



Washington Headquarters Services

ADMINISTRATIVE INSTRUCTION

NUMBER 105

October 19, 2006

Incorporating through Change 2, December 5, 2007

A&PO

SUBJECT: Office of the Secretary of Defense (OSD)/Washington Headquarters Services (WHS) Purchase Card Program

- References:
- (a) DoD Directive 5110.4, "Director, Washington Headquarters Services," October 19, 2001
 - (b) DoD Government Charge Card Guidebook for Establishing and Managing Purchase, Travel, and Fuel Card Programs, current edition¹
 - (c) Federal Acquisition Regulation (FAR), current edition²
 - (d) Defense Federal Acquisition and Regulation (DFARS), current edition³
 - (e) through (y), see Enclosure 1

1. PURPOSE

This Administrative Instruction (AI):

1.1. Pursuant to the authority vested by Reference (a), implements regulations, policies, and procedures relating to the Government-wide Commercial Purchase Card Program contained in References (b) through (y).

1.2. Establishes local policy, procedures, and responsibilities for participants in the OSD/WHS Purchase Card Program.

2. APPLICABILITY

This AI applies to OSD/WHS Purchase Card Program participants who, for the purposes of this AI, are all OSD and WHS organizational elements (hereinafter referred to as the "OSD Components").

¹ Copies may be obtained via Internet at <http://www.acq.osd.mil/dpap/pcard/pcardguidebook.htm>

² Copies may be obtained via Internet at <http://farsite.hill.af.mil/>

³ Copies may be obtained via Internet at <http://www.acq.osd.mil/dpap/dars/dfars/html/current/tochtml.htm>

3. DEFINITIONS

Terms used in this AI are defined in the enclosed OSD/WHS Purchase Card Program Standing Operating Procedures (hereinafter referred to as the “SOP”) under PURCHASE CARD TERMS – QUICK REFERENCE (see Enclosure 2).

4. POLICY

It is WHS policy that OSD/WHS Purchase Card Program participants adhere to all policies and procedures outlined in this AI.

5. RESPONSIBILITIES

5.1. The Head of the Agency or his designee shall:

5.1.1. Determine the need to establish a purchase card program.

5.1.2. Ensure appointment of local Agency/Organization Program Coordinators (A/OPCs).

5.1.3. Approve appointment of Approving Officials and Cardholders (or delegate this responsibility).

5.1.4. Ensure sound management controls of the purchase card program are in effect and ensure performance standards include purchase card responsibilities.

5.2. The Director, WHS Financial Management Directorate (FMD)⁴ shall:

5.2.1. Provide fund accounting for initial and ongoing use with the purchase card.

5.2.2. Ensure accurate and timely financial data is contained in the account profiles.

5.2.3. Provide fiscal guidance to Cardholders, Approving Officials, and A/OPCs.

~~5.2.4.~~ 5.3. The A/OPC(s) shall:

5.3.1. Manage, oversee, and administer the OSD/WHS Purchase Card Program including account setup, maintenance, and training of Cardholders and Approving Officials.

5.3.2. Serve as the liaison between and among OSD/WHS, the U.S. Bank, the Department of Defense Joint Purchase Card Program Management Office, and the GSA

⁴ Note that for PFPA, these functions are performed by the PFPA Financial Management Division

Contracting Officer. Reference (b) provides a complete listing of roles and responsibilities of the A/OPC.

5.4. The Approving Official shall:

5.4.1. Review the Cardholder's Monthly Statement of Account to ensure purchases are made in accordance with References (c) and (d).

5.4.2. Enforce the provisions of this AI.

5.4.3. Advise the A/OPC of suspected or confirmed instances of misuse of the card and initiate disciplinary action as appropriate.

5.4.4. Certify the Monthly Invoice (billing statement) for payment. Approving Officials also serve as Certifying Officers (see definition below). Reference (b) provides a complete listing of roles and responsibilities of the Approving Official.

5.5. The Certifying Officer is also the Approving Official and shall:

5.5.1. Ensure the accuracy of information stated in a voucher, supporting documents and records.

5.5.2. Redistribute voucher expenses to the appropriate object classification codes.

5.5.3. Compute a certified voucher under sections 3325 and 3528 of title 31 U.S.C. (Reference (e)).

5.5.4. Ensure legality of proposed payment under the appropriation or fund involved.

5.5.5. Provide advice to accountable officials.

5.5.6. Seek advance fiscal decisions from legal counsel.

5.5.7. Repay a payment that is determined:

5.5.7.1. To be illegal, improper, or incorrect because of an inaccurate or misleading certificate;

5.5.7.2. To be prohibited by law; or

5.5.7.3. To not represent a legal obligation under the appropriation or fund involved. See Chapter 2 of Reference (b) for a complete listing of roles and responsibilities of the Certifying Official.

5.5.7.4. Reference (e) provides circumstances in which the Certifying Official may be relieved from liability by a Comptroller General decision.

5.8. The Cardholder is the individual designated by the activity to receive the purchase card and is the actual user of the purchase card. He or she shall protect and use the purchase card in accordance with this AI. Reference (b) provides a complete listing of roles and responsibilities of the Cardholder.

6. PROCEDURES

Procedures governing the program are outlined in Enclosure 2 and must be strictly adhered to by all parties involved with the OSD/WHS Purchase Card Program.

7. EFFECTIVE DATE

This AI is effective immediately.

A handwritten signature in black ink that reads "Ralph E. Newton". The signature is written in a cursive style with a long horizontal stroke at the end.

Ralph E. Newton
Acting Director, WHS

Enclosures – 2

E1. References, continued

E2. OSD/WHS Purchase Card Program Standing Operating Procedures

E1. ENCLOSURE 1

REFERENCES, continued

- (e) Sections 3325 and 3528 of title 31, United States Code
- (f) U.S. Bank Access Online Training Tutorial⁵
- (g) Title 41, Section 10, United States Code.
- (h) U.S. Bank Access Online website⁶
- (i) Administrative Instruction No. 94, "Personal Property Management and Accountability," March 18, 1998
- (j) OSD/WHs Purchase Card Program website⁷
- (k) Section 932 of title 10 United States Code
- (l) Contracting Officer's Warrant and Authority, April 24, 2006⁸
- (m) DoD Instruction 5305.6, Enclosure 1, "Office Furniture Standards for the National Capital Region," April 27, 1977
- (n) Federal Property Management Regulation 101-25-104⁹
- (o) Administrative Instruction 58, "Printing and Reproduction Services"
- (p) Ch 101-25-101-2 of Title 41, Code of Federal Regulations
- (q) Purchase Card Alert Number 28, "Commercial Subscriptions, Newspapers, and Subscriptions for Publications"¹⁰
- (r) Purchase Card Alert Number 31, "Express Shipment of Small Packages for Official U.S. Government Business"¹¹
- (s) DoD Government Purchase Card (DAU Tutorial), CLG001, current edition¹²
- (t) GSA Purchase Card Program for Cardholders (training tutorial)¹³
- (u) Section 423 of title 41, United States Code
- (v) Pentagon Building Circular PBM-03-06, February 10, 2003¹⁴
- (w) DoD Directive 5105.68, "Pentagon Force Protection Agency," May 3, 2002
- (x) DoD 7000.14-R, "DoD Financial Management Regulation (FMR)," various volumes, current edition
- (y) OMB Circular A-123, Appendix B, "Improving Management of Government Charge Card Programs, current edition"¹⁵

⁵ Available via Internet at <https://wbt.access.usbank.com>

⁶ Available via Internet at <https://access.usbank.com>

⁷ Available via Internet at <http://www.bfd.whs.mil/referencelib/cardholders/PCP.htm>

⁸ Available in Purchase Card Program files

⁹ Available via Internet at <http://frwebgate.access.gpo.gov/cgi-bin/get-cfr.cgi?TITLE=41&PART=101-25&SECTION=104&YEAR=1999&TYPE=TEXT>

¹⁰ Available via Internet at http://www.whs.mil/FMD/Programs/PurchaseCard/Alerts/docs/PC_Alert28.doc

¹¹ Available via Internet at http://www.whs.mil/FMD/Programs/PurchaseCard/Alerts/docs/PC_Alert31.doc

¹² Available via Internet at <https://learn.dau.mil/html/clc/Clc.jsp>

¹³ Available via Internet at

http://www.gsa.gov/Portal/gsa/ep/contentView.do?P=2FMB&contentId=13034&contentType=GSA_BASIC

¹⁴ Available via Internet at <https://private.ref.whs.mil/PBC/PBM/PBM-03-06.htm>

¹⁵ Available via Internet at

http://www.whitehouse.gov/omb/circulars/a123/a123_appendix_b.pdf#search='OMB%20circular%20A123%20Appendix%20B'

E2. ENCLOSURE 2

OSD/WHS PURCHASE CARD PROGRAM
STANDING OPERATING PROCEDURES (SOP)

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E2.1. GENERAL

E2.1.1. INTRODUCTION

E2.1.1.1. The purchase card shall only be used to purchase and pay for authorized, official U.S. government supplies and services.

E2.1.1.2. This SOP provides the necessary framework for implementing the Government Purchase Card Program within established guidelines.

E2.1.1.3. Questions regarding the OSD/WHS Purchase Card Program should be directed to one of the following:

E2.1.1.3.1. Agency/Organization Program Coordinator
WHS Acquisition and Procurement Office
1155 Defense Pentagon, Room 3D267
Washington, DC 20301-1155
Telephone: 703-695-8921
e-mail: tracy.nelson@whs.mil

E2.1.1.3.2. Agency/Organization Program Coordinator
WHS Acquisition and Procurement Office
1155 Defense Pentagon, Room 3D267
Washington, DC 20301-1155
Telephone: 703-695-8666
e-mail: janette.ray@whs.mil

E2.1.1.3.3. Purchase Card Program Manager
WHS Acquisition and Procurement Office
1155 Defense Pentagon, Room 3D267
Washington, DC 20301-1155
Telephone: 703-695-8974
e-mail: claudia.colvin@whs.mil

E2.1.1.4. For information on the OSD/WHS Purchase Card Program, visit the following website: <http://www.bfd.whs.mil/referencelib/cardholders/PCP.htm> (Reference (j)).

E2.2. PURCHASE CARD TERMS – QUICK REFERENCE For the purpose of this SOP, the following terms are listed in alphabetical order for easy reference.

E2.2.1. Access Online. A web-enabled commercial purchase card program management and reporting tool that enables organizations to interact with U.S. Bank. Web-based training for Access Online is available for new users (Reference (f)).

E2.2.2. Accountable Officials. DoD military members and civilian personnel with established lines of responsibility, decision making authority, and resource control (such as receiving officials or Cardholders) who are designated in writing, but not otherwise accountable under applicable law as disbursing or Certifying Officials for example, and who provide source information, data, or services to a Certifying Official in support of the payment process. They have pecuniary liability for erroneous payments resulting from their negligent or erroneous actions. See the definitions of “Pecuniary Liability” and “Purchase Card Fraud” below.

E2.2.3. Agency Head or Head of the Agency. The Secretary, Attorney General, Administrator, Governor, Chairperson, or other chief official of an executive agency, unless otherwise indicated, including any deputy or assistant chief official of an executive agency.

E2.2.4. A/OPC. Responsible for account setup, maintenance, and training of Cardholders and Approving Officials. The A/OPC serves as the liaison between and among OSD/WHS, U.S. Bank, the Department of Defense Joint Purchase Card Program Management Office, and the GSA Contracting Office. An A/OPC cannot also serve as an Approving Official or a Cardholder. A separation of duties shall be maintained at all times.

E2.2.5. Approving Official. The person responsible for the following:

E2.2.5.1. Reviewing the Cardholder’s Monthly Statement of Account to ensure purchases are made in accordance with the Federal Acquisition Regulation (FAR) (Reference (c)), Defense Federal Acquisition Regulation Supplement (DFARS) (Reference (d)), and internal policies and procedures.

E2.2.5.2. Ensuring compliance with and enforcing the provisions of this document, “Standing Operating Procedures (SOP).”

E2.2.5.3. Advising the A/OPC of suspected or confirmed instances of fraud, misuse, or abuse of the card and initiating disciplinary action as appropriate, and

E2.2.5.4. Certifying the Monthly Invoice (billing statement) for payment. Unless otherwise waived by the Under Secretary of Defense (Comptroller), the Approving Official must also be the Purchase Card Certifying Officer (see the definition of “Purchase Card Certifying Officer” below) for his or her Cardholder(s) and in that capacity must certify transactions in the monthly invoice as proper and correct (see the definition of “Pecuniary Liability” below).

E2.2.5.5. An individual may not be the Approving Official for his or her supervisor. Whenever possible, the Approving Official shall be the Cardholder’s first-line supervisor. In any event, the Approving Official shall, at a minimum, be in the Cardholder’s chain of command and have input into the Cardholder’s performance appraisal.

E2.2.6. Billing Cycle. An approximate 30-day billing period. Each monthly billing statement (invoice) shall be comprised of transactions (debits and credits) that post to the bank’s system during this period. The billing cycle begins on the 20th of the month and ends on the 19th of the subsequent month. The 19th of the month is known as the “cycle date.”

E2.2.7. Blanket Purchase Agreement (BPA). A simplified method of filling anticipated repetitive needs for supplies or services by establishing “charge accounts” with qualified sources of supply. BPAs may be used for a wide variety of items in a broad class of supplies or services (e.g., hardware) that are generally purchased, but the exact items, quantities, and delivery requirements are not known in advance and may vary considerably. BPAs are designed to accomplish simplified acquisitions by eliminating the need for numerous individual purchases. See FAR 13.303 (Reference (c)). Requirements that are candidates for purchase under a BPA should be coordinated with the servicing contracting office.

E2.2.8. Cardholder. The individual designated by the activity to receive the Purchase Card. The Cardholder must be trustworthy and have a bona fide need to make purchases on behalf of the Government. The card bears this person’s name and **MAY BE USED ONLY BY THIS PERSON TO PAY FOR AUTHORIZED U.S. GOVERNMENT PURCHASES**. A Cardholder cannot be his or her own Approving Official. A separation of duties shall be maintained at all times. The responsibilities of the A/OPC, Approving Officials, and Cardholders, must not overlap to ensure that management controls are not circumvented.

E2.2.9. Cardholder Statement of Account. The statement of charges provided to a Cardholder by U.S. Bank detailing all the transactions posted to the account during a billing cycle.

E2.2.10. Delegation of Authority (DOA). A memorandum, signed by the Purchase Card Program Manager, specifying the authority delegated to the Approving Officials and Cardholders. The Cardholder DOA outlines the single and monthly purchase spending limits for each Cardholder. Spending limits are based on mission need and a Cardholder’s single-purchase limit may not exceed the \$3,000 (\$2,000 for construction and \$3,000 for acquisitions of services subject to the Service Contract Act) micro-purchase threshold. The Cardholder’s single-purchase limit may be set below \$3,000. Appointments to the duties of Approving Official and Cardholder change in the course of business activity. Additionally, spending limits are adjusted according to mission needs. A new DOA is issued in each instance of change. The DOAs provide a historical paper trail that is to be retained as a permanent part of the Purchase Card files. All DOA’s shall be available to the A/OPC upon request.

E2.2.11. Delinquent Accounts. Delinquent accounts are subject to account suspension, the process in which a cardholder is disallowed from making purchases with the purchase card because of payment delinquency or multiple pre-suspension actions. Issuing banks will suspend accounts that are 61 days past due or 91 days past the billing date. Before the suspension, the bank will notify the Approving Officials and A/OPCs of the pending suspension. The account(s) will remain suspended until the outstanding invoices are brought up to date. At that time, accounts will automatically be reinstated. When an account is suspended, no purchases can be made. Accounts suspended more than twice in a 12-month period may be cancelled. When a delinquency reaches 181+ days past due, the account of the Approving Official and all associated Cardholders may be terminated.

E2.2.12. Ghost Accounts/Shoppers. The Approving Official's organization has the option of establishing Ghost Accounts under which individuals are designated as Ghost Shoppers. Ghost Shoppers can make purchases at the Virginia Institute for the Blind (VIB) stores in the Pentagon only, with no exceptions. Establishing Ghost Shoppers allows the flexibility of multiple employees having authority to make purchase at the VIB Stores while minimizing the number of Purchase Cards issued under the Purchase Card Program. The Cardholder is the account custodian and shall maintain the transaction log for all purchases made by the Ghost Shoppers under his or her purview. The Cardholder reconciles the monthly Cardholder statement before submitting it to the Approving Official. The Approving Official and Cardholder are required to sign a Certification/Acknowledgement form prior to Ghost Accounts being established. The purpose of the form is to acknowledge liability for the Ghost Shoppers. The form shall be provided by the A/OPC at the time of account set up.

E2.2.13. Head of the Contracting Activity (HCA). The Director, WHS, is the HCA. The HCA or designee shall issue the required DOA to Approving Officials and Cardholders. The delegation shall specify the authority being delegated and any single and monthly purchase spending limits. The HCA has the authority to raise or lower such dollar limits and may rescind the delegation at any time.

E2.2.14. Information Technology (IT). IT is defined as items that will be connected over digital lines and installed on computers or computer systems. IT also includes Video Information Equipment, items having both IT and telecommunications capabilities, and services related to IT items.

E2.2.15. Micro-purchase. An acquisition of supplies or services using simplified acquisition procedures, the aggregate amount of which does not exceed the micro-purchase threshold. The micro-purchase threshold is currently \$3,000 per order for supplies or services (\$2,000 for construction and \$2,500 for services subject to the Service Contract Act). (Reference (c)). A micro-purchase is not governed by small business participation or requirements of the Buy American Act (Reference (g)) and does not require full and open competition (but, rather, adequate distribution of purchases among qualified vendors). See References (c) and (d) Parts 2 and 13, respectively, for further information on using the Purchase Card to make micro-purchases.

E2.2.16. Monthly Invoice (Billing Statement). A combined summary of all purchases made by all Cardholders under a given Approving Official during a specified billing cycle. The Monthly Invoice is also referred to as the monthly billing statement and is used by the Approving Official to reconcile the purchases made by his or her Cardholder(s) during the billing cycle. The monthly invoice (billing statement) is available in Access Online (Reference (h)). The Approving Official must print, then sign and date the reverse of all pages of the monthly invoice as certification that the charges accurately reflect the account activity for the Cardholders under his or her purview.

~~E2.2.16.1.~~—The certified monthly invoice shall then be forwarded (within 2 working days of receipt of the Cardholder's approved statement) to the paying office by the Approving Official.

E2.2.17. Paying Office. The WHS Financial Management Directorate (FMD) is the designated paying office for OSD/WHS accounts. The PFPA Financial Management Division is the paying office for PFPA accounts. Approving Officials must certify and date the invoice in the first signature block as the Purchase Card Certifying Official and forward the certified invoice to the appropriate paying office for payment to U. S. Bank. The Paying Office addresses are as follows:

~~E2.2.17.~~ OSD/WHS ACCOUNTS

WHS/FMD
1155 Defense Pentagon, Room 3B287
Washington, DC 20301-1155
Telephone: (703) 614-0990

~~E2.2.17.~~ PFPA ACCOUNTS

Pentagon Force Protection Agency
Financial ~~##~~Management Div, 2E139
9000 Defense Pentagon
Washington, DC 20301-1155
Telephone (703) 692-7979

E2.2.18. Pecuniary Liability. A personal financial obligation to make good any monetary loss to the Government caused by the fraud or neglect of an Accountable Official in certain circumstances (see the definition of “Accountable Official” above) that results in fiscal irregularities of disbursement. Both Certifying and Accountable Officials are automatically subject to this liability, whether negligent or not, as an incentive to guard against errors, to discourage dishonesty, and to protect the Government against theft.

E2.2.19. Personal Property. Personal property for the purposes of this SOP is defined as property of any kind (except real property and Government records) that retains its original identity and characteristics, has a useful life of more than one year, and an acquisition cost of \$500 or more. Personal property also includes P1 furniture and all serialized equipment such as calculators, typewriters and copiers. P1 furniture is furniture issued to officials at the Senior Executive (SES) level and above, regardless of acquisition cost (Reference (i)). (See section E2.11 of this SOP.)

E2.2.20. Purchase Card Alerts. Sequentially numbered e-mail alerts issued to Approving Officials and Cardholders by the Purchase Card Program Office. The purpose of the alerts is to immediately broadcast information and guidance pertinent to the Purchase Card. The alerts shall also be used to disseminate reminders of existing policies and procedures. The alerts are posted on the OSD/WHS Purchase Card Program Web Page (Reference (j)). Purchase Card Alerts shall remain in effect until cancelled, superseded, or incorporated into the OSD/WHS Purchase Card Program AI.

E2.2.21. Purchase Card Certifying Officer. The Purchase Card Program Manager is responsible for appointment of Certifying Officers. The Certifying Officer should be in the Cardholders' supervisory chain and have knowledge of the office requirements, appropriations and account classifications and the payment process. Under the OSD/WHS Purchase Card Program, the Approving Official also serves as the Purchase Card Certifying Officer. Certifying Officers shall:

E2.2.21.1. Ensure the accuracy of information stated in a voucher, supporting documents and records.

E2.2.21.2. Compute a certified voucher under sections 3325 and 3528 of title 31 U.S.C. (Reference (e)).

E2.2.21.3. Ensure the legality of proposed payment under the appropriation or fund involved.

E2.2.21.4. Resolve questions regarding the legality of proposed payment under the appropriation or fund involved by seeking advance fiscal decisions from legal counsel.

E2.2.21.5. Provide advice to accountable officials.

E2.2.21.6. Repay a payment that is determined to be illegal, improper, or incorrect because of an inaccurate or misleading certification; to be prohibited by law; or to not represent a legal obligation under the appropriation or fund involved.

E2.2.22. Purchase Card Fraud

E2.2.22.1. Fraud is any felonious act of corruption or attempt to deliberately cheat the Government or corrupt the Government's agents. More specifically, fraud is an act of deceit, misrepresentation, or an intentional perversion of truth in order to induce another to part with something of value or to surrender a legal right. See section 932 of 10 U.S.C. (Reference (k)) for further definitions of fraud against the United States. Cardholders shall use the Government Purchase Card to procure supplies and services at the direction of the agency under official purchase authorization. All Government employees have a duty to report all suspected fraud to the appropriate authorities.

E2.2.22.2. Purchase Card misuse or fraud may have any, or a combination of, the following potential consequences for the Cardholder:

E2.2.22.2.1. Counseling;

E2.2.22.2.2. Notation in employee performance evaluation;

E2.2.22.2.3. Cancellation of the Purchase Card;

E2.2.22.2.4. Reprimand;

E2.2.22.2.5. Suspension of employment (Civilians only);

E2.2.22.2.6. Termination of employment (Civilians only);

E2.2.22.2.7. Nonjudicial punishment (Military only); and

E2.2.22.2.8. Criminal prosecution.

E2.2.22.3. Each Cardholder and Approving Official shall review the “Government Charge Card Disciplinary Guide for Civilian Employees” which is posted on the OSD/WHS Purchase Card Program Web Page (Reference (j)) under “Miscellaneous.”

E2.2.22.4. Subparagraph 1.2.9. of Reference (b) states that suspected fraud should be reported to the A/OPCs, Supervisors, and the DoD Hotline.

E2.2.23. Purchase Card Program Manager. The OSD/WHS Purchase Card Program Manager is aligned under the WHS Acquisition and Procurement Office and is responsible for management, oversight and administration of the OSD/WHS Purchase Card Program. The Purchase Card Program Manager delegates procurement authority to the accountholders through DOA memos (Reference (l)).

E2.2.24. OSD/WHS Purchase Card Program Web Page. The OSD/WHS Purchase Card Program Web Page can be accessed at: <http://www.bfd.whs.mil/referencelib/cardholders/PCP.htm> (Reference (h)). The Approving Officials and Cardholders should frequently access this page. It contains useful and valuable information regarding the Purchase Card Program including “Frequently Asked Questions,” Purchase Card Alerts, and this AI/SOP.

E2.2.25. Rebates. The Government receives rebates for prompt payment. The rebates are reflected as credits on both the Monthly Invoice (billing statement) and the Cardholder’s Statement of Account. See also the definition of “Delinquencies.”

E2.2.26. Span of Control. The span of control of Approving Officials under the OSD/WHS Purchase Card Program is limited to a maximum of six Cardholders per Approving Official. This number may be lower at the discretion of the Purchase Card Program Manager for those Cardholder accounts experiencing a high volume of spending activity. The Approving Official shall never be given more Cardholders than he or she has the capability to review in a timely and efficient manner.

E2.2.27. Split Purchase/Split Requirement. A split purchase (or split requirement) is the intentional break down of a purchase or requirement to stay under the Cardholder’s single purchase limit. When the Cardholder has a requirement that is over his or her single purchase limit, it cannot be split by quantity, vendor, time, or Cardholder. The Cardholder should contact the A/OPC if a requirement is over his or her single purchase limit but under \$3,000 (\$2,000 for construction). A one-time or permanent increase can be accomplished. Purchases over \$3,000

(\$2,000 for construction) shall be sent through the normal contracting channels. Splitting a purchase/requirement is **STRICTLY PROHIBITED AND IS PUNISHABLE BY DISCIPLINARY ACTION**. Any questions regarding split purchases/requirements should be directed to an A/OPC.

E2.2.28. Telecommunications. Items connected over voice lines and installed on telecommunications systems and related services.

E2.2.29. U.S. Bank. The bank under contract with the GSA that maintains all accounts, issues cards to Cardholders, provides monthly Cardholder Statements of Account to Cardholders, monthly invoices (billing statements) to Approving Officials, and provides various reports to the Purchase Card Program Manager and A/OPC's.

E2.2.30. WHS Support Services Division (SSD) Centralized Purchases. In the past, certain items of supply or service were prohibited for purchase by individual Cardholders and were purchased only by SSD, even if the cost of the supply or service was within the Cardholder's single purchase limit. Due to an initiative to expand the use and flexibility of the Purchase Card, the majority of items on the SSD Centralized Purchases list are being decentralized and passed down to the individual Cardholders for micro-purchases at \$3,000 and below (\$2,000 for construction). The following is the listing of purchases formerly mandated for purchase by SSD. Accountholders shall implement the procedures delineated below. Note that most, but not all items have been decentralized. Accountholders will be notified immediately if and when additional items are decentralized.

E2.2.30.1 Review each item for instructions/references. **DO NOT AUTOMATICALLY ASSUME THAT IT HAS BEEN DECENTRALIZED** for individual Cardholder purchase at this time. If the requirement is \$3,000 or below, but above the Cardholder's single-purchase limit, contact an A/OPC for a temporary or permanent limit increase up to \$3,000. **ALL GOVERNING REGULATIONS, POLICIES AND INTERNAL PROCEDURES MUST BE FOLLOWED IN MAKING THE PURCHASES BELOW.**

E2.2.30.2. Furniture and systems furniture (to include initial configuration);

E2.2.30.2.1. Furniture (stand-alone) shall be purchased by the individual Cardholders at \$3,000 and below (References (m) and (n)). Reminder: Check the mandatory sources of supply (Part 8 of Reference (c)) to include DFD inventories prior to purchasing stand-alone furniture.

E2.2.30.2.2. Systems furniture purchases shall remain centralized and shall be purchased through the cognizant division within the Defense Facilities Directorate. An SD Form 474 shall be submitted to request the purchase of systems furniture, to include filing cabinets and all components of the systems furniture layout.

E2.2.30.2.3. Reconfiguration of systems furniture shall remain centralized and shall be purchased through the cognizant division within the Defense Facilities Directorate. An SD Form 474 shall be submitted to request the reconfiguration of systems furniture.

E2.2.30.2.4. Repair of systems furniture shall remain centralized and shall be purchased through the cognizant division within the Defense Facilities Directorate. An SD Form 474 shall be submitted to request the repair of systems furniture.

E2.2.30.3. Installation and cleaning of carpet and drapes;

E2.2.30.3.1. DFD maintains a large inventory of standard stock carpet with various color and pattern choices. The Cardholder shall check the existing inventories prior to purchasing the installation of carpet. If purchasing individually, the Cardholder shall purchase the installation of carpet at the micro-purchase threshold and below only after obtaining a prior estimate for the complete job (i.e. all materials and labor to remove the old floor covering, and reinstall furniture and install the carpet). If the estimate for the total cost does not exceed the micro-purchase threshold, then the individual Cardholder may purchase the installation of carpet.

E2.2.30.3.2. Installation of Drapes shall be purchased by the individual Cardholders at \$3,000 and below FOR THE FOLLOWING POSITIONS ONLY: Secretary of Defense, Deputy Secretary of Defense, Assistant Secretaries of Defense, Under Secretaries of Defense, Deputy Under Secretaries of Defense, Deputy Assistant Secretaries of Defense, Executive Assistants, Heads of Directorates, White House Liaison Office, General Counsel (Reference (m)).

E2.2.30.3.3. Cleaning of carpet and drapes shall be purchased by the individual Cardholders at \$3,000 and below. The Cardholder has the option to obtain this service from DFD.

E2.2.30.4. Office machines such as typewriters, calculators, binding machines, etc. (without network connectivity) shall be purchased by the individual Cardholders at \$3,000 and below (Reference (n)). See "section E12.2., Special Approval Items, for information on equipment with connectivity to the network or telecommunications lines.

E2.2.30.5. Lectriever maintenance contracts shall be purchased by the individual Cardholders if the total cost for the annual maintenance contract is \$3,000 or below.

E2.2.30.6. Printing services to include letterhead shall be accomplished by Document Automation Production Service (DAPS). The purchase of printing services shall remain centralized, regardless of dollar value, and shall be accomplished by submission of an SD Form 474 to the appropriate office in WHS DFD (Reference (o)).

E2.2.30.7. Twenty-pound white copier paper and distribution will continue to be available through a non-mandatory central supply and distribution system within WHS DFD; however, the individual cardholders have the option to purchase 20-pound white copier paper at \$3,000 and below. For central supply, contact the cognizant division within WHS DFD for guidance (Reference (p)).

E2.2.30.8. All subscriptions including on-line subscriptions; *the purchase of subscription services (including on-line subscriptions) at \$3,000 and below shall be accomplished by the individual Cardholders (Reference (q)).*

~~E2.2.30.8.1. The purchase of subscription services (including on-line subscriptions) at \$3,000 and below shall be accomplished by the individual Cardholders (Reference (q)).~~

E2.2.30.9. U.S. Flags, auto plates, and miscellaneous other flags for Assistant Secretaries of Defense and above; the purchase of U.S. Flags, auto plates, and miscellaneous other flags for Assistant Secretaries of Defense and above shall be accomplished by the individual Cardholder if the cost is \$3,000 or below.

E2.2.30.10. Repair and replacement of equipment in OSD Messes shall be accomplished by the individual Cardholders at \$3,000 and below.

E2.2.30.11. The purchase of telecommunications items at \$3,000 and below shall be purchased by the individual cardholders after obtaining approval (e-mail) from the cognizant IT Manager (ITM). A copy of the ITM approval e-mail or DD Form 562 shall be retained in the Cardholder's Purchase Card files.

E2.2.30.12. The purchase of Metro cards shall not be accomplished by the individual cardholders with the OSD/WHS Purchase Card. The Metro Card Program is managed by WHS FMD. Contact FMD for metro cards.

E2.2.30.13. Motorized "scooters" shall be purchased by the individual Cardholders at \$3,000 and below.

E2.2.30.14. Interpretive services and foreign language interpreters shall be purchased by the individual Cardholders at \$3,000 and below.

E2.2.30.15. Transcribing services shall be purchased by the individual Cardholders at \$3,000 and below.

E2.2.30.16. Toner cartridges over \$3,000;

E2.2.30.16.1. As with all supplies and services the policies and procedures for the purchase of Toner Cartridges over \$3,000 remain unchanged and shall be handled through normal contracting channels.

E2.2.30.16.2. The purchase of toner cartridges at \$3,000 and below shall be accomplished by the individual Cardholders.

E2.2.30.17. Microwaves and refrigerators are considered to be personal items, and shall not be purchased with the OSD/WHS Purchase Card. Microwaves and refrigerators have been added under section E2.12., Prohibited Purchases, in this SOP.

E2.2.30.18. The purchase of courier services may be accomplished by the individual Cardholders at \$3,000 and below. A&PO has a courier service contract in place that may be used if the Cardholder chooses to do so.

E2.2.30.19. Express shipment of small packages such as Fed Ex, UPS, etc., shall be purchased by the individual Cardholders at \$3,000 and below in accordance with Purchase Card Alert Number 31 (Reference (r)).

E2.3. USE OF THE PURCHASE CARD

The Purchase Card shall be used to purchase official supplies and services in accordance with the references in this AI. Purchase Card use as the procurement and payment tool for micro-purchases is defined in FAR 13.2 (Reference (c)). The purchase card may be used to purchase supplies or services acquired telephonically, on the Internet, or over the counter. The Purchase Card can be used to pay for orders placed against established contracts or with established sources of supply when authorized as a method of payment by the contract or source (additional authority such as Contracting Officer or Ordering Officer authority is required). It may be used to pay for training, but ONLY by the WHS Human Resources Services Center (HRSC). WITHOUT EXCEPTION, THE CARD MAY ONLY BE USED TO PURCHASE AND PAY FOR AUTHORIZED, OFFICIAL U. S. GOVERNMENT SUPPLIES AND SERVICES.

E2.4. ESTABLISHING THE ACCOUNT

E2.4.1. The activity making the request for the purchase card must provide a written justification to the A/OPC, in order to establish an account. The justification is to be included on the Account Application form that will be provided by the A/OPC to the requesting activity. All justifications shall:

E2.4.1.1. Establish that a requirement exists for the purchase of supplies and services;

E2.4.1.2. Define the types of purchases to be made and explain how they support the mission of the requesting activity;

E2.4.1.3. Identify proposed Cardholder(s) and Approving Official(s);

E2.4.1.4. Ensure Approving Officials are either the Cardholder's immediate supervisor, in the Cardholder's chain of command, or have input into the Cardholder's performance appraisal;

E2.4.1.5. Suggest and justify both single and monthly purchase limits for each Cardholder;

E2.4.1.6. Ensure that no Approving Official is responsible for more than a maximum of six Cardholders;

E2.4.2. Upon receipt of the completed Account Application form, the A/OPC shall schedule mandatory training (see section E2.5. for details on required training). The A/OPC shall then establish the account(s) with U.S. Bank.

E2.4.3. Accounts that are inactive for 6 months shall be terminated.

E2.5. TRAINING

Prior to account set-up, prospective Cardholders and Approving Officials shall receive the following training and/or orientation:

E2.5.1. A 4-hour, on-line Defense Acquisition University (DAU) tutorial (Reference (s));

E2.5.2. A basic instruction class presented by the A/OPC on how to use the Purchase Card and familiarization with the requirements of this SOP:

E2.5.3. Ethics training (see section E2.7.);

E2.5.4. U.S. Bank Online tutorial for Access Online (Reference (f)); and

E2.5.5. Other training (such as refresher training) as mandated by the Purchase Card Program Manager. For both new and seasoned Cardholders wishing to learn more about the Purchase Card, a self-paced on-line tutorial (Reference (t)) presented by GSA is available at the following web site:

http://www.gsa.gov/Portal/gsa/ep/contentView.do?P=2FMB&contentId=13034&contentType=GSA_BASIC.

E2.6. DELEGATION OF CONTRACTING AUTHORITY

The Director, WHS, as the HCA, may delegate the authority to appoint Cardholders and Approving Officials and establish spending limits under the OSD/WHS Purchase Card Program. Reference (1) delegated this authority to the OSD/WHS Purchase Card Program Manager. The Cardholder and Approving Official shall retain copies (both current and historical) of their DOA memo(s) and have it readily available at all times for review by the A/OPC. The DOA establishes the Cardholder's single and monthly purchase limits.

E2.7. STANDARDS OF CONDUCT AND PROCUREMENT INTEGRITY

E2.7.1. Employees of the Department of Defense hold a public trust. Their conduct must meet the highest ethical standards. All agency employees shall use their card to purchase only items authorized within the policy and procedural guides established for this program. Making false statements on Purchase Card records may be the basis for removal from Federal service. The Government may penalize wrong doers by fine, imprisonment, or both, as stated in Reference (u).

E2.7.2. Cardholders and Approving Officials shall attend (or take on-line) Purchase Card Program Ethics Training as directed by the Purchase Card Program Manager. The A/OPC shall provide instructions regarding completing the Ethics training.

E2.8. DOLLAR LIMITS ASSOCIATED WITH THE CARD

E2.8.1. Use of the Purchase Card by a Cardholder is subject to a single purchase limit and a monthly purchase limit. The Approving Official is subject to a monthly billing cycle limit. Each organizational component is also subject to an annual (fiscal year) limitation.

E2.8.2. Single Purchase Limit. The total of a single Purchase Card transaction may be comprised of multiple items; however, the aggregate amount of the transaction cannot exceed the Cardholder's authorized single purchase limit. This limitation is determined by the Purchase Card Program Manager and is specified in the DOA memorandum issued to the Cardholder. It is established based on mission needs and shall not exceed the micro-purchase limit. This limitation does not restrict the number of ITEMS that may be obtained under a single transaction, only the aggregate cost of that transaction.

E2.8.3. Cardholder Billing Cycle Purchase Card Limit (also referred to as the Cardholder's Monthly Purchase Limit). The maximum dollar amount that may be charged to the Purchase Card account for all transactions reported against that account within a 30-day billing cycle. This limitation is determined by the Purchase Card Program Manager, and is specified in the DOA memorandum to the Cardholder. It is established based on mission needs.

E2.8.4. Approving Official Billing Cycle Limit. The maximum dollar amount that may be charged to all Purchase Card accounts assigned to a specific Approving Official for all transactions reported against those accounts within a 30-day billing cycle. This limitation is established by the Purchase Card Program Manager and is based upon mission needs.

E2.8.5. Annual (Fiscal Year) Limitation. The maximum dollar amount that may be charged to all Purchase Card accounts assigned to a specific organizational component for all transactions reported against those accounts within a given fiscal year (October 1 through September 30). The annual budget is provided by an annual budget memorandum for OSD accounts. Purchase card funds are provided in the annual operating budget by WHS FMD for WHS accounts. The Annual (Fiscal Year) Limitation is NOT necessarily a multiple of the Approving Official Billing Cycle limitation. It is established based on historical annual spending, analysis of fluctuations in

mission needs, and annual budget limitations. The monthly amount spent by Cardholders shall be monitored by the Approving Official to ensure all Cardholders stay within the Annual (Fiscal Year) Limitation. Documentation showing that the Annual Limitation is tracked by the Approving Official shall be available for inspection by the A/OPC at all times. An Excel spreadsheet that shows the original Annual Limitation and subtractions of Cardholders' monthly expenditures is the recommended means of tracking this data.

E2.9. VENDOR AUTHORIZATION

E2.9.1. When issuing the Purchase Card to a Cardholder, authorization codes shall be established and encoded by the A/OPC. Usually merchants are required to obtain authorization from U.S. Bank for purchases over \$50. However, many merchants now use electronic authorization methods allowing them to obtain authorization for all purchases, regardless of amount. When authorization is sought for a purchase by the merchant, the U.S. Bank shall restrict purchases through the authorization system and shall check the following before granting authorization for a transaction:

E2.9.1.1. The Cardholder's single purchase limit.

E2.9.1.2. The Cardholder's billing cycle (monthly) limit.

E2.9.1.3. The Approving Official's billing cycle limit.

E2.9.1.4. The type of merchant (designated by the Merchant Category Code (MCC)) used by the Cardholder to make a purchase.

E2.9.2. The MCC's listed below are blocked DoD-wide and purchases are prohibited from merchants registered under the following category codes:

- | | |
|---|---|
| 4829—Wire Transfer-Money Orders | 6211—Security Brokers/Dealers |
| 5932—Antique Shops | 6760—Savings Bonds |
| 5933—Pawn Shops | 7012—Timeshares |
| 5937—Antique Reproductions | 7273—Dating & Escort Services |
| 5044—Jewelry Stores | 7995—Betting, Casino Gaming Chips, Off-Track Betting |
| 5960—Direct Marketing Insurance | 8651—Political Organizations |
| 6010—Financial Institutions Manual Cash Advance | 9211—Court Costs, Alimony, Child Support |
| 6011—Financial Institutions Automatic Cash Advance | 9222—Fines |
| 6051—Non-Financial Institutions-Foreign Currency, Money Orders, Travelers Checks | 9223—Bail and Bond Payments |
| | 9311—Tax Payments |
| | 9700—Automated Referral Service |

E2.9.3. In addition to the above-listed codes, Cardholder authority is tailored by the A/OPC, based on mission needs. Specific MCC's have been blocked in the U.S. Bank System and specific purchases under these MCC's shall be blocked. For example, car washes are prohibited purchases under the OSD/WHS Purchase Card Program; therefore, all car wash vendors are

blocked. The Cardholders shall not be able to purchase from “blocked” merchants. This process ensures that purchases are made only from authorized categories of merchants.

E2.9.4. CARD DECLINE AT POINT OF SALE

E2.9.4.1. If you experience a decline on your card, have the merchant check with the bank to make sure their MCC has been inputted correctly. If everything is correct between the merchant and the bank, then call the A/OPC and request either a one-time approval for the current purchase or permanent approval in order to make purchases from this MCC in the future. When contacting the A/OPC for approval, be prepared to justify the mission need for the purchase.

E2.9.4.2. Items shall not be purchased on ~~E-Bay~~ eBay.

E2.10. CONDITIONS FOR USE

Use of the Purchase Card must meet the following conditions:

E2.10.1. A single transaction may be comprised of multiple items; however, the total amount of the transaction cannot exceed the Cardholder’s established single purchase limit. A transaction shall be denied if the authorized single purchase limit is exceeded. If the requirement exceeds the Cardholder’s single purchase limit, but is less than \$3,000 (\$2,000 for construction), contact the A/OPC for a one-time (or possibly permanent) single purchase limit increase. In most cases (see section E2.18. for exceptions), if the requirement exceeds \$3,000 (\$2,000 for construction) it must be met through normal contracting channels.

E2.10.2. All items purchased over the counter must be immediately available. Back ordering is not permitted.

E2.10.3. All items purchased by telephone or Internet order should be delivered within 30 days of order receipt. The order shall not be placed without this assurance.

E2.10.4. When purchasing items by phone or over the counter, the Cardholder should inform the merchant that the purchase is for Official Government purposes and therefore is not subject to state or local taxes. Tax-exempt letters for every State are available at: <http://fss.gsa.gov/services/gsa-smartpay/taxletter/> (Reference (j)). In addition, the following is embossed on the face of all Government Purchase Cards, “U.S. GOVERNMENT TAX EXEMPT.” If the merchant asks for a tax-exempt number, give him the first four digits of the Purchase Card account number.

E2.10.5. Deliveries to the Pentagon must be made in accordance with the Pentagon Dockmaster Program. Questions regarding the Pentagon Dockmaster Program should be directed to the Pentagon Dockmaster.

E2.11. PERSONAL PROPERTY MANAGEMENT AND ACCOUNTABILITY

When acquiring personal property using the Purchase Card, it is the responsibility of the Approving Official to ensure that all applicable property regulations are being followed (Reference (i)).

E2.11.1. Proper recording/tracking of personal property is ABSOLUTELY mandatory. This is an area that shall be reviewed during all Purchase Card inspections by the A/OPC. Make sure there is evidence that personal property is being handled in accordance with Reference (i) or the applicable property regulation governing the cognizant organization.

E2.11.2. The Cardholder shall not be the receiver or the property book custodian. A separation of duties must be maintained at all times among the Cardholder, the receiver of the item, and the property book custodian.

E2.12. PROHIBITED PURCHASES

E2.12.1. *Personal Items*. The purchase of personal items is prohibited. Below is a list that has been compiled by the Purchase Card Program Office based on the most frequently asked questions as to whether an item is approved for purchase with the Purchase Card. This list is not all-inclusive, but is intended to provide examples of prohibited purchase items. In no event shall personal items be purchased with the Purchase Card. Even if a proposed purchase is within the Cardholder's limits, it shall NOT be made for the following:

E2.12.1.1. Cash advances – Money orders, travel checks, and gift certificates are also considered to be cash advances and shall not be purchased by cardholders to obtain items from merchants who do not accept the Government Purchase Card (GPC).

E2.12.1.2. Travel Related Purchases – This includes rental/lease of motor vehicles associated with travel or temporary duty supported by travel orders (purchase of airline, bus, and train tickets), purchase of meals, drinks, lodging, or other travel or subsistence costs associated with official Government travel that will be reimbursed on a travel voucher.

E2.12.1.3. Rental or lease of land and buildings. Long-term rental or lease of land or buildings (i.e. rental or lease more than 30 days).

E2.12.1.4. Fuel to include aviation, diesel, gasoline fuel or oil for aircraft.

E2.12.1.5. Repair of Leased Vehicles – repairs on leased or GSA fleet operated vehicles.

E2.12.1.6. The purchase of personal gifts/mementos to individuals.

E2.12.1.7. Major telecommunications systems such as FTS or DSN.

E2.12.1.8. Wire transfers.

E2.12.1.9. Savings Bonds.

E2.12.1.10. Items at Antique Shops.

E2.12.1.11. Items at Pawn Shops.

E2.12.1.12. Foreign Currency.

E2.12.1.13. Dating and Escort Services.

E2.12.1.14. Betting, Casino Gaming Chips, Off-Track Betting.

E2.12.1.15. Transactions with Political Organizations.

E2.12.1.16. Court Costs, Alimony, Child Support.

E2.12.1.17. Fines.

E2.12.1.18. Bail and Bond Payments.

E2.12.1.19. Tax Payments.

E2.12.1.20. Use of third Party Payment Services, such as Pay Pal, ~~Ebay~~ eBay, Billpoint, etc. *Limited Exception: Where it is identified that the purchase will be processed via a third party merchant, the cardholder should make every attempt to choose another merchant with whom to procure the goods and/or services. If it is still found necessary to procure using a third party payment merchant, the Approving Official must ensure there is adequate supporting documentation in the purchase card file showing that there was a detailed review of the purchase and that the use of the third party payment merchant was unavoidable. (Reference (j))*

E2.12.1.21. Items of clothing, footwear, or supplies covered by a uniform or clothing allowance. If seeking to purchase items of clothing, footwear, or supplies not covered by a clothing allowance, check with an A/OPC.

E2.12.1.22. Items for individuals' emergency preparedness such as flashlights, food, water, blankets or a change of clothing.

E2.12.1.23. Space heaters (Reference (v)).

E2.12.1.24. Building maintenance¹⁶

¹⁶ Specific Cardholders in various WHS directorates have been granted authority to perform building maintenance. This authority is delineated in the Cardholder DOA memo. All other Cardholders without specific authority to purchase building maintenance are prohibited from doing so.

E2.12.1.25. Space Alterations¹⁷

E2.12.1.26. Training – HRSC designated Cardholders shall process and pay all DD Forms 1556, regardless of dollar value.

E2.12.1.27. Microwaves and Refrigerators

E2.12.1.28. Any item or service which may be questionable as to the proper use of taxpayers' dollars.

E2.12.2. ~~SPECIAL APPROVAL ITEMS~~ Special Approval Items

E2.12.2.1. When services are requested outside the Defense Automated Printing Service (DAPS), a waiver must be obtained from DAPS.

E2.12.2.2. Purchases of hazardous/dangerous materials must be approved by WHS, Defense Facilities Directorate, Engineering and Technical Services Division, Safety and Environmental Branch Manager, (703) 692-7421.

E2.12.2.3. Purchase of advertising in newspapers shall be accomplished by individual Cardholders at \$3,000 and below after obtaining advanced written authorization from the Director, A&PO. A copy of the advance written authorization from the Director, A&PO must be retained in the Cardholder's Purchase Card files (Reference (c) and (d)). In the case of PFPA, the accountholder shall obtain approval from the Director, PFPA (Reference (w)).

~~E2.12.2.3.1. NOTE:~~ Advance written authorization from the Director A&PO is NOT required for the purchase of paid advertisements in other media such as magazines, trade or professional journals, any other printed medium or the broadcasting of an advertisement over radio or television (Reference (c) and (d)). The Approving Official/Cardholder is responsible for researching and adhering to any additional policies and procedures governing paid advertising.

E2.12.2.4. Information Technology items and related services shall be purchased only after approval is obtained from the cognizant IT manager. This approval shall be documented in the Purchase Card file by retention of a copy of the IT Manager's e-mail or a copy of the DD Form 562.

E2.12.2.5. Telecommunications items and related services shall be purchased only after approval is obtained from the cognizant IT Manager. This approval shall be documented in the Purchase Card file by retention of a copy of the IT Manager's e-mail or a copy of the DD Form 562.

¹⁷ Specific Cardholders in various WHS directorates have been granted authority to perform space alterations. This authority is delineated in the Cardholder DOA memo. All other Cardholders without specific authority to purchase space alterations are prohibited from doing so.

E2.12.2.6. Video Information (VI) Equipment and material shall be purchased only after approval (via e-mail) is obtained from the cognizant IT Manager. This approval shall be documented in the Purchase Card file by retention of a copy of the IT Manager's e-mail or a copy of the DD Form 562.

E2.12.2.7. Framed Positional Replica Flags at \$3,000 and below shall be purchased by the individual Cardholders only after approval by the Director, WHS. Submit requests by memorandum to the Executive Assistant to the Director, WHS/DA&M.

E2.12.2.78. NOTE: Cardholders shall retain a copy of written "Special Approvals" in the Purchase Card files. If special approval is obtained via e-mail, retain a copy of the e-mail in the Purchase Card files.

E2.13. ACQUISITION PROCEDURES

E2.13.1. General. It is strongly recommended that internal policy be established within each Approving Official's organization that mandates pre-approval by the Approving Official of all purchases made by the Cardholder. When making purchases using the Purchase Card, all applicable acquisition regulations apply. Regardless of whether the purchase is made using the Purchase Card as a method of purchase or as a method of payment, the Cardholder must:

E2.13.1.1. Determine if priority sources of supplies and services are available. If not, then purchase on the open market. FAR, Part 8, (Reference (c)) lists the mandatory sources for supplies and services in descending order of priority.

E2.13.1.2. Ensure that the price includes delivery at free on board destination. All transportation costs shall be included in the purchase price.

E2.13.1.3. Distribute purchases equitably among qualified vendors and obtain competition when required. For micro-purchases (\$3,000 and below, or \$2,000 and below for construction), the FAR requires that the Cardholder rotate vendors. If there is difficulty locating vendors for purchase distribution, the phone book and Internet are good sources in which to find qualified vendors/merchants. If unable to locate vendors through this method, contact the WHS Acquisition and Procurement Office or the servicing contracting office for assistance in locating suppliers. Contracting Offices have several options available such as publishing a "Sources Sought" synopsis or establishing a BPA or other pre-priced contractual instrument for repetitive buys to the same or a few vendor(s).

E2.13.1.4. Verify that the quality and quantity of the items/services furnished are in accordance with the order placed (oral or written) with the vendor.

E2.13.1.5. Ensure that the fees paid by merchants for accepting the purchase card are not charged to the Cardholder.

E2.13.1.6. Document all purchases by entering them in the Order Management Section in Access Online. See Volume 10, Chapter 12 of Reference (x) for required file documentation. Since the U.S. Bank purges data after 22 – 24 months, it is mandatory that the Cardholder print (or store in electronic format) the Transaction Detail Report each month and retain it with the official Purchase Card files. This will enable the Cardholder to comply with the DoD mandate to retain Purchase Card records for ~~three~~ 3 years after final payment.

E2.13.1.7. Forward to the Approving Official a printout of the approved Transaction Detail Report for the current month (billing cycle) or it can be forwarded electronically. The report must be forwarded along with applicable receipts for the month/billing cycle. **THE TRANSACTION DETAIL REPORT MUST BE FILED IN SEPARATE INCREMENTS BY THE CARDHOLDER TO REFLECT ONLY THE PURCHASES AND RECEIPTS PERTINENT TO THAT BILLING CYCLE.**

E2.13.1.8. ADHERE TO IMPORTANT DOCUMENTATION REQUIREMENTS AS FOLLOWS:

E2.13.1.8.1. It must be clearly documented that the item/service was received in good condition and in accordance with the quality and quantity ordered. The receipt of the item should be documented (signed for) by someone other than the Approving Official or Cardholder.

E2.13.1.8.2. For standardization and to streamline the audit process, the Cardholder's records for each billing cycle must contain the following:

E2.13.1.8.2.1. A print-out (or electronic file) of the Transaction Detail Report relevant to a particular billing cycle only.

E2.13.1.8.2.2. Supporting invoices, receipts, file memorandums, etc. for the items on the Transaction Detail Report relating to the particular billing cycle.

E2.13.2. Telephonic/Internet Purchase Procedures. When placing a telephone or Internet order using the Purchase Card, the Cardholder shall:

E2.13.2.1. Notify the vendor that the purchase is tax exempt.

E2.13.2.2. Confirm that the vendor agrees to charge the Purchase Card when shipment is made. This will allow the Cardholder, to the maximum extent possible, to receive the merchandise and reconcile receipt during the current billing cycle. This is a very important step in the oral/Internet purchase procedure process.

E2.13.2.3. Instruct the vendor to include the following information on the shipping document or package slip:

E2.13.2.3.1. Cardholder name and office symbol.

E2.13.2.3.2. Building number, room number, street address, city and state and zip code.

E2.13.2.3.3. Cardholder telephone number.

E2.13.2.4. Orders placed telephonically or over the Internet must be fully documented in the Cardholder's Order Management Section of Access Online. When placing Internet orders, it may be necessary to contact the vendor by telephone to comply with the above requirements.

E2.13.2.5. Written Order or Contract. If the Purchase Card is used as a method of payment for a transaction where a commitment already has been established under a DD Form 1262, "Administrative Service Request," or by other means of commitment documentation, the Contracting Officer shall:

E2.13.2.5.1. Annotate on the commitment document to indicate that the transaction was accomplished with the Purchase Card transaction;

E2.13.2.5.2. Write "COMPLETED" on the face of the commitment document;

E2.13.2.5.3. Return the commitment document to the applicable Resources Management Office; and

E2.13.2.5.4. Fully document the Order Management Section of Access Online in accordance with subparagraph E2.13.1.6.

E2.14. DOCUMENTATION, RECONCILIATION, AND PAYMENT PROCEDURES

E2.14.1. ALL TRANSACTIONS SHALL BE ENTERED IN THE U.S. BANK ACCESS ONLINE SYSTEM IN ACCORDANCE WITH SUBPARAGRAPH E2.13.1.6.

E2.14.1.1. Documentation. Any time a purchase is made using the card, whether over the counter, the Internet, or by telephone, documentation of the transaction shall be retained as proof of purchase. These documents shall be used later to verify the purchases shown on the Cardholder statement of account.

E2.14.1.2. When a purchase is made "over the counter," the Cardholder shall obtain the customer copy of the Purchase Card charge slip, which shall become the accountable document (make sure all carbons, if any, are destroyed). The purchase must be documented in the Order Management Section in Access Online (Reference (h)).

E2.14.1.3. When making purchases by phone or the Internet, the Cardholder must create an order in the Order Management Section in Access Online and retain all shipping documents associated with the order.

E2.14.2. Matching

E2.14.2.1. Cardholder. Within 3 working days after the end of the billing cycle, the Cardholder shall:

E2.14.2.1.1. Match each transaction appearing on the Cardholder Statement of Account with the corresponding transactions recorded in the Order Management Section and its supporting documentation.

E2.14.2.1.1.1. All items with a red asterisk (*) are required fields in the Order Management Section of Access Online.

E2.14.2.1.1.2. If an item was returned and a credit voucher received during the billing cycle covered by the Cardholder Statement of Account, the Cardholder shall determine if the credit is reflected on the Cardholder Statement of Account. This includes rebates which appear on the Cardholder Statement of Account on a quarterly basis.

E2.14.2.1.1.3. If a given transaction and/or credit that occurred during the specified billing period is not on the Cardholder Statement of Account, the transaction documentation shall be retained by the Cardholder until the credit/purchase transaction appears on the next Cardholder Statement of Account for the next billing period. If the purchase or credit does not appear on the next monthly Cardholder Statement of Account, the Cardholder or Approving Official shall contact the vendor for an explanation. If attempts fail to resolve and reconcile with the vendor, contact the A/OPC for assistance.

E2.14.2.1.2. Access Online will guide the Cardholder through the matching process (Reference (h)).

E2.14.2.1.3. Print Cardholder Statement of Account from the Access Online system. Print, sign and date the "Cardholder (as Accountable Official)" statement each month (available on Purchase Card Program Web site).

E2.14.2.1.4. Forward the following to the Approving Official:

E2.14.2.1.4.1. The printed Cardholder Statement of Account, with a signed "Cardholder (as Accountable Official)" statement attached;

E2.14.2.1.4.2. The Purchase Card receipt and/or cash register tape for each transaction. If these items are not available, *include* a statement indicating why receipts and/or cash register tape are not available (i.e., telephone/Internet orders).

E2.14.2.1.4.3. The Transaction Detail Report for that billing period showing entries for transactions reflected on the Cardholder Statement of Account for the current billing period; and,

E2.14.2.1.4.4. All supporting documentation, including a summary cost distribution worksheet, where applicable.

E2.14.2.1.4.5. The credit vouchers where applicable.

E2.14.2.1.4.6. If the Cardholder does not have supporting documentation for a given transaction appearing on the Cardholder Statement of Account and in the Order Management Section, attach an explanation of the nature of the transaction and why supporting documentation is not available.

E2.14.2.2. Approving Official. Within 2 working days of receipt of the certified Cardholder's Statement of Account and supporting documentation, the Approving Official shall:

E2.14.2.2.1. After ensuring the Cardholder has signed the "Cardholder (as Accountable Official)" statement and that the receipts support the Cardholder's Statement of Account, ~~the Approving Official shall~~ sign the "Reviewed By" line on the last page of the Cardholder's Statement of Account.

E2.14.2.2.2. As necessary, prepare a consolidated cost distribution worksheet for all Cardholders for whom the Approving Official is responsible. A consolidated cost distribution worksheet is applicable to DFD accounts only and is not required in most cases. When in doubt as to whether or not preparation of a consolidated cost distribution worksheet is needed, contact the FMD Resources Management Office (RMO).

E2.14.2.2.3. Maintain a running balance of the annual budget amount remaining for use by the Cardholders under his or her purview.

E2.14.2.2.4. Forward the consolidated cost distribution worksheet (if one is required) to the FMD.

E2.14.2.2.5. Sign and forward the invoice with the AO's original signature to the Purchase Card Program Office (see paragraph E2.14.3.).

E2.14.2.2.5.1. The end of the billing cycle starts calculating the Approving Official's deadline to forward the invoice to the Purchase Card Program Office. The time between the Cardholder printing the monthly statement and the Approving Official sending the certified invoice to the Purchase Card Program Office shall not exceed 5 business days after the 19th of each month (the last day of the billing cycle). Reminder: The invoice shall be reviewed and then forwarded to the FMD for payment.

E2.14.2.2.5.2. The Approving Official shall ensure that Cardholders maintain the printed version of their Cardholder Statements of Account, original supporting documentation, and copies of their Transaction Detail Report *for* 3 years. The Approving Official's records must be maintained for 6 years and 3 months.

E2.14.3. Payment

E2.14.3.1. The Approving Official shall sign and date the Monthly Invoice to certify it as the "Purchase Card Certifying Officer," within 2 days of receipt of the original, certified Cardholder's Statement of Account and forward the Monthly Invoice ONLY to the Purchase Card Program Office. However, since all invoices are paid up front in full, THE APPROVING OFFICIAL MUST FORWARD THE MONTHLY INVOICE TO THE PURCHASE CARD PROGRAM OFFICE AND DISPUTED/QUESTIONED TRANSACTIONS SHALL BE SETTLED IN ARREARS. The A/OPC, Purchase Card Program Office, will review the invoice for completeness and hand carry it to the FMD. The FMD, as the designated paying office, shall authorize payment to U.S. Bank upon receipt of the Approving Official's certified Invoice (monthly billing statement). Cost distributions, billing errors, and/or disputes shall be accomplished and resolved in arrears.

E2.14.3.2. The FMD does not retain the backup for the Monthly Invoices. The invoice with the original signature only (no cover memo necessary) should be forwarded to the Purchase Card Program Office (A/OPC). It will be hand-carried to FMD. FMD shall maintain files of original invoices and Approving Official signatures only. Cardholder Statements of Account, receipts, Transaction Detail Reports, and all Purchase Card supporting documentation, shall be held and managed by the Cardholder as their official documentation. Any extra documentation received by the FMD (over and above the Monthly Invoice/Cost Distribution) shall be shredded.

E2.15. DISPUTES

E2.15.1. In the event the Government is billed for defective items, merchandise that was not received or that was returned, or unauthorized/incorrect charges, or if the Cardholder's Statement of Account does not include credits for which the Cardholder has been issued a credit slip, the following action shall be taken:

E2.15.1.1. The Cardholder shall contact the vendor to resolve the problem. If the vendor agrees that an error has been made, the vendor shall take action to adjust the account. The Cardholder shall annotate the transaction in question in the Order Management Section of Access Online as a reminder that the item is still pending resolution.

E2.15.1.2. If the vendor does not agree that an error has been made, the Cardholder should contact the A/OPC. The A/OPC shall assist in the completion and processing of the dispute through Access Online.

E2.15.2. Disputed transactions must be submitted through Access Online within 60 days of the date of the Cardholder's Statement of Account for the billing period during which the disputed transaction occurred. A merchant is required to respond to a disputed charge within 21 to 45 days after receipt of the request. If the merchant does not respond within 45 days, the

disputed charge shall be resolved in favor of the Cardholder and the merchant shall be charged back for the particular goods or services. If the disputed charge is resolved in favor of the merchant, a letter shall be sent to the Cardholder explaining that the charge shall appear on the next Cardholder's Statement of Account.

E2.16. PURCHASE CARD SECURITY

E2.16.1. It is the Cardholder's personal responsibility to safeguard the Purchase Card and account number at all times. **THE CARDHOLDER MUST NOT ALLOW ANYONE TO USE HER/HIS CARD OR ACCOUNT NUMBER AND/OR MAKE UNAUTHORIZED TRANSACTIONS WITH THE PURCHASE CARD. THE INTERNAL POLICIES OF THE CARDHOLDER'S ACTIVITY SHALL NOT DICTATE THAT ALL CARDS BE KEPT IN A CENTRAL LOCATION AND HANDED OUT BY A DESIGNATED INDIVIDUAL TO THE CARDHOLDERS AS NEEDED.** The Cardholder shall keep the card locked in a secure place, only accessible to the Cardholder. The Cardholder shall not store the Purchase Card on his or her person (such as in a wallet) except when the Cardholder is on call for 24 hours, 7 days per week such as the PFFA and the PENREN/C. The only individuals authorized to have access to the Purchase Card account number are the Cardholder, the Approving Official, the A/OPC and the paying office. If internal procedures require that another individual in the Cardholder's activity be granted access to the Cardholder Statements of Account or the Approving Official's Monthly Invoices, the account numbers shall be removed from the documents before they are forwarded.

E2.16.2. Any violation shall result in the Purchase Card being withdrawn from the Cardholder with the possibility of disciplinary action and the Cardholder held financially liable for all unauthorized purchases.

E2.16.3. Lost or Stolen Purchase Cards. Immediately notify your Approving Official or A/OPC and U.S. Bank in the event a Purchase Card is lost or stolen. U.S. Bank can be reached at 1-888-994-6722. When notified, further use of the card shall be blocked. Prompt action in these circumstances can reduce the potential for unauthorized charges.

E2.16.4. Unauthorized Use. Use of the Purchase Card by a person, other than the Cardholder, who does not have authority for such use.

E2.17. PROGRAM EVALUATION AND OVERSIGHT

E2.17.1. The OSD/WHS Purchase Card Program Manager shall conduct periodic on-site reviews of the Purchase Card Program to evaluate program effectiveness and compliance with prescribed policies and procedures (see Reference (y)). Random (possibly unannounced and unscheduled) inspections shall be conducted of Purchase Card accounts to ensure compliance with prescribed policies and procedures. Items to be evaluated include but may not be limited to the following:

- E2.17.1.1. Has the Cardholder stayed within the single purchase limit?
- E2.17.1.2. Have persons other than the Cardholder made purchases with the card?
- E2.17.1.3. Were items purchased over the counter immediately available and not placed on backorder?
- E2.17.1.4. Were telephone purchases delivered within the 30-day billing period?
- E2.17.1.5. Were items purchased that are identified in the SOP as unauthorized?
- E2.17.1.6. Have mandatory sources of supply been explored prior to purchase?
- E2.17.1.7. Is the Cardholder rotating vendors and equitably distributing purchases among qualified vendors?
- E2.17.1.8. Does the Cardholder inform the vendors that the purchase is tax exempt?
- E2.17.1.9. Has the Cardholder split requirements to stay under the single purchase limit?
- E2.17.1.10. When making purchases by telephone or the Internet, does the Cardholder document the transaction and attach shipping documents associated with the transaction?
- E2.17.1.11. Does the Approving Official review each certified monthly Cardholder's Statement of Account?
- E2.17.1.12. Is accountable property handled in accordance with Reference (i)?

E2.17.2. The A/OPC shall also review historical transaction reports generated by the U.S. Bank System. Some purchases shall be flagged for closer examination. The Approving Official shall be provided a "Questionable Government Purchase Card Purchases" form by the A/OPC. The Approving Official shall provide all requested documentation along with the completed form to the A/OPC within the timeframe specified. Receiving an inquiry does not necessarily mean that a flagged transaction is an indication that something has been done incorrectly. If any purchases turn out to be noncompliant with the rules, regulations and policies governing the Purchase Card, the A/OPC shall assist in identifying the cause of the problem and work with the Approving Official to ensure corrections are made and prevented in the future.

E2.18. PURCHASE CARD TRANSACTIONS EXCEEDING THE MICRO-PURCHASE THRESHOLD

E2.18.1. As a general rule, only Warranted Contracting Officers may use the Purchase Card as a method of payment (not a purchasing mechanism) for supplies/services above the \$3,000 micro-purchase threshold (\$2,000 for construction) up to their assigned single and monthly purchase limits. When used as a payment mechanism, contractors bill against the card. For

example, an order is placed against a GSA Federal Supply Schedule for \$15,000. The award is made using the ordering procedures in the Schedule. Instead of issuing an invoice, the contractor agrees to accept payment using the Purchase Card. When the order is delivered, the contractor bills the Purchase Card account instead of issuing an invoice directly to the agency.

E2.18.2. For these “method of payment” purchases over \$3,000 (\$2,000 for construction), all applicable requirements of the Competition in Contracting Act, other statutes and Executive Orders, the FAR, as well as agency supplements, apply. The method of payment does not change the requirement for the Contracting Officer to adhere to the acquisition regulations and policies.

E2.18.3. Another exception to the \$3,000 single purchase limit applies to individuals in HRSC delegated authority to pay for training up to \$25,000. This authority is contained in Volume 10, Chapter 12, of Reference (x) and applies to payment for training only.

E2.18.4. Certain individuals in the PFFA have been delegated a single purchase limit of \$15,000 to be used ONLY when there is an attack at the Pentagon. This authority is set out in FAR Part 13.2 (Reference (c)), which raises the micro-purchase limit to \$15,000 in these circumstances. Under the OSD/WHHS Purchase Card Program, certain designated PFFA personnel are the only account holders under the program authorized to use the higher micro-purchase limit under the conditions identified above.

E2.19. DEPARTURE OF AN APPROVING OFFICIAL OR CARDHOLDER

When reassigned, retired, dismissed, or during other separation action, the Cardholders must surrender the Purchase Card to their Approving Official or A/OPC. The Approving Official shall return the Purchase Card to the A/OPC and request that the account be closed. To the extent practicable, the A/OPC shall be advised of the separation of an Approving Official at least 2 weeks prior to the effective date of separation. The A/OPC must immediately receive the name and contact information of the replacement Approving Official from the applicable organization. Once the replacement information is received, the A/OPC shall initiate the necessary action to appoint a new Approving Official. Non-compliant accounts risk temporary suspension until a new Approving Official has met the program requirements.