



## 1. PURPOSE

The purpose of this document is to provide Space and Naval Warfare Systems Command (SPAWARSSYSCOM) Headquarters and subordinate commands with supplemental policy and guidance to be followed regarding the use of the Government-wide Commercial Purchase Card (GCPC) Program at the SPAWARSSYSCOM. SPAWARSSYSCOM Headquarters (HQ) Contracts Directorate is responsible for the SPAWARSSYSCOM Claimancy GCPC Program oversight. This document is not intended to include all pertinent purchase card guidance; it is intended as the framework for the SPAWARSSYSCOM GCPC Program.

This document should be used in conjunction with [NAVSUP Purchase Card Guidance 4200.99C](#); all [NAVSUP Purchase Card Administrative Notices \(PCANs\)](#); [SPAWARSSYSCOM Purchase Card Policy Notices \(PCPNs\)](#); SPAWARSSYSCOM HQ, SSC Atlantic and SSC Pacific Internal Operation Procedures (IOPs) for the purchase card program; and [SPAWAR Purchase Card NERP Desk Guide](#).

This guidance applies to all purchase card participants of SPAWARSSYSCOM headquarters and subordinate commands. The Deputy Assistant Secretary of the Navy, Acquisition and Procurement (DASN [AP]) has appointed authority to Naval Supply Systems Command (NAVSUP). NAVSUP has assigned GCPC program management responsibilities to the Department of the Navy (DON), Consolidated Card Program Management Division (DON CCPMD) to oversee the GCPC program for the Navy. DON CCPMD is organizationally aligned within the NAVSUP Operations Directorate and provides centralized operational control and management of DON financial card programs and selected electronic transaction systems. The current DON purchase card instruction is [NAVSUPINST 4200.99C](#) and PCANs. The combination of the [NAVSUPINST 4200.99C](#), [PCANs](#), and [DON CCPMD Purchase Card Desk Guides](#) (for HA, APC, AO & CH) make up the DON Purchase Card Policy for all program participants. This document serves to provide SPAWARSSYSCOM supplemental guidance on some sections of [NAVSUPINST 4200.99C](#) and published [PCANs](#).

SPAWARSSYSCOM has three Internal Operating Procedures (IOPs) for the GCPC Program. There is an IOP for SPAWARSSYSCOM HQ, SPAWAR Systems Center Atlantic (SSC Atlantic), and SPAWAR Systems Center Pacific (SSC Pacific). In addition, SPAWARSSYSCOM has a [Navy Enterprise Resource Planning \(NERP\) Purchase Card Desk Guide](#). The desk guide provides detailed NERP Purchase Card procedures and business rules for SPAWARSSYSCOM activities. The desk guide covers the end-to-end process of completing a Purchase Card PCARD transaction in NERP. It includes step-by-step instructions and checklists to aid end users in this process. The desk guide should be used in conjunction with the policies and procedures established by DON for the Government Commercial Purchase card Program (see [NAVSUPINST 4200.99C](#)).

Related guidance is available under CMPG section [1.2.1.3.4 Government Commercial Purchase Card](#)

## 2. POLICY

### 2.1 References

The following references provide guidance on policies and procedures regarding the use of the GCPC.

- A. [10 USC 2784](#) "Management of Purchase Cards"
- B. [FAR Part 13](#) "Simplified Acquisition Procedures"
- C. [DFARS Subpart 213](#) "Procedures"



- D. [DOD Government Charge Card Guidebook](#)
- E. [USD \(P&R\) memo, Disciplinary Guidelines for Misuse of Government Charge Cards by Military Personnel of 10 Jun 03](#)
- F. [USD \(P&R\) memo, Government Charge Card Disciplinary Guide for Civilians Employees of 29 Dec 03](#)
- G. [NMCARS](#)
- H. [DASN \(FM&C \(FMO\)\) memo, Revised Document Retention Requirements to Support Department of the Navy Financial Statements Audits 29 Jan 15](#)
- I. [NAVSUPINST 4200.85](#), dated 25 Apr 05, Department of Navy (DON) Simplified Acquisition Procedures
- J. [NAVSUPINST 4200.99C](#), dated 23 Nov 15, Department of Navy Government-wide Commercial Purchase Card Program and all accompanying PCANs
- K. [SPAWARSYSCOM NERP Purchase Card Desk guide](#)
- L. [SPAWARNOTE 4208, Program Audit Tool Mandated for SPAWAR](#), dated 10 Dec 08

## 2.2 Micro-Purchase Requirements

- A. The Purchase card **shall** be used to buy and or pay for all requirements valued at or below the micro-purchase threshold. The purchase card shall be used to make procurements with the following limits:
  - 1. Purchases: \$3,500
  - 2. Services: \$2,500
  - 3. Construction: \$2,000
  - 4. Convenience Checks: \$3,500
- B. Purchase cardholders outside of the United States with appropriate delegations of contracting authority may use the purchase card, not to exceed \$30,000 for procurements.
- C. Purchase card authority for purchases or payments cannot exceed the contracting authority that has been granted to the individual site by the SPAWARSYSCOM Head of Contracting Activity (HCA).

## 2.3 Method of Payment

- A. The purchase card **may** be used as a method of payment in conjunction with other contracting methods above the micro-purchase threshold for the following categories, provided appropriate authority has been granted by the SPAWARSYSCOM HCA and is stated in the Card Holder (CH) Delegation of Authority:
  - 1. Intra-governmental Payments, e.g. DLA Document Services or Office of Personnel Management training requisitions/orders, below \$25,000
  - 2. Purchase Orders ([SF1449/DD 1155](#)) up to \$100,000
  - 3. Blanket Purchase agreements (BPAs) up to \$100,000
  - 4. Delivery Orders against Federal Supply Schedules
  - 5. Basic Ordering Agreements (BOAs) and orders under Indefinite Delivery Type Contracts valued at \$100,000
  - 6. Oral Orders against Letters of Agreement valued between \$3,000 – \$25,000 for supplies only
  - 7. Placing Delivery and Task Orders (e.g. DoD EMALL) against competed Indefinite Delivery. Indefinite Quantity (IDIQ) contracts up to \$100,000
  - 8. The Purchase card **shall** be used as a method of payment to pay for training requirements using the [SF182](#) up to \$25,000
- B. Questions concerning appropriateness of purchase card use for a particular item should be directed to the activities' Level 5 Agency/Command Program



Coordinator (APC) for resolution. If further guidance is necessary, the level 5 APC will contact their activity level 4 APC or SPAWARSSYSCOM Level 3 APC for guidance.

#### **2.4 Financial Management Requirements (FMR)**

- A. The DoD FMR provides overall financial management policy governing all financial transactions within the department including purchases and transactions. The volumes and Chapter that are relevant to the purchase card are contained in policy references:
1. [FMR Volume 5, Chapter 4, 33](#)
  2. [FMR Volume 10, Chapter 4](#)

#### **2.5 Simplified Acquisition Procedures**

- A. A CH must have an [SF1402](#) with appropriate limits and special required training (see [NAVSUPINST 4200.99C](#)) to make purchase over \$3,500. Purchase over \$3,500 should follow the Simplified Acquisition Procedures outlined in [NAVSUPINST 4200.85D](#).

#### **2.6 Proper Use Rule**

- A. When you are faced with a question regarding whether you can or cannot purchase an item, one general rule applies and that is the Proper Use Rule. A proper purchase is any authorized purchase that was made in a correct amount under statutory, procurement, financial management, administrative, and other legal applicable requirements. When applying the Proper Use Rule, purchases can be justified after meeting a test:
1. The purchase must be reasonably necessary to carry out an approved bon-fide agency requirement or need and will contribute materially to the effective accomplishment of that mission. The purchase cannot be justified merely because an agency official thinks it is a good idea. What is important to consider is the extent to which the expenditure will contribute to accomplishing the purpose of the Command/Activity mission
  2. Requirement 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
  4. Requirements cannot be intentionally split to circumvent the micro purchase threshold and other single purchase limits
  5. Use of GCPC must comply with CH delegated contract authority
  6. Purchase or pay for all supplies and services at or below the micro purchase threshold
- B. The question is not whether the purchase card can or cannot be used, but rather if the item in question can be purchased, if the appropriated funds are correct, and if the purchase card is the appropriate vehicle.
- C. Additional details concerning Proper Use are listed in [NAVSUPINST 4200.99C](#) Chapter 4.

#### **2.7 Funding Requirements.**

- A. APCs, Approving Officials (AOs), and CHs shall ensure that proper purchase card transaction information is being recorded into NERP as the Finance, Accounting and Invoice Payer. Purchase card participants shall work with their Business Financial Managers (BFMs)/comptroller vendor pay office to ensure invoices are paid on time.

#### **2.8 Certification Procedures.**

- A. SPAWARSSYSCOM activities shall follow certification procedures identified in their IOP.



## 2.9 Program Audit Tool (PAT)

- A. CitiBank [PAT](#) was developed for DON use. It is a method of review and corrective actions of purchase card transactions for monthly and semi-annual APC/AO reviews. Use of [PAT](#) became mandatory for SPAWARSSYSCOM use by the Navy Consolidated Card Program Management Division (CCPMD) effective March 2009 cycle.
- B. In addition to all other account and program oversight identified in [NAVSUP INST 4200.99C](#) Chapter 5, APCs and AOs will review transactions selected by [PAT](#) monthly. [PAT](#) is also used to complete the semi-annual review.

## 3. RESPONSIBILITIES

### 3.1 Head of Contracting Activity (HCA)

- A. **HCAs** are responsible for oversight of activities to which they delegate contracting authority, including those under their command that manage and operate local purchase card programs. Commands operating and managing local Purchase Card Programs are responsible for performing oversight of their local program. The SPAWARSSYSCOM HCA delegated oversight responsibilities to SPAWARSSYSCOM HQ 2.0. SPAWARSSYSCOM issues GCPC contracting authority to subordinate command. Each site should have a letter delegating GCPC contracting authority. The delegation of authority allows each site to establish and maintain a Purchase Card Program.
- B. **HCA Reviews.** The HCA reports to the Deputy Assistant Secretary of the Navy, Acquisition and Procurement (DASN [AP]) a summary of relevant findings from the results of the previous year's Procurement Performance management Assessment Program (PPMAP). Purchase card metrics/key areas are incorporated in the HCAs PPMAP report submission.

### 3.2 Head of Activity (HA)

- A. The HAs at the SPAWARSSYSCOM Activities are generally Commanding Officers. SPAWARSSYSCOM Activity Commanding Officers (COs) manage their Purchase Card Programs. At SPAWARSSYSCOM HQ, the supervisor of the level 5 APC, usually a Branch Head, can be appointed as manager of the Purchase Card Program for the HQ site. The purchase card managers are responsible for ensuring that effective internal management controls are established to:
  - 1. Oversee the management and operation of their Activities' local Purchase Card Program
  - 2. Ensure all purchase card program personnel are properly appointed, trained and capable of performing their duties
  - 3. Confirm their local program is being executed in accordance with all DOD, DON and SPAWARSSYSCOM guidance
- B. The HA at each activity should have initial HA purchase card training. Ethics refresher training will be taken annually.
- C. The HA at each site should also ensure that a Command climate exists to prevent requiring or requesting officials from exercising undue influence over the actions of a purchase cardholder. The HA is responsible for reporting to the Command HCA, through the level 3 APC, on the health of their purchase card programs via the monthly and semi-annual mandatory reporting requirements. Semi-Annual reviews must be signed by the HA.

### 3.3 Agency/Command Program Coordinator (APC)

- A. APCs are designated by the HCA or their delegated individual. HA activities designate through a delegation of authority letter and this individual is



responsible for the day-to-day oversight and audit management of the program at their hierarchy level. SPAWARSSYSCOM has three levels of APCs:

1. **Level 3 APC**

- a. Is designated by the SPAWARSSYSCOM HCA or their delegated individual
- b. Should be a HQ employee within the Contracts 2.0 Policy Branch
- c. Should be a full-time position for the purchase card program
- d. Oversees and manages the entire Purchase Card Program at the SPAWARSSYSCOM level
- e. Is the SPAWARSSYSCOM Purchase Card Program liaison with internal activities and all external Agencies/Commands
- f. It is the primary responsibility of the level 3 APC to ensure overall compliance of the SPAWARSSYSCOM Purchase Card Program
- g. Cannot be a CH, AO or a level 5 APC
- h. Reviews and submits the monthly PAT transaction review report to CCPMD 50 days after close of cycle

2. **Level 4 APC**

- a. Manage the GCPC program on behalf of the HA at their assigned organizational level
- b. Manage and provide oversight for their hierarchy
- c. Establish internal policies, procedures, training and communication with all lower level APCs and program participants within their organization
- d. Assist subordinate APCs and other program participants to understand and perform their duties

3. **Level 5 APC**

- a. Oversees the program at the Activity level
- b. Is an "Accountable Official"
- c. Cannot be a CH, AO or the level 3 APC
- d. Ensure AO compliance with PAT mandatory use
- e. Completes monthly PAT reviews and submits to the level 3 APC within 30 days following the close of the cycle
- f. If the level 5 APC has not completed their PAT review and submitted to the level 3 APC by the due date, the Command level 3 APC can suspend that site's purchase card program at the level 5 APC (which would suspend the entire site)
- g. Each SPAWARSSYSCOM Activity has a level 5 APC that is designated by the HA/CO
- h. The primary responsibility of the level 5 APC is to ensure the necessary internal controls are in place to ensure compliance with SPAWARSSYSCOM, DON, DOD rules, regulations, laws and guidance
- i. A [DD 577](#) must be completed by the level 5 APC and maintained in their individual file
- j. It is strongly recommended that each Activity have an alternate level 5 APC
- k. It is recommended that the workload of the level 5 APC, such as number of CHs and AOs, number of transactions per month be evaluated to determine if the level 5 APC role & responsibilities should be the sole job of the level 5



- I. It is recommended that when possible, the level 5 APC be a dedicated position, or at the minimum the level 5 APC position be the primary role of the person assigned
        - m. The APC roles and responsibilities should be a part of the assigned person's "performance objectives"
- B. Review duties of the level 3 and 5 APC can be found in the oversight section of this document.
- C. The details of the level 3 and 5 APC duties and responsibilities can be found in the [NAVSUPINST 4200.99C](#) Chapter 2.

### 3.4 Approving Official (AO)

- A. Is the programs first line of defense against misuse, abuse and fraud.
- B. Is responsible for ensuring proper use of the purchase card through approval of purchases and certification of monthly invoices.
- C. Shall be delegated as an Accountable Official and a **Certifying Official** in accordance with the DOD Financial Management Regulation (FMR).
- D. Pecuniary responsibility for erroneous payments that they certified.
- E. Shall receive a delegation of authority letter outlining their duties, responsibilities and monthly purchase limits from the HA.
- F. Must complete the [DD 577](#). This form should be maintained with DFAS. A copy of the [DD 577](#) should be kept in the individual's file.
- G. For purposes of the purchase card program the certifying official is referred to as the AO.
- H. The AO limits should be two times the amount of the total monthly limit of all their cardholders.
- I. The Certifying Official/AO shall:
  1. Ensure that all purchases by purchase cardholder within their cognizance are appropriate and the charges accurate
  2. Verify supporting transaction documentation on all card accounts prior to certifying the monthly invoice. Supporting documentation should include at a minimum: a properly signed receipt, invoice, purchase request, documentation to support use of mandatory sources
  3. Notify the level 5 APC in the event of any suspected unauthorized purchase (purchases that would indicate non-compliance, fraud, misuse and/or fraud)
  4. Ensure receipt, acceptance and inspection is accomplished on all items being certified for payment by providing initials on the receipt before certifying
  5. Use PAT for monthly audit & review of transactions. The review must be completed and submitted to the level 5 APC no later than 10 days after billing cycle closes

### 3.5 Cardholder (CH)

- A. SPAWARSSYSCOM activities will nominate and appoint CH as Accountable Officials in accordance with the DOD FMR. A letter from the immediate supervisor nominates the CH.
- B. A delegation of authority letter is required to show authority to purchase supplies and/or services.
- C. CHs shall not be AOs or APCs.
- D. The cardholder is pecuniary liable to the Government for the amount of any transaction not made for official Government use.
- E. Under [18 U.S.C. 287](#), misuse of the purchase card could result in a fine of not more than \$10,000, imprisonment for not more than five years, or both.



- F. Military members that misuse the purchase card are subject to court martial under [10 U.S.C. 932](#), [UCMJ Art.132](#) and other articles.
- G. The cardholder is an Accountable Official. The CH shall sign the delegation of authority letter acknowledging they are accountable for any erroneous information they provide that the AO relies on to certify the invoice for payment.
- H. The CH, as an Accountable Official must complete a [DD 577](#) which is to be maintained in their individual file by the APC.
- I. A complete list of CH duties can be found in [NAVSUPINST 4200.99C](#) Chapter 2. Special attention should be paid to the following requirements:
  1. Ensure proper and adequate funding is available prior to any purchase card action. A Purchase Request (PR) must be created and funds committed before the purchase card is used
  2. Screen all requirements for their availability from mandatory Government sources of supply (such as Ability One)
  3. Purchase office supplies from Ability One Procurement List, From DOD EMALL, GSA Advantage or an on-base SERVMART/Ability One Base Supply Center
  4. Purchase only mission essential requirements at fair and reasonable prices from responsible suppliers. The item must be considered essential to the mission of the requestor and/or his office
    - a. It is the cardholders' responsibility to research and acquire supporting verification/documentation when an item seems questionable in terms of "mission essential"
    - b. The level of the requestor (i.e. SES or supervisor request) does not in itself provide justification for an item as "mission essential"
    - c. Poor planning does not constitute mission essential
  5. When faced with questions regarding whether you can purchase items or not, follow the Proper Use Rule
  6. Ensure proper and adequate funding is available before making a purchase
  7. Maintain a purchase card log
  8. Review the monthly purchase card statement to ensure all charges are proper and correct
  9. Forward the purchase card statement to the AO with the appropriate supporting documentation, within 5 working days, to maximize rebates and minimize prompt payment penalties
  10. Supporting documentation shall be at a minimum:
    - a. Purchase Requisition (PR)
    - b. Signed sales receipt, initialed by the AO
    - c. Any supporting documentation justifying the transaction
  11. Must ensure that any purchase card fees paid by the vendor are not added to the price of the items
  12. Must rotate micro-purchases among qualified vendors
  13. Must ensure the vendors are instructed not to charge sales tax
  14. Reminds the vendor that the purchase account can't be billed until after the material has been shipped or service provided
  15. Ensures the micro-purchase is compliant with [section 508](#)
  16. Must safeguard the card account information. The full account number shall never be transmitted by fax or E-Mail



## 4. PROCEDURE

### 4.1 CH &AO Approval Process

- A. CHs are usually designated to be issued a purchase card by their first or second level supervisor if the HA is not under a consolidated purchase card program.
- B. Written justification should be based on operational needs and mission support.
- C. The supervisor will send a letter of nomination to the local level 5 APC for approval and set-up.
- D. The level 5 APC will submit all necessary information to Citidirect to establish a new account.
- E. The request for approval of CHs and AOs should include documentation to verify the following:
  1. Mission Need
  2. Documented Mandatory Training
  3. For AOs Span of control no greater than 7:1
  4. Requested limits (per [4200.99C](#)) based on historical use for that area. If not available, cite what methodology was used to determine limits
  5. Research for any prior misuse/abuse of the purchase card

### 4.2 Delegation of Purchase Card Authority

- A. All approved AOs and CHs should have an appropriate delegation of authority letter to satisfy mission requirements. A delegation of authority letter shall be used to delegate authority as follows:
  1. Authority to use the purchase card for micro-purchases up to and including \$3,500
  2. Authority to use the purchase card for purchases over \$3,500 for training up to \$25,000 & DLA Document Services up to \$25,000 (depending on your Activity delegation of contracting authority limit)
  3. Each delegation of authority letter shall specify the following information:
    - a. Single purchase limits for open market
    - b. Government sources of supply
    - c. Billing Cycle Limit
    - d. Transaction types (i.e. over the counter, telephone orders, internet etc.)
    - e. Applicable limits for [DD 1556](#), DLA Document Services, calls against Letters of Agreement or BOAs, orders against IDIQ contracts, or any limits for method of payment. CH can order from existing Contracts, GSA schedules etc.
  4. Authority to use the purchase card as a method of payment > \$3500 requires a [SF 1402](#). A [SF 1402](#) (vs. a delegation of authority letter) must be used to delegate a CHs authority if the CH will be using the purchase card for orders or payment above the micro-purchase threshold
    - a. Each letter of delegation or [SF 1402](#) shall specify:
      - i. Single purchase limit
      - ii. Billing cycle purchase limit
      - iii. Transaction type
      - iv. Limits for method of payment
      - v. The letter should also include the duties and responsibilities of the position



- b. The delegation of authority should be signed by the CO or his or her designee
  - c. A complete chart of when to use a Letter of Delegation and when to use a [SF 1402](#) can be found in PCPN # 3 – Correction – Updated Requirements for SF1402 (Certificate of Appointment) and Corresponding Table
  - d. Additional training requirements are necessary for a [SF 1402](#) (see Training Requirements below)
5. As a Certifying Officer, the AO shall issue a letter/memo to their assigned cardholders which apprise the Accountable Official (CH) of their pecuniary liability for erroneous payments that result from the negligent performance of the Accountable Official's (CH's) duties. The CO or their designee can also accomplish this requirement

#### 4.3 Training Requirements

- A. Prior to the issuance of a purchase card to a CH or designation as an Approving Official (AO) or Agency/Command Program Coordinator (APC), all prospective CHs, AOs and APCs must receive training in DON policies, procedures and roles as well as their command and activity policy (IOP) and complete mandatory training per [NAVSUPINST 4200.99C](#).
- B. If a CH is required to have a [SF 1402](#) (vs. Letter of Delegation, that person must have documented training in contracts per [NAVSUPINST 4200.99C](#).
- C. Simplified Acquisition:
  1. All CHs, AOs, APCs, HAs and Convenience Check Writers must take annual ethics training
- D. All AOs and DAOs are required to complete Certifying Officer Legislation training annually.
- E. Refresher training is required at least every two years. Each Activity must be in compliance with [NAVSUPINST 4200.99C](#) refresher training in Chapter 3.
- F. The level 5 APC is required to maintain documentation for all mandatory training in the CH, AO, HA and Convenience Check Writer's individual files.
  1. Details of the type of training for each Purchase Card Role should be included in the site IOP

#### 4.4 APC File Maintenance and Retention

- A. The level 5 APC shall establish an individual file for each CH, AO, APC, HA and Convenience Check Writer.
- B. The file shall be retained for the duration the employee serves in this capacity and for three years following the end of their duties.
- C. Each individual file will contain records/documentation in accordance with [NAVSUPINST 4200.99C](#)

#### 4.5 Internal Operating Procedures (IOPs)

- A. The level 5 APCs are responsible for developing and maintaining an IOP to manage and operate their local purchase card program.
- B. IOPs shall conform to the requirements set forth in [NAVSUPINST 4200.99C](#) and SPAWARSSCOM guidance.
- C. The activity level 5 APC will develop an IOP electronically for review and approval by their HA.
- D. IOPs shall be reviewed on an annual or as needed basis by the activity level 5 APC to ensure it is up to date.
- E. Any changes to an IOP will be reviewed and approved by their HA.

#### 4.6 Using the Purchase Card

- A. Separation of Function



1. The CH and the receiver of goods shall not be the same person. The CH as the purchaser should not sign for receipt and acceptance of the material. However, if circumstances prevent this from occurring, the cardholder must obtain written approval in advance either from a supervisor in the purchase cardholder's management chain, his/her AO, or activity APC. This approval will be included with the documentation required for each Purchase Card purchase
- B. Personal Property Accountability
1. The majority of personal property purchased by cardholders falls under the current DoD property accountability threshold. However, items that are identified as "pilferable personal property" require tracking in the appropriate personal property system regardless of dollar value. Desktop and laptop computers are considered pilferable property for all Claimancy activities. Activities may supplement this list as deemed appropriate
  2. Recommended items include:
    - a. Personal Digital Assistants
    - b. Cell Phones
    - c. Pagers
    - d. Computer Monitors
    - e. Printers
    - f. Scanners
    - g. Cameras
    - h. External drives
    - i. Projectors
    - j. Projector screens
    - k. VTC Equipment
- C. Documentation
1. All documentation necessary to support a purchase card buy should be maintained in the transaction file by the cardholder. At a minimum the file must contain:
    - a. The original purchase request
    - b. Invoice and receipt
    - c. Any necessary supporting documentation such as special approvals
  2. Evidence of receipt and acceptance by someone other than the CH is mandatory
  3. APC coordination with shipping and receiving personnel may be necessary to ensure that an effective process is in place where cardholders receive the information needed for adequate file documentation
  4. A "good faith" effort should be made by the level 5 APC to research and receive missing documentation for the file where such deficiencies are noted
    - a. If this is not possible or unsuccessful, the lack of documentation should be reported in the monthly review
  5. The CH is still held responsible for proper file documentation even if it is reported as a deficiency. The CH, Department Manager/Supervisor, AO, APC and level 3 APC should be notified, if applicable, in accordance with the SPAWARSYSCOM GCPC Infractions Related Disciplinary Action Matrix ([Attachment 1](#))
  6. Arrangements should be made by the level 5 APC for the CH to turn over their PC files to the level 5 APC (per [NAVSUPINST 4200.99C](#))



- when a CH surrenders their card for infraction, retirement, relocation, etc
7. It is the responsibility of the level 5 APC to ensure the activity's checkout process includes a requirement to physically turn in a detaching CHs purchase card and files before detachment
  8. PC and hard copy transaction files must be maintained for ten years.
  9. CH requirements for documentation in NERP can be found in the NERP PCARD Desk Guide
- D. Card Inactivity
1. CHs are issued purchase cards to meet the operational needs and mission support of their organizations. Card usage will be reviewed semi-annually to validate whether continued use of the card is warranted. After six months of inactivity the account will be closed and the card returned per requirements of [4200.99C](#) unless the supervisor submits an acceptable justification to the APC for keeping them open. The CHs management will be notified before any action is taken if the manager wants the CH to keep the account/card. The single and monthly limits will be reduced to \$1 with no exceptions
- E. Process for Returning Card
1. The level 5 APCs shall ensure a written process is in place for the return of the purchase card to the level 5 APC when someone is leaving or retiring
  2. This process shall include having "Return of Purchase Card", as an element on the sign-out sheet
  3. The process shall also contain provisions for reassignment of the PC bill certification process for any charges made but not reconciled
  4. The process shall include written documentation from the CH on any outstanding charges. This will ensure purchase cards are not closed before all purchases are billed and payments have cleared
- F. Purchase Request Process
1. The purchase request process obtaining funding and approvals should be described in the IOP and/or [NERP desk guide](#)
  2. The CH shall ensure funds are available in all cases before making a purchase
- G. Reconciliation & Certification
1. The CH is responsible for the approval of the statement at the close of the monthly cycle
  2. The CH shall reconcile in accordance with the Purchase Card NERP procedures for reconciliation
  3. Reconciliation, verification certification of the cardholder's statement and official invoice should be included in the Activity IOP in accordance with [NAVSUPINST 4200.99C](#)
  4. Certification review in NERP is a SPAWARSYSCOM best Business Practice where the AO completes a physical review of the receipt for each transaction before certification
  5. The AO shall initial, sign or electronically/digitally sign the receipt before certification.
  6. The AO shall print the receipt, initial or sign the document and scan to be placed back into NERP
- H. Receipt and Acceptance
1. The CH should never be the receiver of goods
  2. The individual recording the receipt shall include:
    - a. Date received



- b. Items received at time of delivery (annotate on sales invoice, packing slip, bill of lading, or other document available)
      - c. Signature of person verifying delivery (or electronic equivalent)
      - d. Printed name of person recording delivery
      - e. Telephone number of person recording delivery
      - f. Office designator or address of the receiving official
    3. The AO must initial to show physical validation of a receipt before certification
    4. The actual process flow for receipt and acceptance shall follow the NERP Purchase Card Procedures
  - I. Office Supplies
    1. SPAWARSSYSCOM activities shall purchase office supplies in compliance with [NAVSUPINST 4200.99C](#).
    2. All Office Supply products are to be purchased from DOD EMALL, GSA Advantage, SERVMART/Ability One, the internet, and over the phone or counter
    3. The definition of Office Supplies follows the description from [General Services Administration Federal Supply Schedule 75, Category 75 200](#) as "Commercially available, off-the shelf office items". A sampling of examples include, but is not limited to:
      - a. binders, clips, staplers, pencils, pens, paper, printer and toner cartridges, cleaners, pads, notebooks, desk accessories, filing supplies, post-it notes, scissors, tape, waste containers, and data storage media (Compact Disks (CDs), diskettes, digital tape
    4. Office supplies include paper and toner (consumables), but does not include Office Furniture, cleaning/janitorial supplies, IT services or any other services
    5. If there is doubt as to whether an item is an office supply, it is SPAWARSSYSCOM policy to use DOD EMALL, GSA Advantage, SERVMART/Ability One, the internet, and over the phone or counter purchases for those sources
  - J. Section 508
    1. Micro-purchases made with the purchase card must to be in compliance with [Section 508 of the Rehabilitation Act](#)
    2. All sites shall follow SPAWARSSYSCOMINST 5721.1 Series, SPAWARSSYSCOM Section 508 IMPLEMENTATION POLICY for all Purchase Card buys
  - K. Convenience Checks
    1. The Convenience Check Writer requirements of [NAVSUPINST 4200.99C](#) shall be followed for all SPAWARSSYSCOM Convenience Check Writing authority that is delegated
    2. The convenience check limit amount is \$3,500
    3. There is a statutory requirement to obtain and provide tax data to DFAS for tax purposes and to annually report to the Internal Revenue Service, convenience check payments made to contractors/merchants.
    4. Payments are to be reported on a calendar year basis
    5. [NAVSUPINST 4200.99C](#) requires that, "An officer or equivalent DoD civilian who is independent of the office maintaining the account (someone other than the level 5 APC in the Convenience Check Writers hierarchy), must audit the convenience check accounts yearly on an unannounced basis"



6. A report shall be filed with the cognizant level 5 APC and the SPAWARSSYSCOM level 3 APC
7. SPAWARSSYSCOM currently has no convenience check programs at any sites

#### 4.7 Deficiencies/Infractions

- A. The Purchase Card shall only be used for authorized U.S. Government purchases.
- B. CHs and AOs have a responsibility to ensure that the privileges they have been entrusted with are used appropriately and for the purpose intended.
- C. When inappropriate use of the card is identified, whether intentional or unintentional (i.e. fraud, split purchases, unapproved purchases, extravagant purchases, not mission essential etc.), the APC, in agreement with the activities' management, shall immediately take appropriate action to remedy the situation (i.e., permanent revocation, card suspension, immediate re-training, etc.), as well as other disciplinary and legal action deemed necessary.
- D. The SPAWARSSYSCOM GCPC Infractions Related Disciplinary Action Matrix ([Attachment 1](#)) was developed to provide additional guidance related to action that should be taken based on the infraction committed. Use of the matrix is mandatory.
- E. Disciplinary action taken should be documented and tracked.
- F. Monthly and semi-annual reports should contain a list of disciplinary actions taken.
- G. Infraction notices (e-mails) should be put in the individual CH and AO files.
- H. SPAWARSSYSCOM GCPC Infractions Related Disciplinary Action Matrix is [Attachment 1](#).

#### 4.8 Management Control

- A. Internal reviews shall be performed in accordance with [NAVSUPINST 4200.99C](#). AOs, level 5 APCs, level 4 APCs and level 3 APC additionally use PAT for monthly transaction review.

#### 4.9 Monthly Reviews

- A. Sites shall conduct monthly reviews using Citibank PAT in accordance with NAVSUP Letter, 34/207; "Program Audit Tool Mandate for SPAWARSSYSCOM", dated Oct 10, 2008 and [SPAWARNOTE 4208, Program Audit Tool Mandated for SPAWAR](#), dated 10 Dec 08.
- B. APCs are still responsible to extract an "All Transactions Report" from Citibank Reports to ensure 100% review.
- C. It is mandatory to use the Citibank Program Audit Tool (PAT) for monthly reviews. APCs should add any questionable transactions they find in the monthly PAT report.
- D. The PAT reviews should be submitted to the level 3 APC NLT 40 calendar days following the billing cycle end.
- E. Reviews should use Ad Hoc reports and PAT to target the following critical elements that aid in determining deficiencies/questionable transactions, misuse, abuse, and fraud:
  1. Suspicious vendors
  2. Split purchases
  3. Equitable distribution of business
  4. Exceeding the micro-purchase threshold
  5. Suspected fraudulent or potential misuse/abuse transactions



- F. The level 5 APC should review the All Transactions Report and further review transactions that are targeted by elements 1-5 above. This should include reviews of the following:
  - 1. Cardholder log
  - 2. Delegation letter
  - 3. Integrity of the purchase request (signature for approval of purchase, quantity matches, etc.)
  - 4. Receipt and acceptance procedures
  - 5. Purchases not required to fulfill minimum, immediate need to support DON Mission
  - 6. Purchases not for Government use, but for personal use
  - 7. Split purchases
  - 8. Prohibited items
  - 9. Not using Mandatory Sources to include DON office supply policy
- G. In addition, transactions shall be reviewed for:
  - 1. Proper separation of function being performed and verification that the AO has reviewed the CH purchases and payments
- H. Any infractions/deficiencies in any of these areas should be reported on the monthly review spreadsheet with a detailed explanation of infraction and the action taken.
- I. The following should be reported as "Other" deficiencies in the monthly report:
  - 1. Lack of properly documented receipt & acceptance
  - 2. Lack of documentation
  - 3. Untimely Certification
  - 4. Input PR after Charge
- J. Deficiencies should be explained in detail and the corrective and/or disciplinary actions taken and reported. Use of the SPAWARSSYSCOM GCPC Infractions Related Disciplinary Action Matrix ([Attachment 1](#)) is mandatory for determining minimum corrective/disciplinary actions.
- K. The level 3 APC will review in PAT the deficiencies and provide comments or reject if the explanation is considered incomplete. The level 5 APC should send a copy of the PAT Commander's report to the Commanding Officer (CO). Deficiencies/Infractions are to be counted cumulatively, (i.e., an infraction in any category is considered one infraction a second infraction in any category is a 2<sup>nd</sup> infraction even if it isn't in the same category).
- L. The level 3 APC will use PAT to develop monthly metrics for the SPAWARSSYCOM Director of Contracts and SPAWARSSYSCOM Commanding Officer.

#### 4.10 Semi-Annual Reviews

- A. Semi-Annual reviews of the purchase card program are required to ensure that adequate controls are in place.
- B. The reporting period for the Semi-Annual review shall encompass the months of October through March and April through September cycles.
- C. These reviews shall be conducted by the activities' APC and/or Internal Review, following the guidelines set forth by [NAVSUPINST 4200.99C](#).
- D. The information for the report shall be gathered in PAT.
- E. The report contains the Commanding Officer's report for the reporting period, the infractions report and the actions report.
- F. The CO shall sign the CO report. In addition each site will send a signed letter from the CO explaining concurrence with the report and actions taken.
- G. In addition, the APCs shall submit a signed checklist verifying that they have performed all mandatory reviews for the period.



- H. The signed reports shall be sent to the level 3 APC for compilation and submission as a final SPAWARSSYSCOM submission. Electronic submissions are acceptable.
- I. SPAWARSSYSCOM will follow the revised policy for monthly and SA reviews found in references K & M attached here:



PAT AUDIT TOOL  
MANDATE FOR SPAW

#### 4.10 Metrics

- A. Metrics identifying the health of the purchase card program have been developed utilizing a red, yellow, green methodology for scoring.
- B. The intent of the metrics is to evaluate the health of the PC program at each site and for SPAWARSSYSCOM overall.
- C. Data from the mandatory monthly and semi-annual reports are the basis for metrics reports.
- D. The level 3 APC shall roll up the monthly review information and prepare a monthly metrics report.
- E. The areas of measurement are as follows:
  - 1. If a site is yellow the problem must be explained in the monthly report
  - 2. If a site is yellow for more than two consecutive months the site must provide a remedy for returning to green to the level 3 APC
  - 3. If a site is red they must explain the problem and provide a solution
- F. These metrics will be the basis for reporting the health of the Claimancy Purchase Card to SPAWARSSYSCOM HQ management and higher level DON and DoD management.

#### 4.11 Special Attention Items

- A. Cardholders, AOs and APC should review the [NAVSUPINST 4200.99C](#) for issues of concern and be familiar with the regulations and definitions concerning the following areas:
  - 1. Split requirements
  - 2. Budget exchange rate
  - 3. Mandatory use of the Purchase Card
  - 4. Recurring services
  - 5. Cash refunds
  - 6. Gift checks, rebates or incentives
  - 7. Conference Fees
  - 8. Business Case Analysis
  - 9. AbilityOne
  - 10. UNICOR
  - 11. OCONUS Use of PC
  - 12. Gas or Oil for Government owned vehicles
  - 13. Hazardous materials
  - 14. Weapons systems
  - 15. Video Teleconferencing (VTC) Equipment
  - 16. Household goods
  - 17. Unpriced services
  - 18. Foreign Military Sales (FMS) Programs
  - 19. Electronic storage of PC documentation
  - 20. Cellular usage



- 21. Utility bills
- 22. Letters of Agreement
- 23. Appliances in the workplace

Note: Record retention of GCPC documentation is ten years. An auditor will need to examine the original, unaltered purchase documentation or documents in NERP. The Activity IOP shall provide instruction on maintaining the original paper transaction files and NERP records retention.

#### 4.12 Prohibited Items

- A. In the absence of specific statutory authority, purchase of items for the personal benefit of government employees, such as flowers, food, clothing etc., are not permitted. Additionally, certain categories of purchases have consistently been identified as not allowed for purchase card procurement.
- B. A list of Prohibited Purchase can be found in [NAVSUPINST 4200.99C](#) Chapter 4.
- C. All CHs, AOs and APCs should be familiar with the list of prohibited items. Note: Questions concerning appropriateness of purchase card use for a particular item should be directed to the activities' level 5 APC for resolution.
- D. If further guidance is necessary, the level 5 APC will contact their level 4 APC prior to contacting the level 3 APC for guidance.
- E. This document and its attachments can be found at the SPAWAR policy website, <https://webcon.spawar.navy.mil/Pages/policy1.html> (Click on SCCPM, click on Purchase Card, click on policy).

## 5. APPROVALS

See [Section 3. Responsibilities](#)

## 6. TOOLBOX

### 6.1 Federal

- A. [10 USC 2784](#)
- B. [18 U.S.C. 287](#)
- C. [10 U.S.C. 932](#)
- D. [UCMJ Art.132](#)
- E. [FAR Part 13](#)
- F. [General Services Administration Federal Supply Schedule 75, Category 75 200](#)
- G. [Section 508 of the Rehabilitation Act](#)
- H. [SF182](#)
- I. [SF1402](#)
- J. [SF1449](#)

### 6.2 DoD

- A. [DOD Government Charge Card Guidebook](#)
- B. [DFARS Part 213](#)
- C. [USD \(P&R\) memo, Disciplinary Guidelines for Misuse of Government Charge Cards by Military Personnel of 10 Jun 03](#)
- D. [USD \(P&R\) memo, Government Charge Card Disciplinary Guide for Civilians Employees of 29 Dec 03](#)
- E. [DD 577](#)
- F. [DD 1155](#)
- G. [DD 1556](#)
- H. [FMR Volume 5, Chapter 4](#)



- I. [FMR Volume 10, Chapter 4](#)
- 6.3 Navy**
  - A. [NMCARS](#)
  - B. [DASN \(FM&C \(FMO\)\) memo, Revised Document Retention Requirements to Support Department of the Navy Financial Statements Audits January 29, 2015](#)
  - C. [NAVSUPINST 4200.85D](#)
  - D. [NAVSUPINST 4200.99C](#), dated 23 November 2015, Department of Navy Government-wide Commercial Purchase Card Program and all accompanying PCANs
  - E. [NAVSUP Purchase Card Administrative Notices \(PCANs\)](#)
  - F. [DON CCPMD Purchase Card Desk Guides](#)
- 6.4 SPAWAR**
  - A. [SPAWARSCOM Purchase Card Policy Notices \(PCPNs\)](#)
  - B. [SPAWAR policy website](#),
  - C. [SPAWAR HQ and SSC Pacific Internal Operation Procedures \(IOPs\)](#)
  - D. [SSC Atlantic Internal Operation Procedures \(IOPs\)](#)
  - E. [SPAWAR Purchase Card NERP Desk Guide](#)
  - F. [SPAWARNOTE 4208, Program Audit Tool Mandate for SPAWAR](#), dated 10 Dec 08
  - G. [SPAWARSCOM GCPC Infractions Related Disciplinary Action Matrix](#)
  - H. [SPAWARINST 5721.1B SPAWAR Implementation of Section 508 Compliance Standard](#)

## 7. CHANGE HISTORY

Date	Description of Changes
June 2016	Updated format; updated content and links



ATTACHMENT 1

SPAWAR GOVERNMENT-WIDE COMMERCIAL PURCHASE CARD PROGRAM (GCPC)

INFRACTIONS RELATED DISCIPLINARY ACTION MATRIX

Updated February 2016

	Infraction	1 <sup>st</sup> Offense	2 <sup>nd</sup>	3 <sup>rd</sup>
	<b>Fraudulent, Abusive or Improper Use of Purchase Card</b>			
1.	Not for Government Use; Personal Use (i.e. Fraudulent or Abusive)	C &/or D		
2.	Unauthorized Use (i.e. Improper)	A &/or B &/or C	C	
3.	Prohibited Items *	A	A &/or B	C
4.	Requirements Split to Circumvent Micro-Purchase Threshold or Card Holder Authorized Limit	A	A &/or B	C
5.	Exceeded Authorized Limit	A	A &/or B	C
6.	Exceeded Minimum Mission Need	A	A &/or B	C
7.	Failure to Use or Screen for Mandatory Sources (e.g. AbilityOne, Federal Supply Schedules, DoD EMALL, DLA Document Services, DoN Furniture Acquisition Policy)	A	A &/or B	C
8.	Purchase Request Input After Purchase Card Charge Date (Potential Unauthorized Commitment)	A &/or B	C	
	<b>Valid PCARD Transaction with Administrative Discrepancy</b>			
9.	Lack of Properly Documented Receipt & Acceptance and/or Lack of Other Documentation	A	A &/or B	A &/or B &/or C
10.	Incorrect Material code that results in not receiving special approvals (e.g. IT, HAZMAT, Safety, Security, Facilities etc.) (Refer to your command Internal Operating Procedures for special approval items)	A	A &/or B	A &/or B &/or C

\* See NAVSUPINST 4200.85 (Series), NAVSUPINST 4200.99C



Below is the alpha list of disciplinary action to be taken based on the infraction and offense occurrence number:

A = Reprimand to Removal: Agency Program Coordinator (APC) sends written notice warning (e-mail is an option) of infraction to Purchase Card Holder (CH) and the Approving Official (AO) and copies CH and AO Supervisors and Department Head (DH). The warning instructs the CH and AO to review the applicable guidance concerning the infraction. APC will provide retraining as required. The CH and AO individual files are documented concerning the infraction. APC shall review 100% of CH transactions for three months.

B = Suspension to Removal: APC suspends card for up to 30 days. CH authorized limit will be changed to \$1 in Citibank when a card is suspended. APC provides written notification to CH and AO. CH and AO Supervisors and DH are notified. If DH decides to re-instate the CH, additional training in the area of the infraction will be provided. APC confers with AO's supervisor on appropriateness of their continued role as AO. CH and AO individual files are documented concerning the infraction. APC shall review 100% of CH transactions for three months.

C = Removal from GCPC Program: APC suspends card immediately and removes CH from GCPC role. APC contacts and sends written notification to Level 3 APC, CH, AO, Supervisors, DH, Head of Activity and Commanding Officer. Notification to Command Inspector General Office may be required. APC confers with the AO supervisor regarding AO suspension and removal from GCPC Program. APC proposes appropriate administrative action. CH & AO individual files are documented. APC shall review 100% of AOs transactions for 3 months. Depending in the severity of the infraction, an individual security clearance may be reviewed by the security manager.

D = APC Refers to IG for Review/Action. Suspends CH card and suspends AO's role.

Note:

1. All infractions are reported to the Level 3 APC upon discovery. Prior to administering disciplinary action, APC will discuss infraction with Level 3 APC on proposed disciplinary action to be taken.
2. Level 5 APCs are responsible to track all infractions committed by CH/AO and by type of deficiency. Infractions and related disciplinary/corrective action is to be documented in the individual's file. Infractions are cumulative when determining disciplinary action.
3. If a long period between CH/AO infractions (i.e. 3 years or more), and the additional infraction causes removal from the GCPC Program, the Level 5 APC may at his or her discretion discuss possible alternatives with the Level 3 APC.