DEPARTMENT OF THE NAVY
NAVAL SUPPLY SYSTEMS COMMAND
5450 CARLISLE PIKE
PO BOX 2050
MECHANICSBURG PA 17055-0791

IN REPLY REFER TO
4200
Ser N1/N5

NOV 2 3 2015

From: Commander, Naval Supply Systems Command

Subj: ISSUANCE of NAVSUPINST 4200.99C

Ref: (a) NAVSUPINST 4200.99B

Encl: (1) NAVSUPINST 4200.99C

1. Reference (a) is hereby cancelled.

2. Enclosure (1) has been signed and is now in effect and available via the Naval Logistics Library, https://nll.ahf.nmci.navy.mil.

3. For any questions, please contact my Chief of Staff, Captain Kevin Jones at 717-605-6370, DSN 430, or email at kevin.m.jones1@navy.mil.

J. A. YUEN

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NAVSUPINST 4200.99C
NAVSUP N1/N5

NOV 2 3 2015

NAVSUP INSTRUCTION 4200.99C

From: Commander, Naval Supply Systems Command

Subj: DEPARTMENT OF THE NAVY GOVERNMENT-WIDE COMMERCIAL PURCHASE CARD PROGRAM POLICY

Ref:
(a) 10 USC § 2784
(b) FAR Part 13
(c) DFARS Part 213
(d) NMCARS
(e) NAVSUPINST 4200.85 (Series)
(f) DOD 7000.14-R
(g) OMB Circular A-123, Appendix B
(h) DOD Government Charge Card Guidebook
(i) USD (P&R) memo, Government Charge Card Disciplinary Guide for Civilian Employees of 29 Dec 03
(j) USD (P&R) memo, Disciplinary Guidelines for Misuse of Government Charge Cards by Military Personnel of 10 Jun 03
(k) DASN(FM&C (FMO)) memo, Revised Document Retention Requirements to Support Department of the Navy Financial Statement Audits January 29, 2015

Encl: (1) DON GCPC PROGRAM POLICY

1. Purpose. The purpose of this instruction is to establish Department of the Navy (DON) policy for management and use of the Government-wide Commercial Purchase Card (GCPC). This instruction shall be supplemented with activity Internal Operating Procedures (IOPs).

2. Cancellation. NAVSUPINST 4200.99B and any previous versions of NAVSUPINST 4200.99 are hereby cancelled. This instruction has been revised with administrative and policy changes and must be read in its entirety.

3. Scope and Applicability. This instruction provides policy for using the GCPC to make purchases below the micro purchase threshold and/or payments on contracts awarded by a qualified Contracting Officer or Ordering Officer. This instruction and references (a) through (k) apply to all DON activities except activities within the Navy Exchange Service Command, the Navy Morale, Welfare & Recreation and the Marine Corps Community Services organizational structure that use non-appropriated funds.

4. Action. This instruction is effective upon issuance and will be updated by change transmittal. A complete instruction would include the enclosed NAVSUPINST 4200.99C and all change transmittals. Purchase Card Administrative Notices (PCANs) are non-policy notices for GCPC Program participants. Both change transmittals and PCANs are distributed to Hierarchy Level 3 (HL3) Agency/Organization Program Coordinators (A/OPCs). They are also distributed via email subscription. Enrollment for email distribution is available on the DON Consolidated Card Program Management Division (CCPMD) website: https://www.navsup.navy.mil/ccpmd. All change transmittals and PCANs are posted to this website. A/OPCs shall register for the DON CCPMD email subscription in order to receive policy and administrative notices. It is highly encouraged that Approving Officials/Certifying Officers (AO/CO) and Cardholders (CHs) also register for the email subscription.

5. Policy and Procedures. This instruction provides overarching GCPC policies that provide Commanders the flexibility to develop operational procedures aligned to their specific mission. Commanders will review and approve GCPC operational procedures, applicable to their mission, in an activity IOP document. Additionally, CCPMD will provide procedures and techniques to implement policy and perform day-to-day operations in the Purchase Card Desk Guide and other aides in the Purchase Card section of the CCPMD website.

6. Send Us Your Comments. DON CCPMD welcomes your comments and suggestions on the quality and usefulness of this document. Your input is an important part of the information used for revision. Did you find any errors? Is the information clearly presented? Do you need more information? If so, where? If you find any errors or have any other suggestions for improvement, please indicate the document title, chapter, section and page number. You can send comments in the following ways:

a. Electronic mail: DON_purchasecard@navy.mil

b. Website: https://www.navsup.navy.mil/ccpmd

c. FAX: 717-605-1562, Attn: PC Instruction

d. Postal service:

Commander
Naval Supply Systems Command
Attn: N1/5, Building 214
5450 Carlisle Pike, P.O. Box 2050
Mechanicsburg PA 17055-0791

e. If you would like a reply, please provide your name, address, telephone number and electronic mail address.

7. Records Management. Records created as a result of this instruction, regardless of media and format, shall be managed in accordance with SECNAV Manual 5210.1 and reference (k).

J. A. YUEN

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DEPARTMENT OF THE NAVY GOVERNMENT-WIDE COMMERCIAL PURCHASE CARD POLICY

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CHAPTER 1

GCPC PROGRAM

1. Program Background

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

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

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

2. Program Overview

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

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

(1) Acquisition Policy – Federal Acquisition Regulation (FAR) 13.301, Defense Federal Acquisition Regulation Supplement (DFARS) 213.270 and 213.301 outlines acquisition policy for using the GCPC.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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CHAPTER 2

ROLES AND RESPONSIBILITIES

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

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

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

c. Managing the DON GCPC Program,

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

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

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

3. Head of Activity (HA). The HA is accountable for the performance and management of their command or activity’s purchase card program. The HA may delegate responsibilities within their chain of command to a qualified individual other than the command or activity A/OPC. The HA or the individual delegated to act on the HA’s behalf is responsible for:

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

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

c. Ensuring proper separation of duties among personnel,

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

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

f. Approving the required IOP for their activity,

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

h. Completing the DON HA training and forwarding a copy to the A/OPC for recordkeeping prior to signing the semiannual review,

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

j. Ensuring appropriate disciplinary action has been taken.

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

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

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

b. Establishing applicable internal policies, procedures, training and communication with all lower level hierarchies specific to the organizations they oversee,

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

c. Training of activity program participants by:

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

(2) Providing participants GCPC policy/procedural advice.

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

(1) Perform GCPC program account management,

(2) Process account applications,

(3) Ensure accounts reflect authorized limits,

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

(5) Suspend and close accounts.

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

(1) Advising the activity HA on program performance,

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

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

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

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

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

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

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

(3) Record keeping,

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

(5) Notifying the Personal Property Manager of accountable property procurements, especially pilferable property,

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

(7) Restricted purchases,

(8) Disciplinary/administrative actions,

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

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

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

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

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

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

h. Retention of program administrative documentation for each A/OPC, AO/CO and CH, to include the HA training. Program administrative documentation includes initial and subsequent copies of completion of training, appointment or delegation letters, DD Form 577 and records of any administrative action taken. Program administrative documentation shall be retained for the duration the employee serves in this capacity and for three years beyond.

8. Certifying Officer (CO). Only an individual appointed and trained as a CO may certify GCPC invoices for payment. The same person may perform the role of CO and AO. The CO is responsible for:

a. Validating transactions to ensure they meet legal requirements for authorized purchase card purchases prior to certification,

b. Verifying that accurate supporting documentation is retained and available for inspection/assessments to determine whether or not transactions are proper,

c. Ensuring CHs whose charges they will certify for payment have reconciled all transactions with the purchase log entries,

d. Verifying facts presented in supporting documentation are complete and accurate, to include the designation of the proper appropriation,

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

f. Resolving any questionable purchases with the cardholder and, if necessary, advise the cardholder to dispute transactions with the card-issuing bank,

g. Verifying line item detail on the invoice matches the amount certified for payment,

h. Ensuring that all items and services have been received, and that procedures are in place to ensure that transactions for items or services not received by the next billing cycle are disputed within the designated dispute timeline,

i. Reviewing past transactions that were certified for payment without proof of receipt and acceptance to confirm

acceptance and receipt with the cardholder. If receipt cannot be confirmed, then direct the cardholder to dispute the transaction,

j. Reporting suspected cases of improper, abusive, or questionable purchases on the billing statement to the A/OPC,

k. Printing, signing and retaining (with the supporting documentation), the certifying officer's certification statement,

l. Ensuring timely certification of GCPC invoices (either manually or electronically), and submission for payment to maximize rebates, and avoid prompt payment fees,

m. Ensuring the certified invoice is properly paid and successfully posts to their billing account,

n. Taking appropriate action to prevent submission of duplicate invoices,

o. Retaining certified billing statements and supporting financial documents. (Chapter 4, Paragraph 3e)

p. Verifying the legality and accuracy of the proposed payment and understanding their pecuniary liability for illegal, improper or erroneous payments,

q. Seeking advance decisions from the responsible office for questionable charges that may be:

(1) Illegal, improper, or incorrect because of an inaccurate or misleading certification,

(2) Prohibited by law, or

(3) An improper obligation under the funding or appropriation involved.

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

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

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

c. Signing and dating the AO account statement,

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

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

f. Using the DON audit tool to review transactions,

g. Validating the CH fulfills their responsibilities,

h. Resolving any questionable purchases with the CH,

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

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

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

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

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

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

b. Using the card ethically,

c. Ensuring availability of funds before purchase,

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

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

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

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

h. Ensuring that OCONUS shipments, when commercial transportation is not available, are processed in accordance with Appendix C of reference (h).

i. Notifying the Personal Property Manager of pilferable, sensitive, or high valued property obtained with the GCPC, in accordance with their activity’s established property accountability policy,

j. Maintaining a log for all their purchases,

k. Obtaining receipts for all their purchases,

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

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

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

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

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

q. Destroying lost or stolen cards if recovered,

r. Returning their card according to activity IOP instructions upon leaving the GCPC role, their agency/organization or retiring,

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

t. NOT allowing others to use their GCPC,

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

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

w. Discussing with their AO/CO or A/OPC if unsure that a purchase is proper.

11. Convenience Check Writer. The convenience check writer uses convenience checks to meet requirements that cannot be met using the GCPC to acquire authorized supplies or services per their delegated authority. Convenience check accounts are managed like CH accounts and require additional oversight and reporting. Convenience check writers have the same basic responsibilities as cardholders in addition to the following:

a. Ordering, receiving, storing, inventorying, reconciling and properly disposing of checks,

b. Ensuring convenience checks are secured in a safe or locked container,

c. Accounting for checks to prevent loss, theft, or potential forgery,

d. Issuing convenience checks for the exact payment amount,

e. Resolving any concerns over a purchase directly with the merchant because convenience checks cannot be disputed,

f. Obtaining and providing tax data to DFAS for tax purposes, and

g. NOT using convenience checks for recurring payments, employee reimbursements such as cash advances, cash awards,

travel-related transportation payments, meals, or payroll/salary payments.

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

a. Providing official notification of funding to program personnel,

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

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

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

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

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

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

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

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

a. Disbursing payments,

b. Posting records to accounting and entitlement systems,

c. Monitoring and making prompt payments,

d. Controlling valid appropriation data,

e. Establishing and maintaining electronic interface(s),

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

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

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

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

a. Issuing and reissuing GCPCs,

b. Processing merchant charges and credits,

c. Processing disputed charges,

d. Processing invoice payments,

e. Making monthly CH and AO account statements available,

f. Providing Electronic Access Systems (EAS),

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

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

i. Monitoring for external fraud, and

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

CHAPTER 3

GCPC PROGRAM MANAGEMENT

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

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

a. Civilian Government employees.

b. Members of the Armed Forces.

c. Foreign national direct hire employees that can be held pecuniarily liable.

d. Foreign national employees (direct or indirect hires) who cannot be held pecuniarily liable cannot be appointed as a CO. However, organizations operating in overseas areas may assign foreign national employees that cannot be held pecuniarily liable to perform CH duties without appointing them as DAOs, if adequate internal controls are in place to support voucher certification. Foreign national employees may perform A/OPC duties regardless of pecuniary liability.

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

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

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

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

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

(2) The HA shall approve requests for contractor support.

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

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

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

c. Personal Property Managers and responsible officers/custodians, or equivalents cannot be CHs with authority to purchase accountable items, and

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

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

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

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

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

5. Initial Training. All A/OPCs, AOs/COs, CHs, and Convenience Check Writers will complete initial training before assuming program responsibilities. Required initial training includes:

a. DAU DoD Government Purchase Card, CLG001,

b. Online DON CCPMD GCPC Training for their role,

c. DON Ethics training,

d. Activity IOP training, and

e. DAU Certifying Officer Legislation Training for Purchase Card Payments, CLG 006 (Certifying Officers and DAOs only). DAOs include AOs that are not COs, CHs, and Convenience Check Writers.

6. Refresher Training. All A/OPCs, AOs/COs, CHs, and Convenience Check Writers will complete activity IOP and purchase card refresher training within two years of completing initial training and within two years of last refresher training. Purchase card refresher training may be completed from one of the following training methods:

a. DON CCPMD sponsored regional training,

b. DAU DoD Government Purchase Card Refresher training, CLG004, or

c. Online DON CCPMD GCPC Training.

7. Annual Training

a. All A/OPCs, AOs/COs, CHs, and Convenience Check Writers are required to complete annual ethics training. Annual ethics training may be completed by taking the DON ethics training or by taking ethics training provided by a local ethics office.

b. All COs and DAOs are required to complete Certifying Officer Legislation Training annually.

8. Documenting Program Authority. After initial training, authority to perform A/OPC, AO/CO, or CH duties shall be documented in writing before performing their roles and responsibilities.

a. HL3 and HL4 A/OPC authority shall be documented in an A/OPC Letter of Appointment from the HA or their designated authority.

b. HL5 A/OPC authority shall be documented in an A/OPC Letter of Delegation from the HA or their designated authority.

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

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

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

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

(a) Method of Payment for Training, Education and Professional Development Services,

(b) Intragovernmental Payments; e.g., DLA Document Services or Office of Personnel Management training, below $25,000, and/or

(c) Use of the GCPC as a method of payment to pay for orders placed on a contract by a warranted contracting officer (KO) or ordering officer up to their delegated authority.

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

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

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

10. Account Setup. A/OPCs shall establish accounts based on account holder and activity delegated authority. Prior to

setting up an account, the A/OPC shall verify that required training and delegations have been completed. There are three types of accounts.

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

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

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

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

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

b. AO account controls shall include a cycle spending limit of no more than two times the sum of the cycle spending limits of cardholder accounts that fall under the AO account.

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

12. Transfer of Accounts. CH accounts shall not be transferred from one AO account to another. Instead, the CH account shall be closed and a new CH account shall be established under the desired AO account. AO accounts shall not be transferred from one HL5 hierarchy to another; instead the account must be

reconciled to a zero dollar balance, closed and a new AO account opened under the new HL5 hierarchy.

13. Closing CH and AO Accounts. The A/OPC shall ensure, to the maximum extent possible, that the CH account is inactive at least 30 days (one billing cycle) prior to the projected date of transfer, retirement or removal.

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

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

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

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

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

a. Both the receiving and issuing command must receive permission from their HCA with notification to the DON CCPMD. HCAs are to comply with the regulations of reference (d), Part 1, Section 5201.601-90.

b. The issuing command is the owner of the funding, and as such, should enter into a Memorandum of Understanding (MOU) with the receiving command (the resident command of the purchase CH). At a minimum, the MOU should address the roles of the key personnel involved; i.e., funds administrator, A/OPC, AO/CO, etc. An MOU is required if there is support of an external customer; e.g., non-DON activity.

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

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

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

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

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

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

a. Activity name,

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

c. Number of card accounts,

d. Average monthly number of transactions,

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

f. Length of time waiver is required, and

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

(1) Steps in place to ensure adequate program oversight to mitigate risk of improper use,

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

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

CHAPTER 4

USING THE GCPC

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

2. Authorized User. A GCPC may only be used by the person to whom the card was issued, within the limits of their delegated authority. Use by anyone other than the issued CH is considered unauthorized use.

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

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

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

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

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

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

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

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

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

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

(4) Purchase of electronic and information technology (EIT) items must be compliant with Section 508 of the Rehabilitation Act of 1973, which states that Federal agencies must make their electronic and information technology accessible to people with disabilities. Exceptions to this requirement include:

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

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

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

(5) Purchase “green” products and services to the maximum extent practicable.

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

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

(8) If authorized in their LOD, a CH may use their GCPC to make Miscellaneous Payment for Training, Education and Professional Development service requests using the SF 182, valued at or below $25,000, in accordance with the procedures to pay Non-government sources in DoDI 1400.25, Volume 410 and FMR Volume 10, Chapter 12, Section 120327. In addition to this authorization, Cardholders must complete required training listed in Chapter 3. This specific authority is not subject to the Federal Acquisition Regulation and requires specific

provisions be met predicated on the conditions of the Training, Education & Professional Development event.

(a) All of the following provisions must be met without exception:

(i) The cardholder has the proper delegated authority and is trained to make a Miscellaneous Payment for TE&PD services.

(ii) The TE&PD event is for a regularly scheduled, off-the-shelf TE&PD service that is available to the general public and priced the same for everyone in the same category, i.e. price per student, course, service, or training space.

(iii) For purchases exceeding the micro-purchase threshold but not exceeding $25,000 (excluding travel and per diem of student), a price comparison is completed to determine price reasonableness, and source selection has been justified and documented.

(9) If authorized by the HCA and delegated in their LOD and SF 1402, a CH may use their GCPC for Open Market Purchases using the GCPC outside the United States up to $25,000. CH's must note the distinction of "United States" versus "OCONUS". This authority is only for CH's located outside of the United States, making purchases from vendors located outside of the United States, for products or services to be used outside of the United States. DFARS 213.301 provides specific conditions for use of this authority.

c. DON Directed Procurement Policy. DON directed procurement policy is to use automated purchasing systems (DOD EMALL, GSA Advantage, and VA.gov) to ensure compliance with Federal and DOD procurement and strategic sourcing requirements. Use of the GCPC must comply with the following DON directed strategic sourcing policy to the maximum extent practicable.

(1) Office Supplies. Continental United States (CONUS) CHs shall purchase Office Supplies, to include items on the AbilityOne Procurement List, from DOD EMALL or an on-base SERVMART/AbilityOne Base Supply Centers. Small Business and Green products should be purchased to the maximum extent practicable.

(2) Incidental janitorial and sanitation supplies. CONUS CHs shall purchase incidental janitorial and sanitation

supplies, to include items on the AbilityOne Procurement List, from DOD EMALL or an on-base SERVMART/AbilityOne Base Supply Center. Small Business and green products should be purchased to the maximum extent practicable.

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

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

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

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

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

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

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

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

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

e. Administrative Requirements. Records of each purchase shall be retained to perform a reconciliation of purchases made with the CH Statement provided by the bank. Records shall also be retained to provide an audit trail supporting the decision to use the GCPC and any required special approvals that were obtained.

(1) Purchase Log. Maintain either a manual or automated log that documents each purchase.

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

1. Name of individual requesting the item or service,

2. A description of the item or service ordered,

3. Date the item or service was ordered,

4. The merchant name,

5. The dollar amount of the purchase,

6. Date received, and

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

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

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

2. Credit received,

3. Dispute information,

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

5. Legal or professional advice regarding questionable purchases.

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

(a) Approved requirement documentation,

(b) Sales receipt/merchant invoice,

(c) Signed proof of delivery or electronic equivalent/proof of acceptance, and

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

(3) Retention of financial documents. OASN (FM&C) has directed that all financial transaction records in support of the DON's financial audit, such as records related to procuring goods and services, paying bills, collecting debts, and accounting be retained for ten years. At a minimum, these records include: Contracts; Requisitions (to include printing by the Government Printing Office or DLA Document Services); Purchase Orders; Military Interdepartmental Purchase Requests (MIPRs) involved with the procurement of goods and services; Memoranda of agreement specifying a financial obligation for the procurement of goods and services; Solicitations/requests for bids, quotations or proposals for the procurement of goods and services; Data submitted to the Federal Procurement Data System (FPDS); Purchase Card bank statements, receipts and supporting documentation; Invoices and supporting documentation associated with certification of bank invoices; Recurring financial transactions such as utility and communications invoices; Correspondence and papers pertaining to the award, administration, receipt, inspection of and payment of goods and services, etc. (See reference (k) for more details).

(4) Records retention officials should check with their local comptroller for any supplemental retention guidance before disposing of financial documents.

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

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

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

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

(1) Requirement initiation is the first and most important step of the purchasing process. It involves determining what is needed, when it is needed and ensuring the requirement cannot be met using current inventories or the supply system. Requirements should be approved by a person of authority in the activity prior to purchase by a CH.

(a) Requirements for weapon system items that are safety of flight and configuration control items; e.g., critical application items, critical safety items, and items essential to end item or weapon system performance, shall be acquired from the supply system and are not authorized for open market purchase using the GCPC.

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

1. Assigned a supply system code (Acquisition Advice Code (AAC)) for local purchase, or

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

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

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

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

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

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

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

(c) CHs should avoid making purchases from merchants that include a surcharge or higher education institutions that include a service fee whenever possible.

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

(a) Date received,

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

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

(d) Printed name of the person recording delivery,

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

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

5. Prohibited Purchasing Actions

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

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

c. Split Purchases. Under no circumstances will the CH split purchases in order to stay below their authorized spend limit. A split purchase occurs when a CH splits a known

requirement at the time of the purchase into several transactions in order to circumvent their authorized dollar thresholds in order to use the GPC; or to avoid sending the requirement to contracting for appropriate contract award. When a known requirement exceeds their authorized dollar thresholds, it must be procured on a government contract. The following are examples of split purchases:

(1) A CH processing multiple purchases from the same merchant on the same day, the total of which exceeds the single purchase limit or micro purchase threshold, when the total requirement was known at the time of the first purchase,

(2) A CH purchasing the same or similar item(s) from multiple merchants on the same day, the total of which exceeds the single purchase limit or micro purchase threshold, when the total was known at the time of the first purchase,

(3) A CH holding known requirements the aggregate of which exceed the single purchase limit or micro-purchase threshold, to purchase the items from the same or multiple merchants over a period of time when the total requirement was known at time of the first purchase, and the value exceeds the CH’s single purchase limit or micro purchase threshold.

(4) More than one CH under the same AO/CO purchasing the same or similar item(s) the same day or during a timeframe when the total known requirement(s) exceeds the single purchase threshold or micro-purchase limit.

6. Prohibited Purchases. Purchases prohibited by DON purchase card policy are listed below.

a. Items or services not for Government use or of a personal nature such as fines, court costs, bail and bond payments, alimony, child support, dating and escort services, casino gaming chips, off-track betting, travel advances, payment of travel claims, tax payments, payment of salaries and wages, gifts and momentoes.

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

c. Rental or lease of land or buildings on a long term basis. Long term is defined as one month.

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

e. Repair of GSA-leased vehicles.

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

g. Aircraft fuel and oil.

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

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

8. Improper Use. Preventing improper use of any GCPC requires constant management oversight. It is the responsibility of all program participants to ensure the GCPC is used properly and only for authorized purchases. AOs/COs will report all improper, fraudulent, abusive, or negligent use of the GCPC to the A/OPC so appropriate corrective action can be taken. Improper use is tracked using the DON approved audit tool. Use the following categories to track improper use.

a. Exceeds minimum mission need.

b. Personal use.

c. Exceeds authorized limits.

d. Split purchase.

e. Prohibited item.

f. Failure to use mandatory sources.

g. Unauthorized use.

h. Separation of Function not performed

i. Incomplete purchase records

CHAPTER 5

GCPC PROGRAM OVERSIGHT

1. Account Oversight

a. CH Account Statement Reconciliation and Approval. CHs should periodically review the transactions within the bank EAS prior to the end of the billing cycle. CHs are required to reconcile the CH statement against the purchase log. The CH must sign their statement to indicate approval of the entire statement after all transactions have been validated. The CH shall complete the reconciliation process within five (5) working days of statement availability and forward the CH signed statement and all documentation to the AO/CO.

(1) The CH will investigate the circumstances related to any charge showing on their statement that they believe they did not make. The CH shall dispute the charge before approving the statement if the investigation determines that the charge is:

(a) A duplicate charge where the vendor has double billed the CH account and won't issue a credit,

(b) The merchandise has not been received after the vendor has charged the CH account,

(c) The CH returned the merchandise or cancelled the order with no pending credit transaction from the vendor, or

(d) The vendor has charged the wrong dollar amount and won't issue a credit for the difference.

(2) Any transaction that does not fall into the categories shown above and is not recognized by the CH as a transaction that they made, should be reported as fraud and not disputed.

(3) The CH will follow “Pay and Confirm Procedures” if items shipped are not received at the time of reconciliation.

(4) To allow for AO/CO review and future audit, the CH will ensure each transaction has the required documentation per Chapter 4.

(5) When the CH is unavailable to perform their monthly reconciliation, the CH’s AO/CO, or designated Alternate AO/CO,

will reconcile the CH statement; however, the CH is still required to reconcile and approve their account statement upon return if they return to the position or are available to perform the function.

b. AO/CO Transaction Review and AO Account Reconciliation. Once the CH has approved their entire CH statement, they shall forward the electronic or “hard copy” file to the AO/CO. The AO/CO is required to approve or reject each purchase made by the CHs under their authority. The AO/CO will reconcile purchases billed to their account within five (5) working days from receipt of the CH signed statement. The AO/CO shall accomplish account reconciliation by reviewing supporting documentation for each purchase made by CHs under their AO account to ensure the CH reviews have been completed properly, supporting documentation is obtained and correct, receipt of property has been properly documented, and verifying that all transactions were necessary and valid Government purchases. Upon completion of account reconciliation, the AO/CO shall approve the statement as legal, proper, and correct in accordance with his/her responsibilities. AOs/COs will certify bank invoices for payment immediately upon statement approval.

(1) The DON requires use of automated data mining techniques/systems to identify potential improper GCPC use. AOs/COs will review transactions selected by the approved DON audit tool.

(2) The AO/CO will add to the approved DON audit tool any improper transaction they identified during their statement reconciliation if the improper transaction was not selected by the tool.

c. Invoice Certification. DON activities shall electronically certify GCPC invoices using the bank EAS or the Navy Enterprise Resource Planning System (ERP) to the maximum extent practical. The cost of transaction processing by DFAS is significantly less if processed electronically rather than manually. Manual invoice certification shall comply with established DFAS or local financial system procedures. The AO/CO will follow up to ensure payment processes were correctly completed and the payment posts in the correct amount in the bank EAS.

d. Delinquent Payment. Accounts become delinquent 30 days from the statement date if the bank has not received payment. Unpaid balances 60 days from the statement date are considered

30 days past due and shall not exceed one percent of the activity's current balance. DOD policy requires the issuing bank suspend any AO account that goes over 60 days past due. All CH accounts under an AO account will be suspended should the AO account exceed 60 days past due (or 90 days since the statement date), regardless of the amount. AO accounts that exceed 150 days past due (180 days since the statement date) will result in all accounts for the entire HL5 activity hierarchy being suspended.

(1) Before initiating suspension procedures, the bank is required to contact and notify the A/OPC and AO/CO on two separate occasions.

(2) When an account reaches 45 days past due, the bank will request payment for the undisputed principal amount in writing or by documented telephone call to the A/OPC and AO/CO. The bank will also provide a pre-suspension/pre-cancellation report that identifies the undisputed amount that is overdue.

(3) If payment for the undisputed principal has not been received 55 days past due, the bank will notify the A/OPC and AO/CO electronically or in writing that suspension will take place if the payment is not received by the 5th calendar day after notification. The bank will also provide a POC to assist in resolving the past due account.

(4) If payment for the undisputed principal has not been received 60 days past due, the bank will suspend the account. The suspension will automatically be lifted once the undisputed principal amount has been paid and posted at the bank.

(5) Requests for suspension exemptions for AOs/COs with operational emergencies may be granted on a case-by-case basis. Exemption requests must be submitted in writing from the HL3 A/OPC to DON CCPMD. Exemption requests must include a statement describing what actions will be taken to resolve account delinquencies.

e. OverPayments. Accounts become overpaid due to duplicate certifications and payments, inaccurate manual certifications, erroneous postings by the bank or credit transactions that exceed debit transactions on a single invoice (Net Credit Invoice). Overpaid accounts have a credit balance of Government funds that could be used to fill other DON requirements. The A/OPC and AO/CO should follow the procedures found on the CCPMD website to reconcile any AO account with a credit balance.

CCPMD will suspend AO accounts with credit balances more than 120 days old.

f. Convenience Check Account Oversight and Reporting. There is additional oversight and reporting policy for convenience check accounts.

(1) Convenience check transactions cannot be disputed through the bank and must be resolved directly with the merchant or payee. Accounts that have checks written for any amount over the MPT will be closed and that check writer can no longer have a convenience check account.

(2) An officer or equivalent DOD civilian who is independent of the office maintaining the account must audit convenience check accounts yearly on an unannounced basis. This can be the HL3 or HL4 A/OPC or an HL5 A/OPC outside of the hierarchy.

(3) There is a statutory requirement to annually report to the Internal Revenue Service, convenience check payments made to contractors/merchants. Reportable payments include payments for services, rent, medical training, maintenance fees, instructors, teachers, speakers, etc., regardless of the dollar value. If the payment was for goods and services combined, it must be reported.

2. Program Oversight. Program oversight is required to ensure effectiveness of purchasing and management internal controls and includes monthly and semiannual reviews. Monthly reviews are conducted by HL5 A/OPCs to provide reasonable assurance of the effectiveness of management controls to mitigate program risk. Semiannual reviews are performed at the end of the March and September billing cycles and are a consolidation of the previous six monthly reviews.

a. Monthly Reviews. The monthly review consists of a review of transactions to ensure effectiveness of purchasing internal controls and a review of training, span of control, accounts controls and delinquencies to ensure effectiveness of program management controls. Monthly reviews are performed using the approved DON audit tool. Reviews at each hierarchy level are automatically submitted to the next higher level A/OPC. HL5 A/OPCs must complete their monthly review within 30 calendar days of the end of the billing cycle. HL4 and HL3 A/OPCs each have 10 calendar days to complete their monthly review.

b. Semiannual Reviews. The DON GCPC semiannual review is required to ensure adherence to internal controls and ensure the HA is involved in each activity's GCPC Program. The semiannual review is performed by the HL5 A/OPC using the approved DON audit tool and is an aggregate of the activity's monthly reviews for the past six months. Results are briefed to the HA and then reported to the A/OPC at the hierarchy level directly above their activity. HL4 A/OPCs, if assigned, will summarize the reports provided by the activity A/OPCs below them, review results with their HA and submit a consolidated report to their HL3 A/OPC. The HL3 A/OPC will consolidate all command semiannual review results; review results with their HA and submit a consolidated HL3 semiannual review report to CCPMD by 15 June and 15 December of each year. The HL3 HA is encouraged to use the semiannual review information as input to the command's Management Internal Control Program if the GCPC is included as an Assessable Unit.

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CHAPTER 6

DISCIPLINARY GUIDELINES

1. Guidelines. The DOD has taken actions to strengthen personal accountability within GCPC programs and has implemented the disciplinary guidelines contained in references (i) and (j). Disciplinary actions will depend upon the severity of the infraction and may impact the CH's access to classified information.

2. Policy

a. It is DOD policy that improper, fraudulent, abusive or negligent use of the GCPC is prohibited. This includes any use at establishments or for purposes that are inconsistent with the official business of DON or with applicable regulations. The supervisor of the responsible individual or parties will be informed in a timely manner so appropriate corrective, disciplinary or adverse action may be taken.

b. Supervisors who receive information indicating that a civilian or military employee has engaged in any potential fraud, misuse or abuse of a GCPC, shall take appropriate corrective or disciplinary/adverse action, including further investigation if needed. Restitution should be made by the responsible party/parties. Restitution can be made with a check payable to the U.S. Treasury via the activity's comptroller.

c. The intent of this policy is to ensure that management emphasis is given to the important issue of personal accountability for GCPC fraud, misuse and abuse. There is no intent to deprive managers and supervisors of their discretion in handling GCPC misuse in a manner appropriate to each individual case. The circumstances of each individual case will determine the appropriate type of disciplinary/adverse action, if any, that may be imposed. A progression of increasingly severe penalties is often appropriate in the case of minor instances of misuse; but more serious cases may warrant the most severe penalty for the first offense if abuse or fraudulent activity is prevalent. Clearly there is no single response appropriate for all cases. While the merits of each case may vary, timeliness, proportionality and the exercise of good judgment and common sense are always important. Where applicable, full consideration must be given to the relevant "Douglas Factors" as provided in Douglas v. Veterans Administration, 5 MSPB 313 (1981).

3. Disciplinary Guidance

a. Civilian Personnel. In taking corrective or disciplinary action against civilian personnel, commanders or supervisors shall use reference (i) as authoritative guidance. GCPC offense(s) may be framed in any lawful manner. Civilian personnel penalty guidelines shall address offenses with respect to GCPCs and shall indicate that the penalty of removal from Government service is an available maximum penalty for a first offense when appropriate, as determined by the deciding official. The servicing Human Resources Office (HRO) should assist the supervisor who is considering corrective or disciplinary/adverse action with the selection of the charge and appropriate penalty based on the Navy's past practice; collective bargaining agreements and negotiated discipline policies if applicable; regulatory guidance; applicable case law and good judgment of the supervisor taking the disciplinary or adverse action. Coordination with the local HRO and the appropriate legal office should occur early in the process, as required by Navy policy. See Table 1 for an example of potential schedule of GCPC offenses and recommended remedies or penalties for such offenses.

TABLE 1

Examples of Disciplinary Action

The chart below is one example of a GCPC offense and recommended remedies or penalties for such offenses.

OFFENSES	FIRST OFFENSE	SECOND OFFENSE	THIRD OFFENSE
Unauthorized use of or failure to appropriately monitor use of Government-wide Commercial Purchase Card	Reprimand to removal	14-day suspension to removal	30-day suspension to removal

b. Military Personnel. Military personnel who misuse, abuse or commit fraud with the GCPC shall be subject to actions available in reference (j), including counseling, admonishment, reprimand, non-judicial punishment (Article 15, Uniform Code of Military Justice), court-martial and administrative separation. In appropriate cases, pecuniary liability, referral for criminal

prosecution in civilian courts, and civil enforcement action are other ways to hold military personnel personally accountable for GCPC charge card misuse. In taking corrective or disciplinary action against military personnel who misuse or abuse the GCPC, commanders or supervisors shall use the procedures established for each action by the appropriate military department and consult with their legal advisors as necessary. In addition to corrective or disciplinary action, military personnel who misuse their GCPC may have their access to classified information modified or revoked, if warranted, in the interest of national security. Commanders and supervisors shall follow previously issued guidance to ensure that security clearance reviews are conducted when the holder of a GCPC comes under investigation for GCPC misuse.

4. Relationship to Security Clearances. The review of the security clearance of the individual involved (or the modification or revocation of such security clearances in light of this review) in GCPC misuse, abuse or fraud cases is not a disciplinary action and should not be treated as such. However, this does not preclude a separate and independent review of such misuse, abuse or fraud by the appropriate security manager per references (i) and (j). Modification or revocation of a security clearance will result in appropriate action which could include reassignment or removal.

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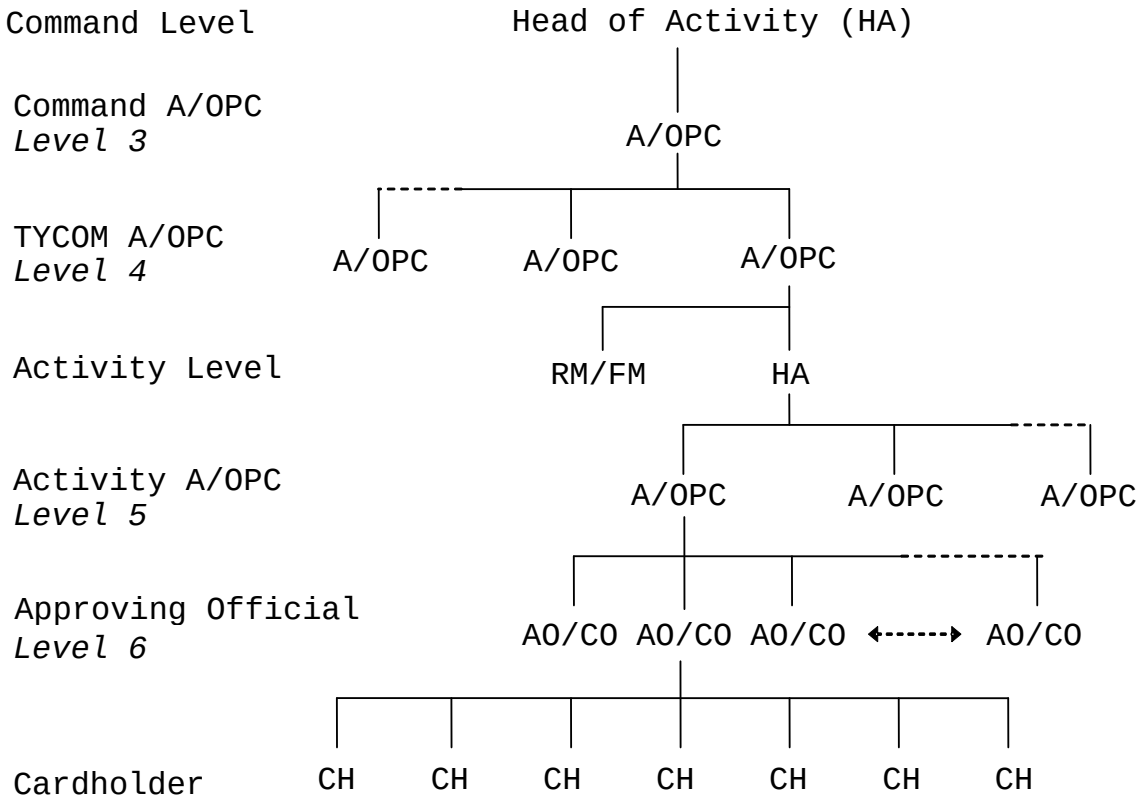
APPENDIX A - PROGRAM HIERARCHY



NOTE: All Commands have a Hierarchy Level 4. Smaller commands often will have the same individual perform duties of both the HL3 A/OPC and the HL4 A/OPC or have the same individual perform duties of the HL4 A/OPC and an HL5 A/OPC.

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APPENDIX B – HEAD OF CONTRACTING ACTIVITY

1. There are 10 Head of Contracting Activities (HCA) within the DON that delegate GCPC Program authority.

a. Office of Naval Research (ONR)

b. Naval Air Systems Command (NAVAIR)

c. Naval Sea Systems Command (NAVSEA)

d. Naval Facilities Engineering Command (NAVFAC)

e. United States Marine Corps Systems Command (MARCORSYSCOM)

f. Installations and Logistics, Headquarters, U.S. Marine Corps (HQMC, I&L)

g. Strategic Systems Program (SSP)

h. Military Sealift Command (MSC)

i. Space and Naval Warfare Systems Command (SPAWAR)

j. Naval Supply Systems Command (NAVSUP) HCA supports 10 component activities.

(a) Field Support Activity (FSA)

(b) DON Assistant for Administration (DON/AA)

(c) Office of Naval Intelligence (ONI)

(d) Bureau of Medicine and Surgery (BUMED)

(e) Navy Personnel Command (NAVPERS) (formerly BUPERS)

(f) Commander Navy Installations Command (CNIC)

(g) U.S. Fleet Forces Command (USFFC)

(h) U.S. Pacific Fleet (PACFLT)

(i) Commander Navy Reserve Force (CNRF)

(j) Naval Special Warfare Command (NAVSPECWAR)

2. Contracting authority is required prior to the establishment of a GCPC Program. An activity is required to obtain contracting authority through the appropriate HCA. HCAs provide contracting authority for commands and activities. The activity establishing a new GCPC Program will need to provide verification that contracting authority has been granted to the command (HL3 A/OPC) when setting up the activity with the bank. New activity/hierarchy setups must be coordinated through the HL3 A/OPC before submission to DON CCPMD and the bank.

3. NMCARS 5201.6 provides that each HCA is responsible for oversight and review of their subordinate contracting organizations. In addition, NMCARS 5201.6 requires that HCAs must report a summary of relevant findings from the results of the previous fiscal year’s Procurement Performance Management Assessment Program to the DASN(AP) by 30 January of each year. The following metrics/key areas are usually considered in an HCA review:

a. Number of GCPC reviews conducted,

b. Number of activities using the GCPC,

c. Number of GCPC activities that received an unacceptable rating resulting in a suspension of the GCPC Program,

d. Number of activities that had GCPC authority reinstated,

e. Span of control,

f. Number of actions exceeding the micro purchase threshold (not to include actions that were processed as a method of payment),

g. Questionable transactions,

h. Instances of split purchases,

i. Excessive instances of GCPC delinquencies,

j. Screening of requirements for their availability from mandatory Government sources of supply, and/or

k. Separation of buying and receiving functions.

APPENDIX C - ACRONYMS

AAC. Acquistion Advice Code

AO. Approving Official

AO/CO. Approving Official/Certifying Officer

A/OPC. Agency/Organization Program Coordinator

BER. Budget Exchange Rate

CCPMD. Consolidated Card Program Management Division

CH. Cardholder

CO. Certifying Officer

CONUS. Continental United States

DAO. Departmental Accountable Official

DASN(AP). Deputy Assistant Secretary of the Navy – Acquisition and Procurement

DAU. Defense Acquisition University

DFARS. Defense Federal Acquisition Regulation Supplement

DFAS. Defense Finance and Accounting Service

DLA. Defense Logistics Agency

DOD. Department of Defense

DON. Department of the Navy

EAS. Electronic Access System

EIT. Electronic and Information Technology

EMALL. Electronic Mall

FAR. Federal Acquisition Regulation

FLC. Fleet Logistics Center

GAO. Government Accountability Office

GCPC. Government-wide Commercial Purchase Card

GSA. General Services Administration

HA. Head of Activity

HCA. Head of Contracting Activity

HL. Hierarchy Level

IMM. Integrated Materiel Management

IOP. Internal Operating Procedure

KO. Contracting Officer

LOD. Letter of Delegation

MCC. Merchant Category Code

MOU. Memorandum of Understanding

NMCARS. Navy Marine Corps Acquisition Regulation Supplement

OMB. Office of Management and Budget

PCAN. Purchase Card Administrative Notice

POC. Point of Contact

R/FM. Resource/Financial Manager

USD(P&R). Under Secretary of Defense (Personnel & Readiness)

APPENDIX D - DEFINITIONS

1. Abuse. Intentional use of the GCPC for items not authorized by the FAR, DFARS, NMCARS, NAVSUPINST 4200.99 (Series) or activity purchase card IOPs. Neither senior officials nor supervisors shall tolerate abuse of the purchase card. CHs who abuse their purchase card shall be subject to appropriate administrative or disciplinary actions.

2. Activity. As used in this instruction, refers to the organization at the HL5 where the GCPC is used.

3. Accountable Property

a. Property recorded in a formal property management or accounting system. Accountable property is defined by a dollar threshold and/or the type of item; e.g., sensitive or pilferable. 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, including, but not limited to, pilferable items.

b. Sensitive items require a high degree of protection and control. They may include items that are governed by statutory requirements or regulations, such as narcotics and drug abuse items; precious metals; items that are of a high value, highly technical, or of a hazardous nature; and small arms, ammunition, explosives and demolition or classified material. (See Volume 10, Table 61, of DOD 4100.39-M.) 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. Pilferable items have a ready resale value or application to personal possession and are, therefore, especially subject to theft.

4. Approving Official. AOs are local charge card officials responsible for the review and approval of all card billing statements under their cognizance to ensure that each transaction made with the card was legal, proper, mission essential, and correct.

5. Billing Cycle. The billing cycle is approximately a 30-day billing period. Each monthly bill will be comprised of transactions (debits and credits) that post to the bank’s system during this period. For DON, the billing cycle begins on the 20th of the month and ends on the 19th of the subsequent month.

Cycle ends only occur on a business day; i.e., Monday through Friday, and as a result, may be adjusted accordingly. The cycle end date will occur on the last business day of the normal cycle.

6. Billing Invoice. The monthly billing invoice is the official invoice for payment purposes which is provided to the CO by the issuing bank. The billing invoice identifies all CH purchase card transactions for the billing account during a billing cycle. The invoice can be paper based or presented through the EAS of the issuing bank.

7. Cardholder. A Cardholder is the legal agent who uses the GCPC to buy goods and services in support of official Government business. The CH holds the primary responsibility for the card's proper use. Purchase CHs are granted limited contracting authority by their HA or designee, in the form of an LOD.

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

9. Certifying Officer. A DOD military member or civilian employee of the department appointed in writing to certify a voucher for payment.

10. Component. A component is an organizational entity exercising contracting authority within the DON.

11. Command. As used in this instruction refers to the organization at the HL3.

12. Consolidated Card Program Management Division. HL2 Program Management Office for DON GCPC Program.

13. Contracting Officer. A Contracting Officer is an employee of the Government with the authority to bind the Government legally, to the extent of their delegated authority, by signing a contractual instrument. Contracting Officers are appointed in writing, on an SF-1402.

14. Departmental Accountable Official. Individuals who are responsible in the performance of their duties for providing to a CO information, data or service that the CO directly relies upon in the certification of a voucher for payment. They are pecuniarily liable for erroneous payments resulting from their negligent actions, per section 2773a of Title 10, U.S. Code.

15. Disputes. Disputes are instances where transactions on the CH'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 CH did not make the transaction, the amount of the transaction is incorrect or the quality or service is an issue.

16. Exceeded Authorized Limits. The single purchase limit is the dollar limit established for each CH account for a single transaction. For example, a CH may have a single purchase limit of $500. If that CH makes a purchase valued at $575, the CH has exceeded his/her authorized limit. Additionally, the CH is assigned a billing cycle purchase limit, an authorization control that limits the card account's cumulative spending for purchases in a given billing cycle. This limit is used to ensure CHs do not exceed reserved funding (positive funds control). For example, a CH account may have a billing cycle purchase limit of $10,000. If the CH makes purchases during a billing cycle totaling $10,500, the CH has exceeded his or her authorized limit. It must be noted that despite the fact that these limits are established for the card account in the Citi Card Management System, it is not a foolproof system. The business rules established by the card association will allow transactions to process over the established limits if the vendor does not obtain pre-authorization prior to submitting the transaction to Citibank or if the vendor is using the manual process of swiping the card to emboss the account information on a paper form.

17. Exceeds Minimum Mission Need. A purchase exceeds the Government's minimum needs when it is excessive in terms of quality, quantity or otherwise exceeds the minimum requirements to satisfy and support the Government in a particular instance. Purchases of authorized goods or services, at terms; e.g., price, quantity, that are excessive, or are for a questionable Government need, or both, are considered abusive. In other words, don't purchase the Cadillac when the Chevy will satisfy the Government's minimum need; don't purchase a dozen hammers just because you get a better unit price when one will do the job.

18. Failure to Use Mandatory Sources. An open market purchase of a supply or service that was available from either a Government source of supply; i.e., AbilityOne, Federal Supply Schedules, or a policy directed source; e.g. Green Products, Small Business, Strategic Sources. Following DON Directed Procurement Policy of using automated purchasing systems; e.g.

DOD EMALL, GSA Advantage, allows CHs to ensure compliance with federal and DOD procurement and strategic sourcing requirements.

19. Fraud. The use of the GCPC to acquire supplies or services that are unauthorized and intended for personal use or gain constitutes a fraud against the Government. Examples include a CH's unauthorized purchase of power tools for his home, a supplier's intentional charges for services not provided, and the unauthorized use by a third party of a CH's compromised or stolen account for personal gain. The DON classifies fraud as internal fraud and external fraud. Internal fraud is identified as purchases made by a CH for personal use or gain and external fraud as unauthorized purchases not made by a CH as a result of a compromised card number or lost/stolen card.

20. Head of Activity. For the purposes of this instruction, the HA is the military officer in command or the civilian 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. The HA has disciplinary authority over CHs and AOs.

21. Head of Contracting Activity. The official in command at one of the 10 DON components listed at DFARS 202.101; e.g., NAVSUP, NAVAIR, etc. 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.

22. Merchant Category Code. 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 CH.

23. Micro Purchase Threshold. Per FAR 2.101, micro purchase threshold is $3,500, except:

a. For acquisitions of construction subject to the Construction Wage Rate Requirements Statute (formerly Davis-Bacon Act), $2,000;

b. For acquisitions of services subject to the Service Contract Labor Standards Statute (formerly Service Contract Act of 1965), $2,500; and

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

(1) $15,000 in the case of any contract to be awarded and performed, or purchase to be made inside the U.S.; and

(2) $30,000 in the case of any contract to be awarded and performed, or purchase to be made outside the U.S.

24. Misuse. Inappropriate and/or unintentional use of the purchase card for items not authorized by the FAR, DFARS, NMCARS, NAVSUPINST 4200.99 Series or activity purchase card IOPs.

25. Open Market Purchase. As used in this instruction, a GCPC purchase made directly from a vendor that is other than a source of supply listed in the DON Directed Procurement Policy of this instruction.

26. Pay and Confirm Procedures. Pay and confirm procedures are used in instances where CHs have been billed and have not received the items ordered. The CH shall confirm with the vendor that the items ordered are in transit and reconcile the monthly statement in full anticipation that the supplies will be received within the next billing cycle. The CH shall track the transactions that have not been received and pay the invoice in full. If the supplies are not received within the next billing cycle, the CH will then dispute the item using established dispute procedures. In addition, pay and confirm procedures include damaged items received, which are still under warranty, where the contractor confirms they will replace, modify or repair within the next billing cycle. Pay and confirm procedures do not include the payment of statements in full, which contain billing errors or questionable transactions.

27. Pecuniary Liability. Personal financial liability for fiscal irregularities of disbursing and certifying officers and accountable officials as an incentive to guard against errors

and theft by others and also to protect the Government against errors and dishonesty by the officers themselves.

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

29. Potential Internal Fraud. Potential internal fraud includes the appearance of theft or embezzlement from the Government: bribery, receipt or giving of gratuities, conflict of interest, violation of anti-trust laws as well as false statements and/or false claims in the following areas: pay and allowances, procurement, property disposal, subsistence, unauthorized services, non-appropriated funds, foreign military sales and personnel matters.

30. Prohibited Item. A supply or service prohibited by NAVSUPINST 4200.85 Series, NAVSUPINST 4200.99 Series or by an activity IOP.

31. Receipt. Documentation from the merchant showing the item(s) purchased, the unit price, the total amount, date of the transaction, shipping/handling, and tax (as applicable).

32. Recurring Requirement. Recurring requirements are those performed at regular intervals (every cycle) and have a demand that can be accurately predicted on an annual basis.

33. Services. For 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.

34. Single Purchase Limit. A dollar limit per purchase assigned to each CH for a single transaction.

35. Split Purchase. A Split Purchase is separating a purchase that exceeds a CH’s single purchase limit or threshold into two or more buys as a means of getting around the CH’s purchase limit.

36. Split Requirement. Splitting a requirement is separating a requirement that exceeds a CH’s single purchase limit or threshold into two or more requirements as a means of getting around the CH’s purchase limit.

37. SmartPay®. The registered trademark name of the GSA program to provide charge cards to U.S. Government agencies/departments, as well as tribal governments, through master contracts that are negotiated with major national banks.

38. Transaction Type. A 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.

39. Unauthorized Use. Use of the GCPC for a requirement that was not approved by a person of authority or was made using a CH's card by someone other than the CH.

40. United States. The same meaning as DFARS 213.301 which defines "United States" as the 50 States and the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, the Commonwealth of the Northern Mariana Islands, Guam, American Samoa, Wake Island, Johnston Island, Canton Island, the outer Continental Shelf lands, and any other place subject to the jurisdiction of the United States (but not including leased bases).

41. Construction Wage Rate Requirements Statute (40 U.S.C. 3141, et seq.). This act (formerly known as the Davis-Bacon Act) provides that contracts in excess of $2,000 in which the U.S. or the District of Columbia is a party for construction, alteration, or repair (including painting and decorating) of public buildings or public works within the U.S., shall contain a clause (see CFR 52.222-6) that no laborer or mechanic employed directly upon the site of the work shall receive less than the prevailing wage rates as determined by the Secretary of Labor.