the responsibilities of designated cashiers and alternates, are contained in Part IV of the Treasury Financial Manual for Guidance of Departments and Agencies, Title 7 of the General Accounting Office Policy and Procedures Manual for Guidance of Federal Agencies, and the agency implementing regulations. FAR 13.305 applies and the Department of Defense guidance is contained in the DOD Financial Management Regulation, Volume 5, Chapter 2, paragraph 0210.

Delegation of Contracting Authority: A document, issued by authorized agency personnel, that establishes the individual as

an authorized cardholder. This delegation of procurement authority shall specify spending and usage limitations unique to the cardholder. Each activity, in its internal procedures, must designate who shall be responsible for issuance of these delegations. This delegation must come down from the Head of the Contracting Activity.

Disputes: Instances where transactions on the cardholder's statement do not agree with entries in the log or retained receipts that are presented to the bank for resolution. This may include circumstances where the cardholder did not make the transaction, the amount of the transaction is incorrect or the quality or service is an issue.

<u>DAPS</u>	Defense Automated Printing Service
<u>DFAR</u>	Defense Federal Acquisition Regulation
<u>DFAS</u>	Defense Finance and Accounting Service
<u>DOD</u>	Department of Defense
<u>DON</u>	Department of Navy
<u>EBOO</u>	Electronic Business Operations Office
<u>EFT</u>	Electronic Funds Transfer
<u>EPA</u>	Environmental Protection Agency
<u>FAR</u>	Federal Acquisition Regulation

Fiduciary Responsibility: A person's responsibility to assure that appropriated funds are legal for use within the purpose, time and amount restrictions placed on the use of the funds by Congress. Erroneous, willful, or knowing violations of this confidence or trust will lead to an Anti-deficiency Act Violation.

File Turn: The average number of calendar days between the time a charge (purchase) is posted and payment is received by the issuing bank.

Financial Management Office: The installation or activity office charged with funds management, funds control, and possibly funds certification. This office is also known as the Comptroller's Office, the Resource Management Office, the Financial Management (FM) office and/or the Program Manager Support Office (PMSO).

<u>FMR</u>	Financial Management Regulation
<u>FOB</u>	Free-on-Board
<u>FPI</u>	Federal Prison Industries
<u>FSS</u>	Federal Supply Schedule
<u>GAO</u>	General Accounting Office

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Government-wide Purchase Card: The purchase card is the charge card account established with the issuing bank that enables properly authorized government personnel to buy and pay for supplies and services in support of official government business.

GSA General Services Administration

HA Head of the Activity

HAZMAT Hazardous Material

Head of Activity (HA): For the purposes of this instruction, the HA is the military officer in command or the civilian executive in charge of the mission of a DON command or activity which has been granted contracting authority by the cognizant HCA. The HA has overall responsibility for managing the delegation and use of this authority by personnel under his/her command.

Head of Contracting Authority (HCA): The official at one of the 23 DON components listed at DFARS 202.101 and NAPS 5202.101 (e.g. COMNAVSUPSYSCOM, COMNAVAIRSYSCOM, etc.) who has overall responsibility for managing contracting authority within their contracting chain of command. They are responsible for the delegation, re-delegation and use of contracting authority including use of the purchase card by DON commands, DON activities and DON personnel under his/her contracting cognizance. For NRSW, the HCA is Commanding Officer, FISC San Diego.

IDTC Indefinite Delivery Type Contract

IOP Internal Operating Procedure

JWOD Javits-Wagner-O'Day Act

Letters of Agreement (LOAs): A streamlined procedure for procuring commercial supplies between \$2,500 and \$25,000, based on using oral solicitations, placing oral orders and paying for the oral orders using the purchase card. LOAs shall not be established for the procurement of services.

LOA Line of Accounting

Merchant Category Code (MCC): A code used by the issuing bank to categorize each merchant according to the type of business the merchant is engaged in and the kinds of goods and services provided. These codes are used as an authorized transaction type code on a card/account to identify those types of businesses who provide goods and/or services that are authorized for use by the cardholder.

Method of payment: The cardholder pays, via government purchase card, for supplies or services ordered and obtained via a contractual vehicle. Total cost of services or supplies may be over the micro-purchase threshold of \$2,500.

Micro-Purchase: An acquisition of supplies or services, the aggregate amount of which does not exceed \$2,500, (except construction which is limited to \$2,000). FAR Part 2.101.

<u>MOU</u>	Memorandum of Understanding
<u>MSDS</u>	Material Safety Data Sheet
<u>MWR</u>	Morale, Welfare and Recreation
<u>NAF</u>	Non-appropriated Fund
<u>NMCI</u>	Navy-Marine Corps Intranet

Official Invoice: The *monthly billing statement* is the official invoice for payment purposes that is provided to the AO. The billing statement identifies all of the purchase card transactions of their card accounts during a billing cycle.

Pecuniary Liability: Conveys the responsibility of physical control of monies entrusted to the care of an Accountable Official of the government. Persons with pecuniary responsibility are liable and presumed negligent when funds are missing or an erroneous payment is made; they are presumed responsible for the loss of monies until they prove their innocence.

Pilferable Property: Portable items that could easily be converted to personal use and are: (1) critical to fulfilling the activity's mission/business objective; and (2) hard to repair or replace.

Procurement method: The cardholder performs task of ordering, obtaining and paying for supplies/services usually under the micro-purchase limit of \$2,500.

Purchase Card Log: A manual or automated log in which the cardholder documents individual transactions and screening for mandatory sources using the purchase card and/or convenience checks. Entries in the purchase log are supported by internal agency documentation (i.e. request for procurement document, email request, etc.). The purchase card documentation should provide an audit trail supporting the decision to use the card and any required special approvals that were obtained. At a minimum, the log will contain the date the item or service was ordered, the merchant name, the dollar amount of the

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transaction, a description of the item or service ordered and an indication on whether or not the item was received.

Reconciliation: The process by which the cardholder and AO review the monthly statements, reconcile against available vendor receipts and purchase card log and authorize payment of those charges provided on the monthly billing/cardholder statements.

Reviewing Official (RO): An individual, appointed by the head of the activity (or their designees), which is responsible for pre and post payment reviews of payments certified by the certifying officer. The reviewing official shall not concurrently serve as an accountable, certifying or disbursing official.

SAT Simplified Acquisition Threshold

Services: For the purposes of this instruction, services are firm-fixed priced (including unpriced orders with an established ceiling), non-personal, commercially available requirements in which the Government directly engages the time and effort of a contractor to perform a task (e.g. repairs, maintenance, annual maintenance agreements, etc.).

Simplified Acquisition Threshold: The upper level at which an acquisition may use simplified acquisition rules, currently \$100,000, except that in the case of any contract to be awarded and performed, or purchase to be made, outside the United States in support of a contingency operation (as defined in 10 U.S.C.101 (a)(13)) or a humanitarian or peacekeeping operation (as defined in 10 U.S.C.2302 (8) and 41 U.S.C. 259(d)), the term means \$200,000. FAR 2.101.

Single Purchase Limit: A dollar limit on each purchase assigned to each cardholder for a single transaction.

Split Purchase: The "requirement" is the quantity known at the time of the buy. If an individual purchases as [s] he becomes aware of a requirement, the requirement is each. If the requirements are consolidated and purchases are made once a day, the requirement becomes what was received during the day.

If an individual has historically purchased as things became known to them, even if they have the same thing ordered twice in one day from the same vendor, that does not have to be

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splitting. Splitting is the "intentional" breaking down of a known requirement to stay within a threshold (i.e. the \$2,500 micro-purchase threshold) or to avoid having to send the requirement to the contracting officer.

Tax Exemption: The elimination of state and local taxes from federal purchases in accordance with state and federal law. The phrase "U.S. Government Tax Exempt" is printed on the front of each purchase card.

Transaction Type: The transaction type is the method by which an order is placed when using the purchase card. Purchase card buys may be made over-the-counter, over-the-phone or via the Internet.

USD(C)

Under Secretary of Defense (Comptroller)

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Appendix B

Prohibited Purchase or Special Approval List

This is a list of all prohibitions or special approval requirements related to Purchase Card buys. For a full explanation, and/or background information on prohibitions referenced in this enclosure, refer to the referenced regulation.

If you have any questions about the propriety of a purchase, contact your GAPC.

The following table summarizes the options for the "Don't Buy" items along with the special approval items. The "Not Authorized" or "Prohibited" options under the "Option" column match what is said in the referenced regulation. The "Check Regulation" indicates that conditions exist for special approvals.

Subject	Examples	General Rule	Exceptions
Items for Personal Use	Plates, cups, napkins, serving utensils, facial tissue	Items for personal use, that does not directly support program mission, may not be purchased.	Programs that serve customers who need these items (Religion, Social Services, Food Service, etc). Religion/Social Services use tissue to support mission; Food Service uses plates & napkins to support mission.
Microwaves, Coffee Pots, Refrigerators		Items for personal use, that does not directly support program mission, may not be purchased with APF.	Programs that staff a 24-hour watch center may purchase these items (Federal Fire, Force Protection). Military Family Housing may purchase for installation in housing units. Food Service may purchase for installation at Galley. Bachelor Housing may purchase for use in guest rooms/common areas.
Food at Conferences	Coffee, Danish or Doughnuts, Juice, Water	Food may not be purchased with purchase card.	ORF and Drug Education for Youth (DEFY) program may purchase food under strict guidelines.
Leather Accessories	Binders, planners, briefcases, PDA cases	There is no situation where purchasing leather accessories with APF would be considered an appropriate purchase.	No exceptions.

Subject	Examples	General Rule	Exceptions
Retirements, Reenlistments, Transfers and Performance	Plaques, Pins, Coins	Retirements, Reenlistments, or Transfers may NOT be recognized	The performance recognized must have specific guidelines. Items may be purchased to

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Based Give Away Items		using performance based give away items that include plaques, pins, and coins.	recognize specific performance by an employee (Sailor of the Qtr/Yr, Civilian of the Qtr/Yr, etc.).
Organizational Clothing	Camouflage uniforms; any uniform item not issued in sea bag	General uniform items are not allowed to be purchased with APF. Command Ball Caps are not to be purchased with APF, or issued to all hands.	If program has written directive requiring Organizational Clothing and internal operating procedure directing issuance and receipt of uniforms, then may be purchased. Command Ball caps for visiting dignitaries may only be purchased with Official Representation Funds (ORF).
Travel/Travel Related Expenses	Hotel Rooms, Airline Tickets, Rental Car	These kinds of transactions should be made using the Government Travel Card.	Military Family Housing may use to house tenants that are displaced due to emergent requirements.
Bottled Water	Bottled Water Service	Bottled water may not be purchased.	If Occupational Safety/Health determines that water is not available or non-potable and CH can provide documentation of such, then water service may be purchased.
Hazardous Materials	Paint, Motor Oil, Lubricants, Paint thinner, Isopropyl Alcohol	Hazardous Materials may not be purchased except those sold to general public in small quantities (i.e. household cleaners).	Hazardous Materials must be purchased from designated HAZMAT Center. As well, small volume of HAZMAT customarily sold to general public can be purchased with approval of Safety Officer or on base AUL (Authorized Use List). CH must maintain MSDS with the procurement file.

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Subject	Examples	General Rule	Exceptions
Pesticides and Pesticide Services	Material to remove or removal of insects, mice, rats, pigeons, etc.	Pesticides are considered Hazardous Materials and may not be purchased except as outlined above. Pesticide Services may not be purchased with purchase card.	Pesticide Services may only be provided by or specifically approved by local PWC/PWD Pest Management Consultant.

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Appendix D

Sample Letter of Appointment for Accountable Officials

Date

From: Certifying Officer
To: **Cardholder's Name**

Subj: ACCOUNTABLE OFFICIAL DESIGNATION

Ref: (a) EBUSOPOFFINST 4200.1
(b) USD(Comptroller) memo dtd 30 Nov 98 Subj: Purchase
Card Certifying Officer Guidance Chg 1 and attachment
Encl: (1) Cardholder Certification Statement

1. Appointment. You are hereby designated as an Accountable Official for the Government wide Commercial Purchase Card Program at Navy Region Southwest. References (a) and (b) provide detailed information on your responsibilities and liabilities.

2. Responsibilities. As an Accountable Official, you are ultimately responsible for purchases being made in accordance with approved policies and procedures. You shall reconcile your monthly statement of account and notify (in writing) your Certifying Officer of any duplicate payments and/or fraudulent or improper charges to your account. In addition, you shall certify and attest to the accuracy of information and data provided to your Certifying Officer in support of payment to the purchase card issuer.

3. Termination of Appointment

a. Your appointment may be revoked at any time and shall be terminated in writing.

b. Should you be reassigned from your present position, or should your employment be terminated while the appointment is in effect, you shall promptly notify your Agency Program Coordinator and Certifying Official in writing so that your appointment may be terminated.

c. Any questions regarding your responsibilities may be directed to the APC and Certifying Officer.

4. My staff and I stand by to assist should you have any questions regarding the program. For assistance, please contact your Agency Program Coordinator (**depending on your location - you must determine who your GAPC is at your location**), or the Purchase Card Customer Service Desk at 619-532-4909 or DSN 522-4909.

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Acknowledgement

By signature hereon, I acknowledge my appointment as Accountable Official. I have read and understand my responsibilities. I further understand that this appointment will remain in effect until revoked in writing by you or your successor.

Signature *Date*

Copy to:
Agency Program Coordinator
Certifying Official

Appendix E

Multiple Award Schedule Best Value Determination Guidelines

It is important to following the ordering procedures set forth in reference (a). They require that you make a best value determination before placing Multiple Award Schedule orders above the micro-purchase threshold (\$2,500). For orders over \$2,500, you must review three vendors and document that review. Below is a checklist to ensure that you have followed the best value determination process when following ordering procedures.

Yes No

Did you review the required number of sources under the Federal Supply Schedule? Are the names listed below? Three sources are required if the order is over \$2,500. If not, submit justification why fewer than three sources were considered.

Vendor 1 _____

Vendor 2 _____

Vendor 3 _____

Indicate the factors, other than price, that were considered in the best value determination:

	Special features that are required in effective program performance
	Trade in considerations
	Probable life of the item selected compared to comparable item
	Warranty considerations
	Maintenance availability
	Past performance
	Environmental considerations
	Comfort/suitability of item
	Delivery time
	Your administrative costs
	Training needed or provided
	Technical Qualifications
	Compatibility with existing furniture
	Other (specify):