Department of Defense

Government Purchase Card Concept of Operations

July 31, 2002

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1. PURPOSE: The purpose of the Department of Defense Purchase Card Concept of Operations (CONOPS) is to provide an overview of the processes involved in establishing and operating a DoD Government Purchase Card Program. This document is intended to provide all DoD components with a foundation upon which to build their specific directives governing the organizational program.

2. DEFINITIONS:

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

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

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

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

Approving Official: An individual who has under his/her purview a number of cardholders. The approving official will not be given more cardholders than [s]he has the capability to review. No more than seven (7) cardholders will be assigned

to an approving official unless proper justification showing that the individual has the resources to conduct a sufficient review of cardholder transactions is in the A/OPC's files. The approving official is responsible for, at a minimum, reviewing his/her cardholder's monthly statements and verifying that all transactions made were necessary government purchases and in accordance with Federal Acquisition Regulation (FAR) and all other governing agency policy and procedures. Other duties may be delegated as agencies see fit. The government uses the Approving Official concept in the purchase card program for internal control purposes to ensure that transactions are necessary and for official government purposes only. The Approving Official is usually the cardholder's supervisor or in the cardholder's chain of command. If not in the chain of command, the AO must have the capability to influence the cardholder's performance rating. Unless otherwise waived by USD(C), the Approving Official must also be the Billing Official/Certifying Officer for his/her cardholder(s) and in that capacity must certify transactions in the monthly invoice as legal, proper and correct. The AO then submits the certified invoice to the supporting payment office for payment to the bank. This individual can also be known as the billing official.

Authorization: The process of verifying that a purchase being made is within the established spending limits and other authorization controls (i.e., Merchant Category Code blocking) at the point of sale. Controls are established on the account by the agency/organization program coordinator. Authorization is done by the merchant at the point of sale and is typically accomplished via the merchant swiping the card at the terminal.

Availability of Funds: See DoD FMR.

Billing Cycle: The billing cycle consists of approximately a 30-day billing period. Each monthly bill will be comprised of transactions (debits and credits) that post to the banks' system during this period. Billing cycles for the various Defense Components are identified below:
DoN - the billing cycle begins on the 22nd of the month and ends on the 21st of the subsequent month
USA - the billing cycle begins on the 24th of the month and ends on the 23rd of the subsequent month
USAF - the billing cycle begins on the 26th of the month and ends on the 25th of the subsequent month
Defense Agencies - the billing cycle begins on the 6th of the month and ends on the 5th of the subsequent month.
Cycle ends only occur on a business day (i.e., Monday through Friday) and as a result may adjust accordingly. The cycle end date will occur on the last business day of the normal cycle.

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

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

Billing Date: The billing date is the date the invoice is received by the agency/organization designated billing office in accordance with the Prompt Payment Act. In the absence of a date annotated by the billing official on receipt, the payment office shall use the statement date to determine applicability of prompt payment interest penalties.

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

Blanket Purchase Agreement (BPA): A simplified method of filling anticipated repetitive needs for supplies or services by establishing "charge accounts" with qualified sources of supply. BPAs can be used if there is a wide variety of items in a broad class of supplies or services (e.g., hardware) that are generally purchased, but the exact items, quantities, and delivery requirements are not known in advance and may vary considerably. BPAs are designed to accomplish simplified acquisitions by eliminating the need for numerous individual purchase orders. (FAR 13.303)

Cardholder (CH): An individual designated by an agency to be issued a card. The card bears the individual's name and can be used by that individual to pay for

official purchases in compliance with agency procedures. Also applies to convenience check account holders.

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

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

Customer: An individual or organization that requires goods or services.

Davis-Bacon Act (40 U.S.C. 276): The DBA states that every contract in excess of $2,000 for construction, alteration, or repair (including painting and decorating) of public buildings or public works sites within the United States, shall contain a provision stating the minimum wages to be paid laborers and mechanics. Therefore, any construction action over $2,000 must be on a contract and the purchase card may only be used as a payment instrument against that contract. (FAR Part 22)

Declined Transactions: Those transactions where authorization has been refused by the issuing bank's transaction authorization system.

Delegation of Procurement Authority: A document, issued by authorized agency personnel, that establishes the individual as an authorized cardholder. This delegation of procurement authority shall specify spending and usage limitations unique to the cardholder. Each DoD activity, in its internal procedures, must designate who shall be responsible for issuance of these delegations. This delegation must come from the Head of the Contracting Activity.

Delivery Order: A written order issued against a contract. (FAR Part 16)

Designated Billing Office: The office designated by the ordering DoD activity to receive and certify the official invoice and, in some instances, make payments against the official invoice.

Designated Payment Office: The office that is responsible to effect payment of purchase card invoices to the issuing bank.

Disbursement of Funds: Payment to a bank for goods and/or services rendered by merchant(s). See DoD FMR – Volume 3 Chapter 8

Dispute: A disagreement between a cardholder and a merchant which is presented to the issuing bank for resolution regarding items appearing on the cardholder monthly statement of account.

Electronic Access System(EAS): A web-based computer system required by the task order with the issuing bank for account set-up, maintenance, reporting and electronic bill presentment and certification.

Electronic Commerce (EC): Electronic techniques for accomplishing business transactions including electronic mail or messaging, World Wide Web technology, electronic bulletin boards, purchase cards, electronic funds transfer, and electronic data interchange. (FAR 2.101)

Electronic Funds Transfer (EFT): Any transfer of funds, other than a transaction originated by cash, check, or similar paper instrument, that is initiated through an electronic terminal, telephone, computer, or magnetic tape, for the purpose of ordering, instructing or authorizing a financial institution to debit or credit an account. The term includes Automated Clearing House transfers, Fedwire transfers, and transfers made at automatic teller machines and point-of-sale terminals. For purposes of compliance with 31 U.S.C. 3332 and implementing regulations at 31 CFR part 208, the term "electronic funds transfer" includes a Government-wide commercial purchase card transaction. (FAR 2.101)

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

Financial Management (FM) Office: The installation or activity office charged with funds management, funds control, and possibly funds certification. This office may be referred to as the Comptroller's Office, the Resource Management Office, the Financial Management office and/or the Budget Office.

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

Head of the Activity (HA): The military officer in command or the civilian executive in charge of the mission of a command or activity. The HA has overall responsibility for managing the delegation and use of the purchase card program. This individual has disciplinary authority over cardholders and approving officials.

Head of the Contracting Activity (HCA): The official who has overall responsibility for managing the contracting activity. (FAR 2.101) HCA responsibilities include the use of the purchase card by personnel under his/her contracting cognizance. Contracting activity for DoD also means an element of a defense agency designated by the director of that defense agency which has been delegated contracting authority through its agency charter.

International Merchant Purchase Authorization Card (IMPAC): A registered trademark provided by US Bank to identify the Government's VISA credit card. All purchase cards issued throughout DoD are referred to as Government-wide Purchase Cards.

Issuing Bank: A financial institution responsible for issuing DoD's government purchase card as a result of a task order against the GSA Smart Pay Master Contract.

Level 1 Data: Standard commercial transaction data which includes the total purchase amount, the date of purchase, the merchant's name, city/state, debit/credit indicator, date charge/credit was processed by the contractor, contractor processing/transaction reference number for each charge/credit, and other data elements as defined by the card associations or similar entity.

Level 2 Data: Adds additional data to Level 1 data about each purchase which includes merchant category code, sales tax amount, accounting code, merchant Taxpayer Identification Number, minority/women owned business codes, 1099 status and merchant zip code, and other data elements as defined by the card associations or similar entity.

Level 3 Data: Full line-item detail in addition to the data in Level 2 which includes unit cost, quantities, unit of measure, product codes, product descriptions, ship to/from zip codes, freight amount, duty amount, order date, discount amount, and order number, and other data elements as defined by the card associations or similar entity.

Master File: An electronic file maintained by the issuing bank. It contains all essential cardholder and approving official information. Elements of this file

include cardholder name, account number, a minimum four-line work address, cardholder's spending control limitations, cardholder's finance office, and other elements.

Media: A broad spectrum of methods used to convey information among parties that typically provides a permanent record of communications (e.g., paper, Electronic Data Interchange, electronic, floppy disk, optically stored media, computer disk, microfiche, microfilm, computer-to-computer communications via modem, networks (value added), facsimile, or any other acceptable methods of available communication).

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. The DoD Purchase Card Program Management Office will maintain the list of DoD-wide blocked codes. It will be the responsibility of the Component Level A/OPCs to administer and record any waiver requests to these blocks.

Method of Payment: Use of the card as a payment only instrument as applied to contractual instrument, i.e. BPA, IDIQ, etc.

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

Official Invoice: A proper invoice containing the data required by, and formatted in accordance with, contract specifications requesting payment be made to the issuing bank. The invoice shall, at a minimum, contain the following:

1) Invoice date;
2) Master file accounting code;
3) Foreign conversion rate and methodology;
4) Debit/credit indicator;
5) Itemized and total charges/credits (including Convenience Checks and Foreign Drafts, customized services, value added products and services and any miscellaneous fees as a separate item, where applicable);
6) Prompt Payment Act interest charges as a separate item, as applicable; and
7) Amount carried over from previous invoice.

The invoice shall include all transactions, debits and charges posted to the account during the billing cycle. The electronic invoice is presented by the issuing bank's electronic access system.

The EC/EDI Invoice is structured and formatted in accordance with I-FSS-599, Electronic Commerce - FACNET. Transmission of the certified EDI invoice to the payment office shall be performed in accordance with the EDI Concept of Operations (Appendix C).

As additional or enhanced data elements are available from the merchant and obtained by the issuing bank, the issuing bank shall pass the data to the Government.

Ordering Official: A cardholder granted the authority to place orders against existing government contracts.

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.

Positive Funds Control: A method by which cardholders will be precluded from exceeding reserved funds. Typically, maintaining positive funds control is accomplished by setting cardholder or approving official limits at the reserved amount. (DoD FMR – Volume 3 Chapter 8)

Pre-Purchase Approval: When required and identified by local procedures, documentation showing pre-purchase approvals for special use items (hazardous material, information technology, etc.).

Profile: A record containing all information relative to a particular account. It will contain demographic information, accounting information, authorization controls, billing information, etc.

Purchase Card Certifying Officer: Heads of DoD Components (or their designees) are responsible for the appointment of certifying officials. Certifying officials should be in the supervisory chain and have knowledge of the office requirements, appropriations and accounting classifications and the payment process. Certifying officers are responsible for: a) the accuracy of information stated in a voucher, supporting documents and records; b) computation of a certified voucher under sections 3528 and 3325 of title 31, United States Code;

c) legality of proposed payment under the appropriation or fund involved; d) providing advice to accountable officials; e) seeking advance fiscal decisions from legal counsel; and f) repaying a payment that is determined (1) illegal, improper, or incorrect because of an inaccurate or misleading certificate; (2) to be prohibited by law; (3) does not represent a legal obligation under the appropriation or fund involved.

Purchase Card Log: A manual or automated log in which the cardholder documents individual transactions and screening for mandatory sources when using the purchase card and/or convenience checks. Entries in the purchase log may be supported by internal agency documentation (i.e., request for procurement document, email request, etc.). The purchase card documentation should provide an audit trail supporting the decision to use the card and any required special approvals that were obtained. At a minimum, the log will contain the date the item or service was ordered, the merchant name, the dollar amount of the transaction, a description of the item or service ordered and an indication on whether or not the item was received. (Exhibit B)

Reactivation: The activation of purchase card privileges after suspension.

Reconciliation: The process by which the cardholder and the approving official review the monthly statements, reconcile against available vendor receipts and purchase card logs and authorize payment of those charges provided on the monthly invoice.

Requirement: Acquisitions begin with a description of the Government's needs.

Reservation of Funds: A commitment or obligation of funds within the appropriated financial system based upon cardholder or approving official projected needs during a specified time period (usually monthly or quarterly). (DoD FMR – Volume 3 Chapter 8)

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

Simplified Acquisition Threshold: The upper level at which an acquisition may use simplified acquisition rules; $100,000, except that in the case of any contract to be awarded and performed, or purchase to be made, outside the United States in support of a contingency operation (as defined in 10 U.S.C.101(a)(13)) or a

humanitarian or peacekeeping operation (as defined in 10 U.S.C. 2302(8) and 41 U.S.C. 259(d)), the term means $200,000. (FAR 2.101)

Single Purchase Limit: The dollar limit imposed on each purchase assigned to each cardholder account by the issuing DoD activity.

Suspension: The process in which an individual is prohibited from making purchases with the account/card due to delinquency, excessive span of control, or accounts in pre-suspension status multiple times.

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

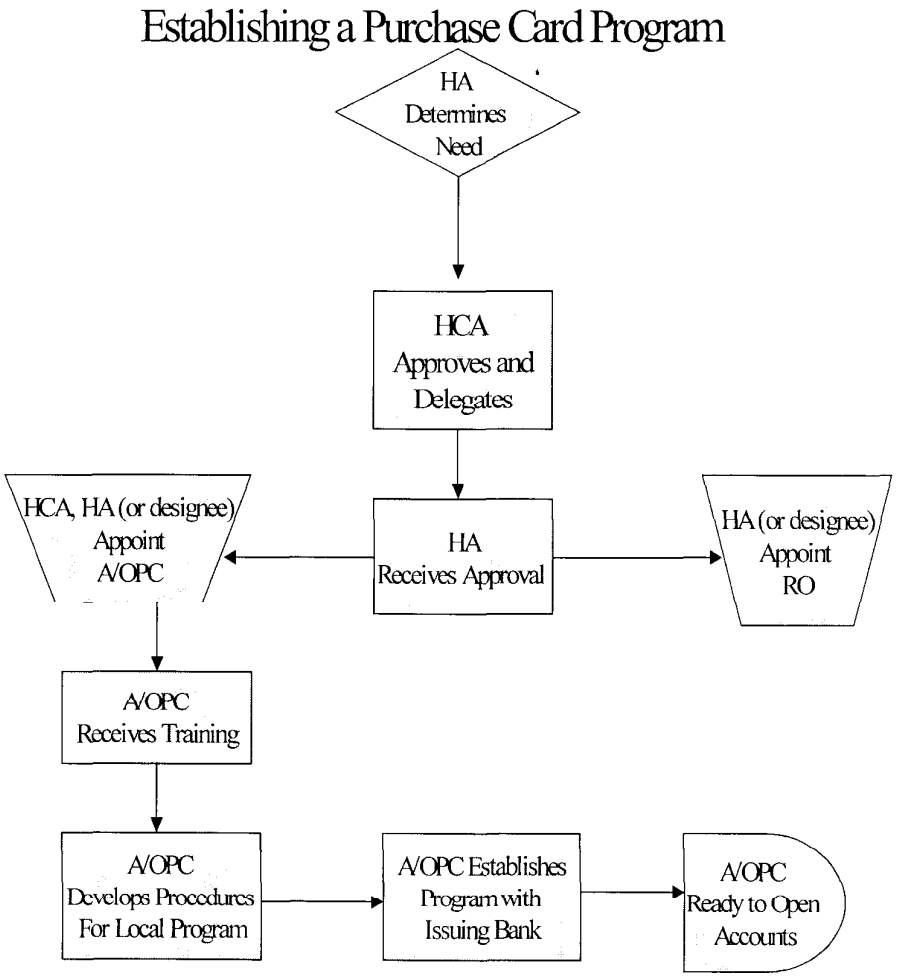
Transaction Dispute Office (TDO): The office that may be designated by the ordering agency/organization that assists the agency/organization and the issuing bank in tracking and resolving disputed purchases or transactions.

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

3. PROCESSES: The following information describes the Department of Defense Government Purchase Card processes. They are depicted via a flowchart with a narrative to support each step listed.

3.1 ESTABLISHING A PROGRAM

The establishment of a government purchase card program begins with the HA making a determination that a program is needed to support the mission of the organization.



Once the determination has been made by the HA that a purchase card program is needed, the HA must request authority from the HCA to establish their program.

Once the approval for establishment of the program is received by the HA, it is the HA's responsibility to assure that a Reviewing Official (RO) is appointed to

perform pre and post certification reviews of certified invoices within the purchase card program.

The HA is also required to assure the appointment of an Agency/Organization Program Coordinator (A/OPC) who will be responsible for management of the program on behalf of the HA. Attachment B identifies knowledge, skills and abilities required of an A/OPC and a grade level comparable for the responsibilities and authority of this individual. A/OPCs shall also be given adequate resources to carry out their responsibilities. A general rule of thumb when identifying required resources is one full time equivalent per 300 card and approving official accounts combined.

The A/OPC completes required training.

The A/OPC must become familiar with all guidance that governs their organization's program. This may include but is not limited to Federal Acquisition Regulation (FAR), Defense Federal Acquisition Regulation Supplement (DFARS), DoD Financial Management Regulation, Service or Component supplements and/or instructions. The A/OPC is responsible for developing and promulgating any local policy and procedures that may be mission specific.

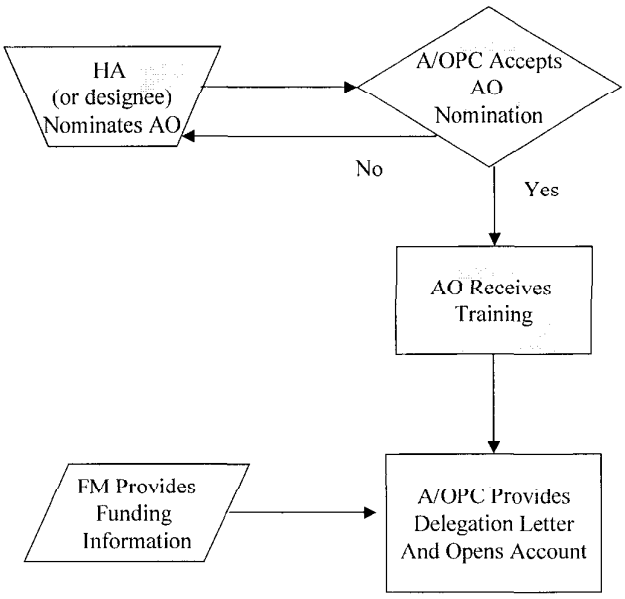
The A/OPC arranges with the card-issuing bank that services their organization under existing contracts and task orders to create a hierarchy level for their organization.

Once the bank has established a reporting hierarchy and all necessary information within the bank's database of record, the A/OPC is operational and ready to commence account set-up.

3.2 APPROVING OFFICIAL ACCOUNT SET-UP

Purchase cards can only be established when assigned to an approving official (AO) account. The Department of Defense requires a second level approval that is performed by the approving official.

Approving Official Account Set-Up



The HA or their designee must nominate an individual, either military or civilian, to perform the approving official and/or billing/certifying official roles and functions. That nomination is provided to the A/OPC.

Once the A/OPC accepts the nomination of the individual as an AO, the A/OPC will schedule training for the approving official.

After the approving official has received the required training, the A/OPC will obtain the information to open the account with the issuing bank. This includes the demographic information for the individual as well as the necessary financial information to properly establish and effect payment of the account. If an approving official is to replace an existing official, a new account does not have to

be opened. The A/OPC will update the account with the new approving official's information (name, address, phone number, etc.).

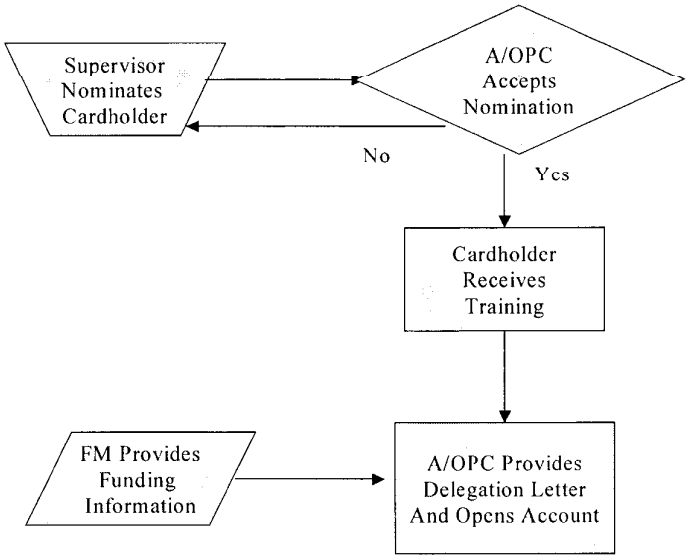
The A/OPC will then provide the AO with their written delegation letter in accordance with organization guidelines and open the account with the issuing bank.

If the AO will be the Certifying Officer for the cardholder's accounts, the AO must be appointed by issuance of a Letter of Appointment as a Certifying Officer and complete a DD Form 577, Signature Card. The Letter of Appointment and DD Form 577 must specifically describe the types of payments, such as purchase card invoices, that can be certified. See DoDFMR, Vol. 5, chapter 33, and USD(C) Memorandum, SUBJECT: Purchase Card Reengineering Implementation Memorandum #1, Certifying Officer Guidance, Change 1.

3.3 CARDHOLDER ACCOUNT SET-UP

In order for a purchase card account to be established, a specific individual must be designated as the purchase card account holder responsible for that account. That cardholder then becomes an accountable official for purchases made against that card. Exceptions to this are made on a case-by-case basis for accounts to be issued as unit cards versus individual cards; however, those exceptions must be approved by the DoD Purchase Card Program Management Office and be coordinated with the issuing bank.

Cardholder Account Set-Up



The proposed cardholder's supervisor must nominate that individual in writing to the A/OPC. Exhibit A is provided as a sample of the nomination letter. At a minimum, the key points noted in the letter must be included in the written nomination.

Once the A/OPC has accepted the nomination of the individual to receive the purchase card, the A/OPC will schedule training for the cardholder.

After the cardholder has completed the required training, the A/OPC will obtain the information to establish the account including demographics, funding

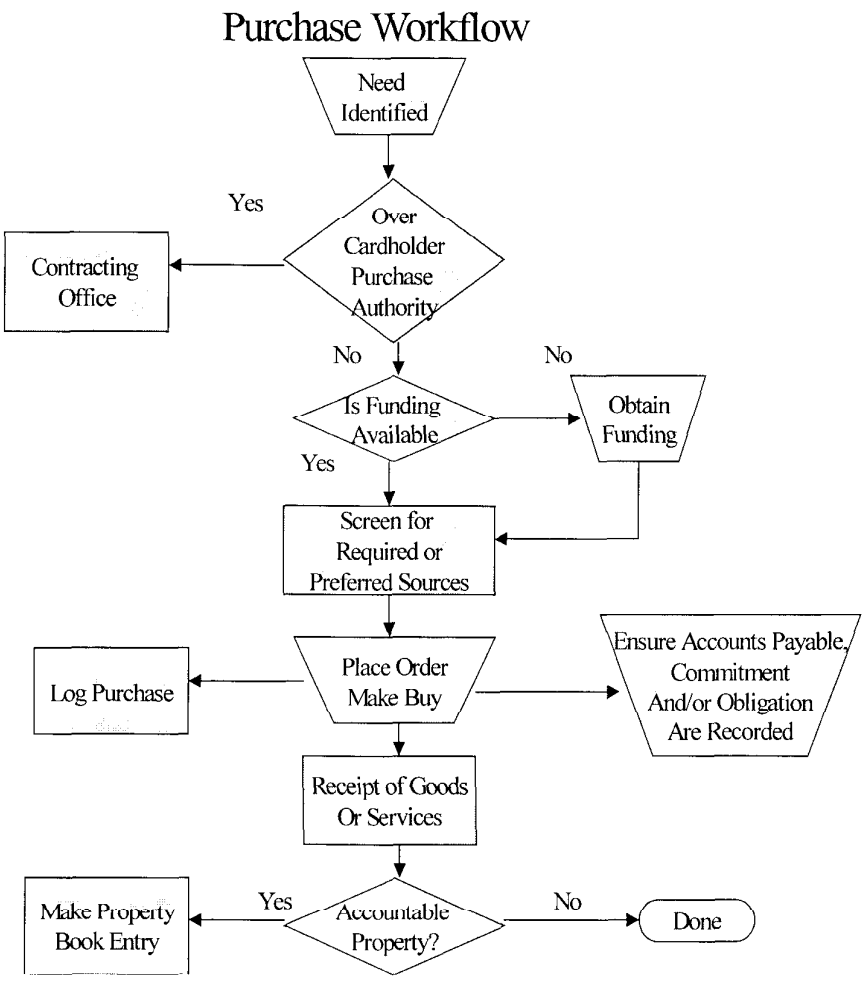
information and approving official responsible for the review and oversight of the cardholder account. As part of this process, the individual responsible for certification and payment of this account is also identified. In most cases, the Approving Official and the Certifying Official will be the same individual.

When the cardholder no longer needs the card or when they are transferred, the A/OPC must cancel their account.

Once all necessary information is obtained, the A/OPC will provide the cardholder with their delegation letter and open the purchase card account with the issuing bank. This same process is used when establishing a convenience check account.

3.4 PURCHASE WORKFLOW

After it has been determined that a mission requirement exists, the purchase card shall be the procurement and/or payment instrument, and the item is appropriate for purchase, the purchase shall be processed by the purchase card holder using the purchase card issued to them.



After the need has been identified, the purchase cardholder must determine if they are authorized to make the requested purchase. This determination is made based on the dollar value of the purchase, in total, compared to the authority granted that cardholder in their delegation letter. If the total of the request exceeds the individual's authority, the cardholder must refer the requirement to the contracting office for processing.

If it is determined that the total purchase is within the cardholder's authority, the cardholder must then determine that the item would be an appropriate, authorized purchase (legal and appropriate for the type of funds being used). If the cardholder is unsure of the appropriateness of the buy, (s)he shall request a determination from the local fiscal authority. The cardholder must then review the request in accordance with mandatory sources of supply, such as National Industries of the Blind (NIB), as specified in the FAR, DFARS and local governing instructions. Organizations may also designate preferred sources, such as Indefinite Delivery, Indefinite Quantity (IDIQ) type contracts, Federal Supply Schedules, existing Blanket Purchase Agreements (BPAs), etc. to be used in purchasing items for that organization. The cardholder must also screen to ensure that law or regulation does not prohibit the requested item or require special approvals. The cardholder must also assure that they have available funding to make the purchase.

If the item is prohibited or funding is not available, the cardholder shall notify the requestor of the situation. If the cardholder has any question of propriety of an item to be purchased (s)he must consult with the appropriate individuals to obtain guidance, i.e. financial manager, A/OPC, legal office, etc. Under no circumstances should the cardholder proceed with purchases that are not funded or authorized. If the requestor persists, refer the matter to the Approving Official, A/OPC and Financial Manager.

If it is determined that special approvals are required (hazardous material, managed items, etc.), the cardholder must obtain those special approvals prior to placing an order or making the purchase.

Purchases may be made via over-the-counter, telephone or internet order. If the purchase is made other than over-the-counter, i.e., in person at vendor site, a confirmation of order should be obtained. Cardholder must ensure that the vendor is aware of the tax exempt status of government purchases.

Once the cardholder has placed the order or made the purchase, (s)he must make an entry in a purchase log. Exhibit B identifies mandatory information required to be entered into the log for use in reconciliation of the cardholder statement.

Once the cardholder is in receipt of the goods, a record of receipt should be made in accordance with local procedures.

The cardholder must determine if any item purchased is identified as accountable property (over $5,000, or sensitive, classified, or pilferable and within threshold for accountability) in accordance with accountable property instructions for the

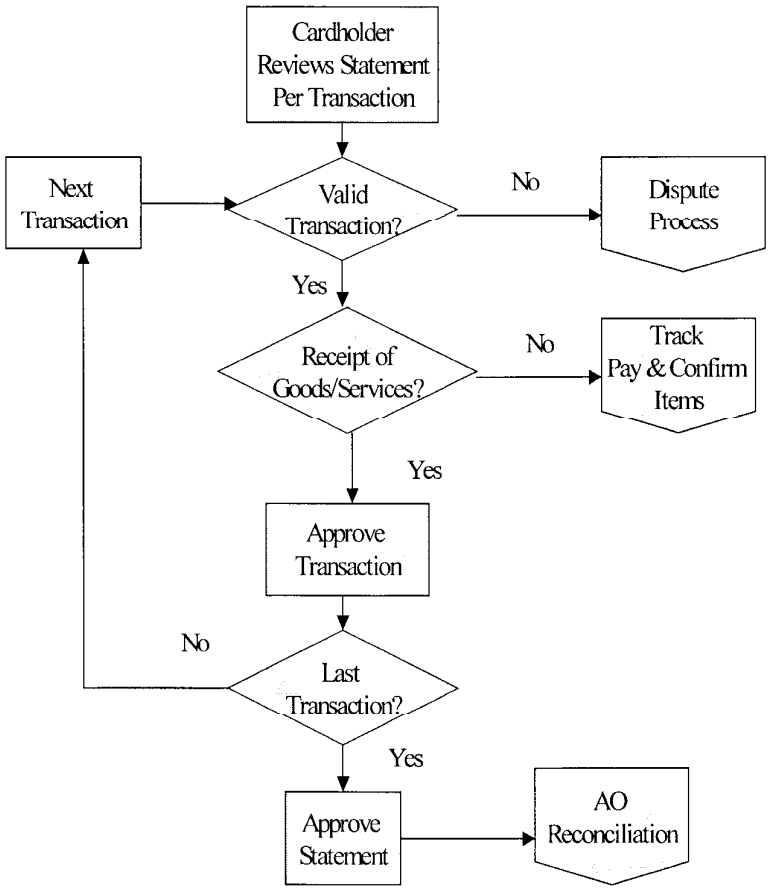
organization. If the item is classified as accountable property it must be reported to the property book officer and processed accordingly.

The cardholder is responsible for reporting transactions as required by DD1057 or DD 350 if applicable.

3.5 CARDHOLDER ACCOUNT RECONCILIATION

Cardholders are responsible for reconciling their purchase card statement for accuracy. The reconciliation, on a transaction-by-transaction basis, should not be accomplished at the end of the billing cycle. Cardholders have the capability to access and approve their transactions as they post to their statements via the bank's electronic access systems (CARE and CitiDirect). Frequent review of the transactions by the cardholders should help to eliminate disputes at the end of the cycle as it will allow merchants time to apply credits for improper charges.

Cardholder Account Reconciliation



The cardholder must review each transaction and match it to the purchase log entry to complete the reconciliation.

If it is determined that the transaction is not valid (not placed by the cardholder, double billed, wrong price, etc.), the cardholder must take the appropriate action. For items that are invalid, the cardholder should immediately call the merchant and

attempt to resolve the issue. Credits should be obtained within the billing cycle. If discussions with the merchant do not result in resolution, the cardholder must initiate a dispute immediately with the issuing bank. The dispute must be filed in accordance with the procedures outlined by the issuing bank. (See section 3.7)

If the transaction is not as the cardholder expected, i.e. amount is different, the cardholder should contact the vendor to resolve the issue. If the cardholder is not able to resolve the issue with the vendor within 30 days, the cardholder must file a dispute to protect the financial interest of the government. (See section 3.6)

If it is determined that the item is valid, it is approved.

If the item is a valid purchase but the goods and/or services have not been received, the cardholder will approve the transaction for payment and establish a suspense to ensure the item is received by the time the next statement is received. If the item is not received by the next statement date, [s]he is to dispute the transaction with the bank.

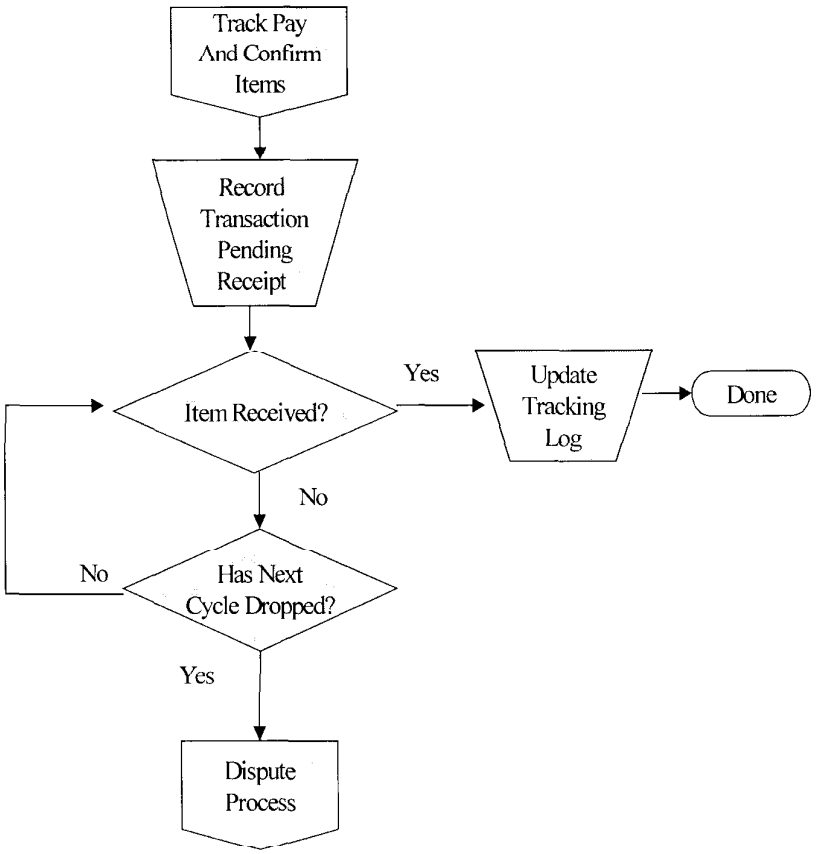
Once all transactions have been reconciled, i.e., approved or disputed, the cardholder can approve their statement. Cardholder shall acknowledge, either by signature or electronic acceptance, the validity of transactions as specified in current DoD guidance.

After the cardholder has approved his/her statement, [s]he must provide supporting documentation (original receipts, register slips, log entries, hand receipts for the purchases) to their approving official. The approving official is responsible for the second level review, maintaining all supporting documentation and invoice approval in accordance with section 3.8.

3.6 PAY AND CONFIRM PROCESS

The pay and confirm process allows the issuing bank to be paid for items that have been shipped by the vendor but not received by the organization.

Pay and Confirm Process



Once a cardholder has received his/her statement for approval and a purchase has been charged to the cardholder's account for which goods or services have not been received, it is the responsibility of the cardholder to monitor receipt of that purchase to ensure delivery.

A tracking process or list (suspense system) must be created for this purpose.

Once the item has been received the suspense would be updated accordingly. No further action is required.

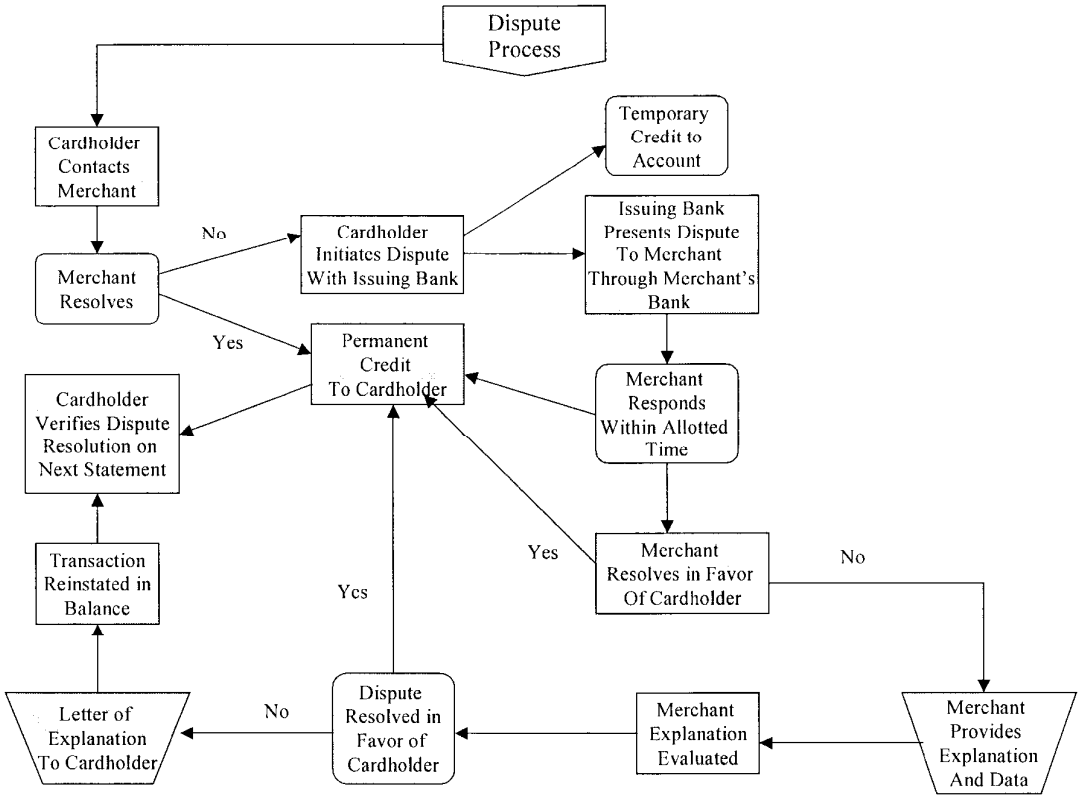
The cardholder should contact the vendor to ascertain the status of the shipment and anticipated delivery date.

If the next statement cycle has occurred and the organization is still not in receipt of the item, the cardholder must file a dispute to protect the interests of the government. (See section 3.7).

3.7 DISPUTE PROCESS

All cardholders have the right and responsibility to process disputes when they have been unable to resolve an issue with the vendor, such as credit for returned items, excessive charges, invalid charges, etc. While the federal government is tax exempt in most cases, sales tax is not a disputable item. If sales tax should not have been charged, the cardholder must obtain a credit from the vendor.

Dispute Resolution Process



Upon determination that a dispute is required (issue cannot be resolved with the merchant), the cardholder must initiate a dispute with the issuing bank. This must be done in accordance with the issuing bank's procedures.

Local organizational procedures will govern how the disputes are monitored at the organizational level; however, the installation must establish a suspense to ensure credits are received for disputed items. Failure of the cardholder to act promptly to protect the Government's interest can result in administrative and/or disciplinary action.

Should the bank request additional information in order to properly adjudicate the dispute, it is the responsibility of the cardholder to comply with the request to protect the interest of the government. If the cardholder does not comply with the bank's request, the cardholder could lose their dispute rights as related to that particular transaction.

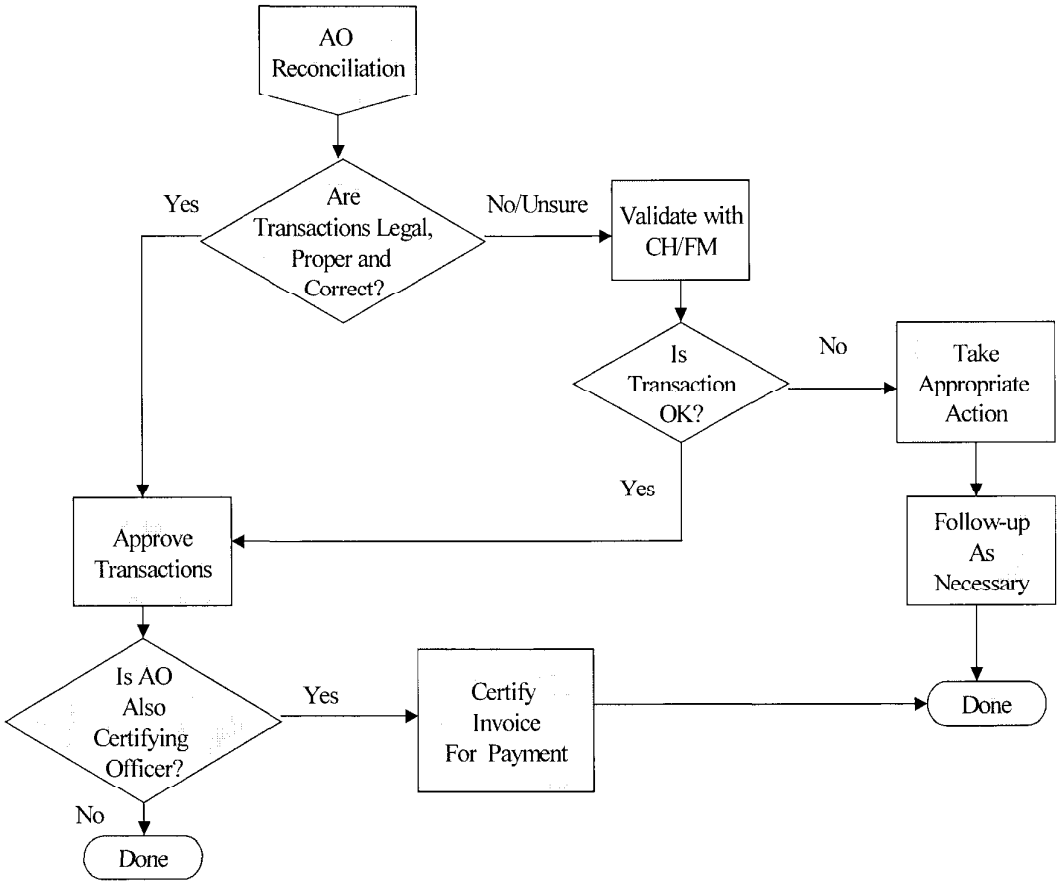
Upon acceptance of the dispute, the issuing bank provides a provisional credit to the cardholder account. Disputes are adjudicated in accordance with the card association's governing regulations. If the dispute is resolved in favor of the cardholder, no further action is necessary.

If the dispute is found in favor of the merchant, the transaction will be re-billed to the cardholder for payment. The cardholder must then approve the transaction for payment by their certifying officer.

3.8 APPROVING OFFICIAL RECONCILIATION AND CERTIFICATION

The Approving Official is responsible for the approval of all transactions for cardholders assigned to them. It is preferred that the Approving Officials be the supervisors of the cardholder(s) and co-located with the cardholder(s). This structure is critical to the management controls for the purchase card.

Approving Official Reconciliation and Certifying Officer Certification



It is the responsibility of the approving official to ensure all transactions for all cardholders assigned to them are legal, proper and correct in accordance with governing rules and regulations. (See Appendix A)

If the approving official has any question regarding a transaction (s)he should consult with the cardholder, review the supporting documentation and/or consult with his/her financial manager as appropriate to make their determination.

If the transactions are legal, proper and correct the approving official should approve their statement and/or certify the invoice.

If the AO determines that one or more transactions are not legal, proper and correct, the AO must inform the organization/agency program coordinator. If at all possible, the item should be returned and a credit received. If applicable, the cardholder must file a dispute to receive credit for the transaction. As appropriate, the A/OPC should refer potentially fraudulent purchases to the appropriate DoD criminal investigative organization.

If the cardholder was negligent or misused the card, appropriate administrative or disciplinary action shall be taken in accordance with Exhibit C and/or the organization's governing personnel policies and procedures to include cancellation and or suspension of the card account. Military members are subject to the Uniform Code of Military Justice as well.

<u>If the transaction was processed in accordance with the controls established by the organization, i.e. under the single purchase limit, not from a vendor with a Merchant Category Code that has been blocked, etc., then the issuing bank has fulfilled its responsibilities under the contract and the government is obligated to make payment to the bank for those transactions. The government must seek restitution from employees for any losses as a result of their improper actions.</u>

At a minimum, the cardholder and the AO are accountable officials in accordance with the definition provided in section 2.

Additionally, the AO when appointed as the Certifying Officer (CO) has pecuniary liability for an illegal, improper or incorrect payment.

When the AO is appointed as CO (s)he must certify the invoice, acknowledging his/her approval of "all transactions as legal proper and correct, except as noted" and forward to the appropriate payment office for payment.

The General Accounting Office (GAO) has amplified these statutory requirements by providing that certifying officers are responsible for reviewing invoices and vouchers to verify that:

1. the payment is permitted by law and complies with the terms of the applicable agreement;
2. the required approvals and authorizations are obtained;
3. the payment is supported by basic payment documents;
4. the amount of payment and the name of the payee are correct;
5. the goods or services have been received and comply with the agreement;
6. the quantities, prices and calculations are accurate;
7. all discounts have been properly applied;

8. all deductions and credits have been properly applied;
9. prompt payment requirements are followed;
10. the appropriation or fund is available for the proposed payment;
11. any special certificates are furnished; and
12. duplicate payments are prevented.

GAO Policy and Procedures Manual for Guidance of Federal Agencies, paragraph 6.5.

The certifying officer can accomplish this review on a 100% basis for each voucher or invoice, or he or she can rely on others, subject to a regular audit or statistical sampling verification process. See GAO Policy and Procedures Manual for Guidance of Federal Agencies, chapter 7.

If the account is electronically certified, the payment will process in accordance with sections 3.9 and 3.10.

It is the responsibility of the Certifying Officer to assure his/her account is kept current. If at any time a delinquency notice is received from the issuing bank, the Certifying Officer must resolve the delinquency. Assistance may be obtained from the A/OPC and/or payment office.

NOTE: OSD(C) has approved an alternative invoice certification process for the Air Force. Air Force uses a third level approval of a Financial Services Officer (FSO) who certifies a consolidated invoice for all managing accounts under their purview. The FSO certifies the invoice pending the review of the cardholders and approving officials. The FSO is responsible for assuring the timely approval of all managing accounts.

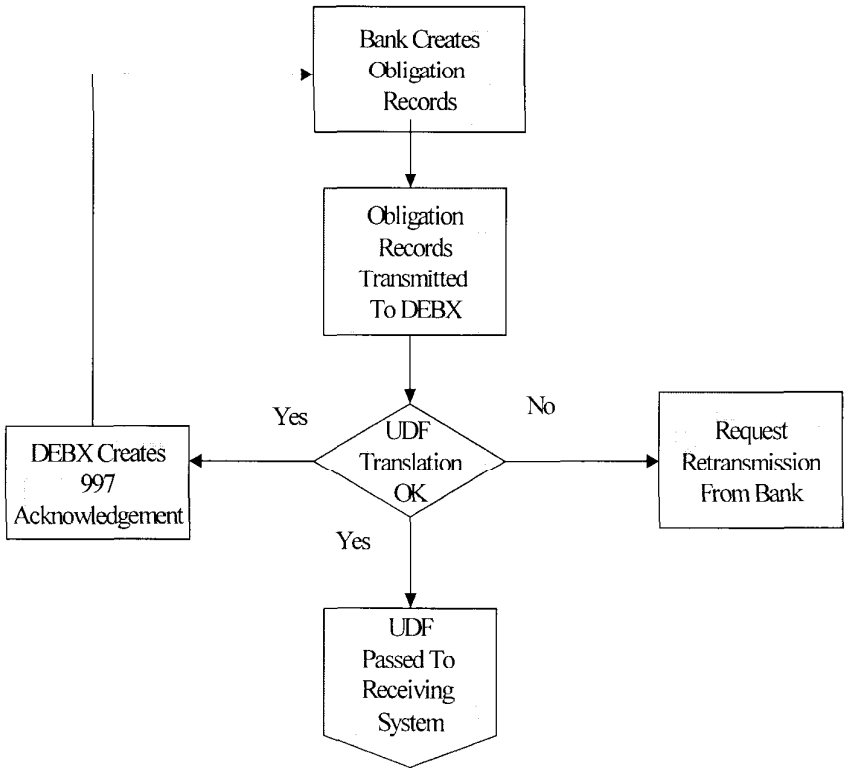
3.9 EDI EXTERNAL PROCESS

The Government Purchase Card Electronic Data Interchange (EDI) occurs both internal and external to the government. Our issuing bank partners play a key role in this process as described in sections 3.9.1 and 3.9.2. These sections are intended to provide a high level overview of DoD's implementation of EDI in the purchase card arena. For a full description of the mechanics of the EDI process see Appendix C. The EDI Concept of Operations is configuration controlled by the DoD Purchase Card Program Management Office who has overall responsibility for the document.

3.9.1 EDI EXTERNAL OBLIGATION PROCESS

The issuing bank generates obligation records for transmission to the customer's official accounting records based on business rules established in the EDI Concept of Operations (Appendix C).

EDI External Obligation Process



The bank generates 821 records based upon the DoD Implementation Convention standards for obligations. The timing of the generation is based on the three possible methods of processing obligations as selected by the customer. The three methods are Pre-Cycle Bulk, Transactional and Post Cycle Bulk. (For a description of these types see Appendix C.)

Once the issuing bank creates the file, it is transmitted to the government via the Defense Electronic Business Exchange (DEBX) network. This network receives the transactions and translates the EDI records into a format that can be processed by the receiving accounting system. This translation results in a User Defined File

(UDF) that can be processed into the government accounting system of record (i.e. STARS-FL, STANFINS, SOMARDS, DBMS, etc.). The translation is performed based on mapping requirements provided by the receiving system managers.

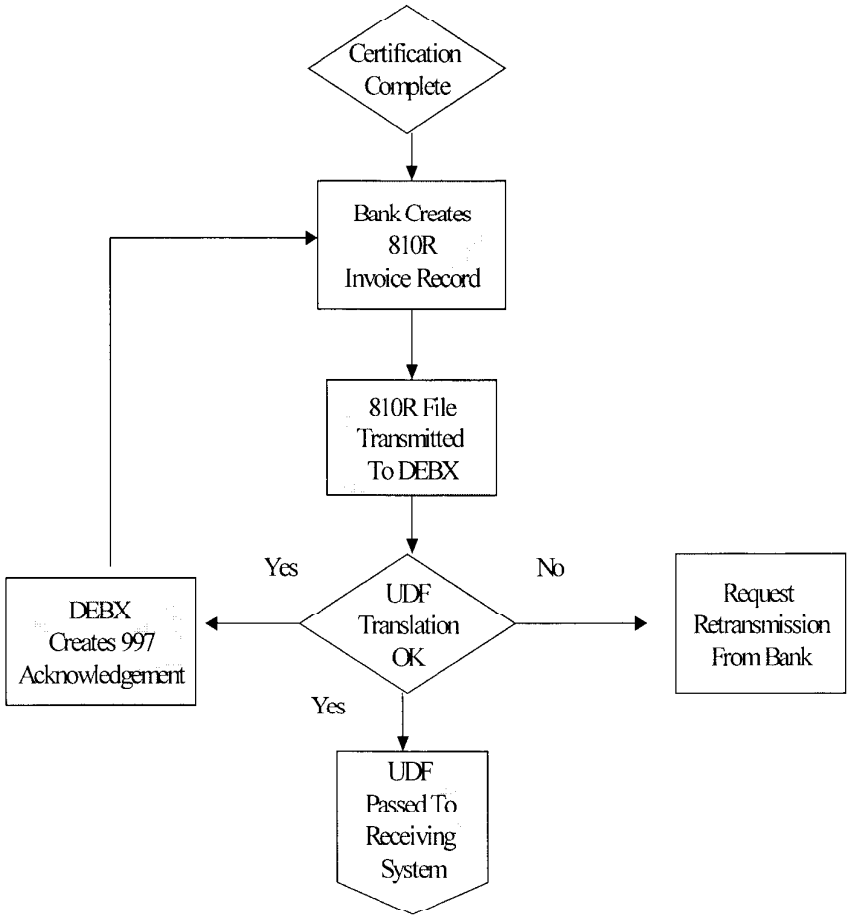
As part of the translation process, a determination is made as to the validity of the EDI file. If the file cannot be translated or does not contain all the required information, it does not meet processing requirements and the DEBX will request the bank to retransmit the file. If the file processes according to the specifications, the DEBX generates a 997 acknowledgement back to the issuing bank. This 997 indicates to the bank that the government has accepted the file for processing.

The UDF is then transmitted to the official accounting system for processing. Each receiving system has provided the DEBX with documentation as to the procedure to process its file.

3.9.2 EDI EXTERNAL INVOICE PROCESS

The issuing bank generates invoice records for transmission to the customer's entitlement system based on business rules established in the EDI Concept of Operations (Appendix C).

EDI External Invoice Process



The bank generates 810R records based upon the DoD Implementation Convention standards for certified invoices. The timing of the generation is based on the business rules as selected by the customer from the EDI Concept of Operations (see Appendix C). Regardless of the business rule selected, however, the trigger for 810R invoice generation is certification of the official invoice presented by the issuing bank.

Once the issuing bank creates the file, it is transmitted to the government via the Defense Electronic Business Exchange (DEBX) network. This network receives the transactions and translates the EDI records into a format that can be processed

by the receiving entitlement system. This translation results in a User Defined File (UDF) that can be processed into the government system (i.e. STARS-OBP, CAPS-W, CAPS-C, IAPS etc.). The translation is performed based on mapping requirements provided by the receiving system managers.

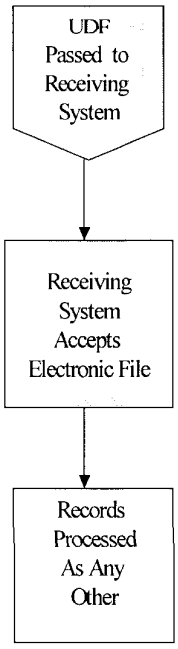
As part of the translation process, a determination is made as to the validity of the EDI file. If the file cannot be translated or does not contain all the required information, it does not meet processing requirements and the DEBX will request the bank to retransmit the file. If the file processes according to the specifications, the DEBX generates a 997 acknowledgement back to the issuing bank. This 997 indicates to the bank that the government has accepted the file for processing.

The UDF is then transmitted to the official entitlement system for processing. Each receiving system has provided the DEBX with documentation as to the procedure to process its file.

3.10 EDI INTERNAL PROCESS

Once the file has been transmitted from the issuing bank to the DEBX and the 997 has been transmitted to the bank, the government has accepted responsibility for the processing of that file. The creation of the User Defined File (UDF) facilitates the processing of the records by the appropriate system.

EDI Internal Process



Once the UDF has been generated, the DEBX transmits the UDF to the receiving system. This can be done through an intermediary or directly to the system for processing.

The receiving system accepts the UDF for processing. It is taken into the receiving system electronically without modification.

Once the records are taken into the system, they are processed in the same manner as any other record entered in any other manner.

4. ROLES AND RESPONSIBILITIES

No one individual can fill more than one role at a time with the exception of AO and CO as specified in USD(C) Reengineering Memo #1 dated 20 Nov 98 – Waivers to this may only be granted at the DoD Component level.

Agency/Organization Program Coordinator:

Manage the organization's purchase card program
Ensure integrity of the program is maintained
Process purchase card applications
Ensure delegations of purchase authority are issued
Prepare reports
Provide mandatory purchase card training, initial and refresher
Ensure accounts (CH & AO) are closed/maintained upon departure of individual from responsible position
Maintain training file
Maintain required span of control IAW DoD and component guidance
Provide business advice to cardholders
Serve as issuing bank POC at the organization
Serve as Bank Fraud Dept POC for bank referrals
Ensure implementation is coordinated with the servicing Financial Management official
Ensure a certified funding document exists before establishing the account;
Initiate the revocation and suspension of purchase card account privileges for individuals (cardholder and AO) who violate purchase card procedures;
Maintain a current listing of all cardholders and approving officials under their jurisdiction;
Conduct review on each AO at least every 12 months to include at least 25% of cardholders assigned to the AO;
Examine the population of transactions for purchases from unauthorized merchants, violations of limits, and other irregular activities. Conduct onsite reviews immediately for suspected violations;
Maintain review results on file;
Provide copies of review results to the AO, the AO's organizational commander and if applicable, cardholder;
Provide results of reviews with significant finding IAW DoD Component requirements;
Meet with AO to discuss noncompliance;
Take appropriate corrective actions in cases where abuse or misuse is uncovered;
Ensure adequate separation of duties;

Manage the cardholder and AO profiles and close accounts using the banks' automated tool;

Monitor transactions during the cycle in order to take more timely action against questionable purchases and possible split purchases using automated tools available;

When conducting reviews, verify that each individual purchase card file has adequate documentation, which includes receipt/acceptance credentials, purchase card log and cardholder statements;

Ensure financial controls are established in the account profiles in accordance with requirements. Specific financial controls must be established. Do not allow defaults to the maximum;

Monitor and assist in resolution of installation delinquency problems as required;

Ensure compliance with governing the Federal Acquisition Regulation and governing policies and regulations;

Assist CH and AO with account management and reconciliation as needed;

Provide effective procurement support to all departments and meet the procurement needs of the command as related to the purchase card program;

Analyze accounts and specific cardholder activity;

Act as Audit/Internal Review focal point for purchase card related issues;

Develop local purchase card policies and procedures where required to include file management procedures in accordance with FAR, FMR and local record retention policy;

Report program activity to all levels of management when required;

Perform team leader functions based on program size and staffing;

Attend yearly conferences as well as any other meetings and conferences pertaining to the program;

Perform special processing as required based on local systems or processes such as refunds as appropriate;

Approving Official:

Complete required initial and refresher training IAW DoD component requirements;

Ensure cardholder fulfills responsibilities;

Review/reconcile cardholders' statements;

Verify all transactions were necessary government purchases in accordance with the Federal Acquisition Regulation and all other government agency policy and procedures;

Recommend purchase card dollar limits to the A/OPC for cardholders under their purview;

Sign monthly billing account statement confirming accuracy;

Retain a copy of monthly invoice;

Maintain all original supporting documentation (receipts, logs, approvals) for accounts when the cardholder or check writer has transferred, been reassigned or retired and the account is closed;

Notify A/OPC of requirement to close any cardholder accounts for individuals that have transferred, terminated or retired or upon AO no longer serving in that capacity;

Transfer all AO records to replacement AO or A/OPC as required to assure continuity of records as required by the organization;

Notify A/OPC of any lost/stolen cards (in addition to cardholder notifying bank);

Resolve any questionable purchases with the cardholder;

Upon discovery of any improprieties – take appropriate action in coordination with HR, IG, Legal, A/OPC or HA;

Maintain official invoice documentation, i.e. all original receipts and support documentation required for invoice certification and payment.

Cardholder:

Complete required initial and refresher training IAW DoD component requirements;

Hold a valid delegation of purchase authority document;

Screen for required sources;

Rotate vendors;

Make legitimate purchases to satisfy a bona fide requirement at a fair and reasonable price;

Maintain a purchase log;

Review and reconcile all transactions posted to his/her account in a timely fashion to maximize rebates and avoid late payment interest;

Verify independent receipt of goods or services if applicable;

Approve statement for input to Approving Official;

Notify AO of any discrepancies included on the statement;

Resolve questionable transactions with vendors;

Track any purchases billed but not received;

Dispute unresolved questionable transactions;

Dispute transactions for which charges occurred during previous cycle where items have not been received;

Track disputes to completion;

Notify property book officer if Accountable Property;

Use issuing bank's EAS to monitor activity;

Maintain audit trail of purchases to include receipts and other supporting documentation;

Retain records in accordance with government standards IAW DoD FMR Volume 5;

Maintain physical security of their card to preclude compromise;
Notify issuing bank if card is lost or stolen;
Notify A/OPC of departure/termination of need of card account;
Maintain Convenience Check records to fulfill 1099-M tax reporting requirements.

Certifying Official:
Certify the invoice provided by the issuing bank IAW DoD FMR Volume 5, Chap 33 and forward to the payment office in a timely fashion;
Ensure accuracy of payments, including proper funds citation;
Report suspected improper payments immediately, however payment should still be made to the issuing bank;
Must "Certify the payment to be legal, proper and correct, except as may be noted herein or in supporting documents;"
Ensure no duplicate payments;
Must take corrective, administrative and disciplinary action as appropriate to address misuse or abuse of purchase cards;
Seek advice from the program officials and through component command chains for questionable purchases.

DFAS/DoD Component Payment Office:
Disburse payment for certified invoices as provided to them by the Certifying Officials;
Provide guidance/assistance to DoD PC PMO on EDI implementation;
Process reports of investigation from Heads of Activities;
Establish DoD EDI Implementation Conventions (DFAS);
Provide referrals to IG Community based on Operation Mongoose activities (DFAS-IR);
Provide 1099-M tax reporting on required transactions (DFAS).

DMDC:
Provide data repository for use in data mining effort and tax reporting;
Provide audit and investigative support.

DoD Components:
Promulgate and implement DoD policy;
Issue DoD component specific policy and guidance as required;
Maintain and report metrics to DoD as required;
Maintain a list of prohibited items for the component;
Maintain records of MCC block waivers granted for reporting to DoD PC PMO.

DoD PC PMO:

See DoD FMR, Volume 10, Chapter 10 (Charge Card Payments);

Manage and oversee DoD purchase card program;

Participate in data mining effort for purchase card transactions;

Coordinate creation and feedback of bank fraud queues;

Run quarterly reports on span of control, inactive cards and cardholders certifying their own purchases;

Maintain the DoD-wide blocked Merchant Category Code list (posted on DoD Purchase Card Website at http://purchasecard.saalt.army.mil – includes coordination with the issuing banks on implementation and Service level A/OPCs).

Financial Management:

Provide funding for use with the card both initially and ongoing;

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

Provide fiscal guidance to cardholders, approving officials and A/OPCs;

Assist as needed or required with program management;

Act as DFAS liaison for purchase card issues.

Head of the Activity:

Appoint a knowledgeable and independent Reviewing Official IAW FMR Vol 5, Chap 33 section 330802;

Appoint certifying officers (or delegate this responsibility);

Convene/order an investigation in accordance with Volume 5, Chapter 6 and Appendix C of the Financial Management Regulation when referrals are made by the reviewing official;

Forward reports of investigation through the appropriate channels to DFAS;

Take all appropriate actions as a result of investigation;

Determine need to establish a purchase card program and make request to HCA to establish;

Ensure appointment of local A/OPC and procedures are developed as needed;

Approve nomination of AO and CH (or delegate this responsibility);

Assure reviews conducted IAW DoD component policy;

Ensure effective internal management controls are in place;

Ensure sound management controls of the purchase card program are in effect;

Ensure performance standards include purchase card responsibilities.

Head of the Contracting Activity:

Delegate contracting authority to program officials;
Oversee those activities to which they have delegated contracting authority.

IG:

Audit and investigate as needed, required and requested

Issuing Bank:

Perform in accordance with contract and task order requirements;
Provide assistance by establishing and maintaining fraud detection queues;
Provide system of record for all purchase card transactions.

Personnel Office:

Ensure out-processing checklist includes A/OPC;
Advise on disciplinary actions.

Reviewing Official (IAW FMR Vol 5, Chapter 33 – section 330802.)

Perform periodic pre/post certified payment audits;
Maintain file of all inquiries from the review process or received from other sources;
Ensure all inquiries are resolved within 30 calendar days of the inquiry;
Determine initial questionable certification, coordinating as necessary with financial manager, fiscal attorney or DFAS to render a decision on questionable legality, propriety or correctness;
Refer determination of questionable legality, propriety or correctness to Head of the Activity;
Forward copies of the final reports with findings to the HA and to the DoD;
Component program manager and DoD Component financial manager.

USD(AT&L):

Issue DoD purchase card policy;
Coordinate all financial aspects with USD(C);
Provide purchase card advice to USD(C) on purchase card issues.

USD(C):

Prepare, coordinate and issue financial management policy and procedures;
Provide advice to USD(AT&L) on purchase card policy.

5. METRICS

Monthly reporting:

Numbers of cardholder accounts by service;
Numbers of managing accounts by service;
Number and dollar amount of transactions per month by service;
Delinquencies as a percentage of outstanding balance – no more than .75 percent;
Past Due Accounts – USD(C) metric of no more than 2 percent 60 days past invoice date;
Invoice reject rates at paying offices;
Length of time from certification to payment – no more than 5 days if electronic and 20 if manual;
Number of open reviewing official investigations;
Report results of reviewing official investigations.

Quarterly reporting:

Rebates earned as a percentage of potential rebates – use basis points associated with 8 days past cycle file turn as a baseline for potential value
Span of Control;
Data mining results;
Number of infrequently used cards;
Number of cardholders approving own statement.

Semi-Annually

Investigation statistics as reported to Congress

6. PROHIBITED ITEMS

Cash Advances	Money orders, traveler checks, and gift certificates are also considered to be cash advances and shall not be purchased by cardholders to obtain items from merchants who do not accept the GPC.
Travel Related Purchases	This includes rental/lease of motor vehicles associated with travel or temporary duty supported by travel orders (purchase of airline, bus, and train tickets), purchase of meals, drinks, lodging, or other travel or subsistence costs associated with official Government travel that will be reimbursed on a travel voucher.
Rental or Lease of Land and Buildings	Long-term rental or lease of land or buildings (i.e. rental or lease more than 30 days).
Fuel	Aviation, diesel, gasoline fuel or oil for aircraft.
Repair of Leased Vehicles	Repairs on leased or GSA fleet operated vehicle.
Gifts/momentos	The purchase of gifts/momentos to individuals.
Telecommunication Systems	Major telecommunications systems such as FTS or DSN.

Wire Transfers

Savings Bonds

Items at Antique Shops

Items at Pawn Shops

Foreign Currency

Dating & Escort Services

Betting, Casino Gaming Chips, Off-Track Betting

Transactions with Political Organizations

Court Costs, Alimony, Child Support

Fines

Bail and Bond Payments

Tax Payments

Use of Third Party Payment Services, such as Pay Pal, Ebay Billpoint, etc.

Special Approval Items

Printing	When services are requested outside of Defense Automated Printing Service, a waiver must be obtained.
Hazardous Material	Purchases of hazardous/dangerous materials must be approved by the local authority.
Advertising	Approval in accordance with local procedures.
Video Information (VI) Equipment and Materiel	Approval in accordance with local procedure.

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

7. OVERSIGHT/REVIEW/INVESTIGATIONS

The first level of review and oversight is the responsibility of the Approving Official.

The Reviewing Official must perform reviews of certified invoices in accordance with his/her duties as delineated in the DoD Financial Management Regulations.

The A/OPC is responsible for assuring reviews are accomplished in accordance with component guidance at a minimum of annually.

Oversight is conducted through the HCA chain of command in accordance with component governing regulations.

If any official in the process suspects fraud or misuse, it is their responsibility to report that suspicion to the appropriate authorities.

The Component audit organizations as well as the Department of Defense Inspector General will perform periodic audits.

DoD conducts a Department-wide initiative to review transactions on an ongoing basis for anomalies. Anomalies are referred to the appropriate audit or investigative organizations for follow-up and reporting.

EXHIBIT A: CARDHOLDER NOMINATION LETTER

SAMPLE

_____ is hereby nominated to obtain a

Government purchase card. This individual is under my supervision and, to

the best of my knowledge, all the following are true statements:

- the nominated individual has a continuing need to purchase items to perform the mission
- adequate funding is available and will be reserved in accordance with organizational procedures for financial management
- the individual is trustworthy and responsible
- the issuance of a card to this individual will not create a conflict of interest nor establish more then 7 cardholders for the approving official

I will advise you when the card is no longer needed to fulfill mission requirements on a continuing basis or if the cardholder leaves his/her current position.

Supervisor
Department

EXHIBIT B: LOG ELEMENTS

This list constitutes the current mandatory log elements as well as elements that may be of use by the organization but are not required at this time.

Log Data Elements: Mandatory

- Transaction Date
- Merchant
- Description of Item(s)
- Amount
- Date of Receipt
- Received By

Future: Or as needed currently.

Desired ability to import log entries in a standard input format

- (all elements available from the source would be transmitted)
- Quantity
- Unit Price
- Line Item Detail (Level 3 information)
- Property Book Item Y/N
- Standard Document Number
- Line of Accounting
- Socio-Economic Information
- Unit of Measure
- Merchant Full Address
- Merchant Telephone Number
- Merchant POC
- Purchasing Organization
- Purchasing Category – would need to define standards here
- Required Delivery Date (RDD)
- Discounts
- Net Price
- Name of Requisitioner (if not cardholder)
- Tracking Number for Requisitioner
- Delivery Address
- Goods Received
- Partial Shipment
- Delivery Complete (if partial accepted as full)
- Reminder (Use for tracking disputes, pay and confirm, etc.)

EXHIBIT C: DISCIPLINARY ACTIONS – SAMPLE

These example actions are based on governing regulations in effect as of August 2001. Current guidelines should be verified with your personnel and/or legal office.

Civilian Disciplinary Policies

Q. Do Department of Defense disciplinary policies provide the necessary tools to address employees who abuse or misuse purchase and travel charge cards or who fail to pay travel charge card debts?

A. Yes, Department of Defense disciplinary policies provide the necessary tools.

- Discretion for civilian disciplinary policy is left up to each Component and Defense agency and to some extent, subject to local collective bargaining agreements.
- For abuse or misuse of purchase and travel charge cards, each policy typically provides penalties for such offenses as misuse of government credit cards or failure to observe written regulations, orders, rules or procedures.
- Penalties for these offenses generally begin with written reprimands and vary for additional offenses, depending on the Component or Defense agency.
- Before taking any action for these offenses, you should check your Component's own policies and consult with your Employee Relations Specialist in Civilian Personnel or Human Resources.

Department of Defense Disciplinary Policies –
Purchase Card Misuse/Abuse

Component	Offense	1st Offense	2nd Offense	3rd Offense
DECA[1]	Unauthorized purchases or careless use.	Cardholder retraining and warning letter.	Card suspended for 30 days.	Employee relinquishes card.
DCMA	Using official government purchase card for unofficial cash withdrawals or purchases for personal gain or another employee's gain.	Reprimand to removal.	10-day Suspension to Removal.	Removal.
DoDEA	Misuse, improper use of a government credit card.	Reprimand to removal.	14-day Suspension to removal.	30-day Suspension to removal.
Army	Stealing, actual or attempted, unauthorized possession of government property or property of others, or collusion with others to commit such acts.	14 day suspension to removal.	Removal.	
Navy[2]	Unauthorized use of government property.	Reprimand to removal.	14-day Suspension to removal.	30-day Suspension to removal.

[1] DECA has no specific provisions for individual disciplinary actions. The above offenses and penalties for purchase misuse come from the DECA IMPAC Handbook.
[2] Navy indicates that Navy Commands and activities have developed additional policy/guidance covering this issue.

Air Force[3]	Refusal to comply with proper orders, want on disregard of directives.	Reprimand to removal.	Reprimand to removal.	5-day Suspension to removal.
DLA	Loss of, damage to or unauthorized use of government property.	Reprimand to 10-day suspension.	Reprimand to removal.	5-day Suspension to removal.
DSS	Misuse of government charge card.	Reprimand to removal.	Reprimand to removal.	Reprimand to removal.

[3] Although Air Force has no specific offense in its table of penalties for purchase card misuse/abuse, an employee could be disciplined for this infraction on the basis of not following orders or instructions.

APPENDIX A: LIST OF REFERENCES

Federal Acquisition Regulation(FAR) – Regulations governing contracting and purchasing actions by all federal government agencies using appropriated funds. The FAR consists of multiple parts.

- Part 2 – Definitions of Words and Terms
- Part 8 – Required Sources of Supplies and Services
- Part 13 – Simplified Acquisition Procedures

Defense Federal Acquisition Regulation Supplement (DFARS) – Department of Defense supplement to the FAR governing all Department of Defense components for contracting and purchasing actions using appropriated funds. Note: each component may issue additional supplements applicable to their organization.

Treasury Financial Manual – Volume 1 – Part 4 – Chapter 4500 – Government Purchase Cards

Code of Federal Regulations – Title 5 – Administrative Personnel – Chapter III – Office of Management and Budget – Part 1315 – Prompt Payment

Department of Defense Financial Management Regulation (FMR) – DoD regulation governing financial accounting and disbursement of DoD funds. The FMR comprises several volumes. Applicable volumes include:

- DoD FMR Volume 3 - Budget Execution
- DoD FMR Volume 5 - Disbursing Policy and Procedures
- DoD FMR Volume 10, Chapter 10 – Charge Card Payments

GSA Smart Pay Contract (http://purchasecard.saalt.army.mil)

DoD Directive 5000.xx series – Defense Property Accountability

DoD 4100.39-M Department of Defense Provisioning and Other Procurement Screening Manual, Volume 10, Table 61 (Pilferable Items)

Each Service and Defense Component has regulations and guidance concerning appropriate administrative actions for purchase card misuse and abuse. You should consult with your personnel advisors in your local Human Resources Office or Military Personnel Office to assist you in determining the appropriate penalties and procedural requirements when taking administrative actions.

APPENDIX B: A/OPC POSITION AND STAFFING RECOMMENDATIONS

The role of the Agency/Organization Program Coordinator is vital to the success of any purchase card program. The responsibilities of this position demand that this be the individual's primary responsibility. As such the following guidelines are strongly recommended in selecting the individual that will be responsible for the day-to-day operation of this vital procurement function.

There are three elements to the A/OPC position that are important to consider: (1) the span of control, i.e. number of accounts and/or transactions involved in the program, (2) grade and job series associated with the position and (3) the knowledge and skills required for the individual to be successful.

As a general rule of thumb, it is recommended that for every 300 accounts (cardholder and approving officials combined) one full-time A/OPC be appointed. The volume of transactions at the organization should also be considered when making this determination. For an organization with a large volume this number may be too high for the individual to perform the required tasks as delineated in section 4 of this CONOPS.

Given the responsibilities associated with this position, it is recommended that it be staffed at a minimum of a GS-11 or military equivalent. The size of the program would determine the number of personnel involved which would in turn determine the level required for the team leader position as well as the supporting positions.

While a particular job series is not mandated for the A/OPC position there are a number of skills that are necessary to manage a successful purchase card program. Those skills are identified below:

Knowledge of contracting policy and procedures, including the Federal Acquisition Regulation (FAR) and supplements

Knowledge of financial policy and procedures, including the DoD Financial Management Regulation (FMR)

Strong verbal communication skills with ability to resolve conflict

Ability to provide classroom training for initial and refresher training of account holders

Strong written communication skills to issue policy and guidance

Strong analytical skills

Strong computer skills to electronically manage the program, generate reports and provide management with information as required

Ability to understand commercial purchase card practices to accomplish program goals (i.e., internal controls, streamlined processes, etc.)

Ability to organize work and work independently

Ability to interact with a wide variety of personnel (including issuing bank), commanders, managers and cardholders of varying grades/ranks and business acumen

Ability to analyze and resolve complex issues

For programs that require additional resources, strong leadership skills for the Team Leader role

In addition, since this is a vital program to the day-to-day operations of any DoD organization, it is strongly recommended that, in addition to a full time primary A/OPC, an alternate A/OPC be appointed for programs that have only one A/OPC assigned. This is important at each level of the program, whether at the local organizational level, major command or component level.

WORKING DRAFT

March 22, 2002

CONCEPT OF OPERATIONS FOR DOD COMMERCIAL PURCHASE CARD SYSTEM ELECTRONIC DATA INTERCHANGE IMPLEMENTATION

1. ESTABLISHMENT OF CARD. The DoD Components have the capability to establish spending limits and Master Line of Accounting at the Billing Official (BO) or at the Card Holder (CH) level.

a. CARDHOLDER PROFILE/SETUP: Before a card is issued to a CardHolder (CH), a profile is established as a part of the initial CH setup with the Bank. This is done by way of a New Account Set up Form completed by the Agency/Organization Program Coordinator (A/OPC), on behalf of each designated CH. This form identifies, among other things, the first, middle and last name to be embossed on the card; the single purchase limit; the thirty day (billing cycle) dollar amount of purchases the CH can make; the Master Line of Accounting (LOA) which will appear on the CH statements and the invoices and will serve as the Default LOA; the distribution LOAs the CH is authorized to use, which will be maintained in a data warehouse as a pull down menu (pick file), if applicable; a Merchant Category Code Setup which provides the organization the opportunity to determine which type(s) of merchants that are to be blocked from using the purchase card issued to an individual, the billing official's (Approving Official's) name; a code (or edit within the Bank's data warehouse) that will identify whether it will be a bulk funded (one 821) or incrementally funded (821 per purchase) card; and a company account number which identifies the billing group a CH is be assigned, identifies the billing address for submitting a hard copy certified invoice (when automated interface is not operable into the finance and accounting systems). NOTE: Bank will automatically validate all transactions against CH and BO profiles.

b. APPROVING OFFICIAL (BO) PROFILE/SETUP: The Billing Official Set Up Form is used to create a new billing account for an BO and is used to link and group CH's to a specific BO. This form identifies among other things, the first middle and last name of the BO; the BO's complete mailing address and phone number; the BO's 30-day spending limit for all CH's grouped under the BO which is the maximum dollar amount authorized for the BO's group during the billing cycle; a Master Accounting Code which is optional at the BO level (if used, this code will become Master LOA for all CHs under the BO); and the reporting levels for the BO's account.

c. MASTER LINE OF ACCOUNTING (LOA): The Master LOA will be the default LOA identified during the CH and BO setup. The CH or BO's 30-day dollar limit may be used to establish the initial monthly obligation against this LOA in the accounting records. The Master Accounting Code requires a minimum of 26 discrete data fields (150 characters) and is based upon the FA2 reflected in attachment 1. This code will print on CH statements and BO's billing statements (invoices). <u>This field will be a mandatory entry for all cards issued</u>. The Master Accounting Code will be established as identified in attachment (1). Attachment two identifies descriptions. They are to be used by Resource Managers, A/OPCs, CHs and

BOs when establishing or changing a Master LOA or distribution LOA within the pick file. Budget and Accounting Classification Codes (BACC) data elements must be used.

d. EC/EDI: All electronic transmissions between the Bank and the supporting accounting and payment offices will be in an ANSI X12 version 4010 or higher. As applicable, the card issuing bank electronic access system shall meet the requirements of the Federal Manager's Financial Integrity Act.

2. RECORDING OF OBLIGATIONS. Card purchases may be bulk funded prior to each billing cycle in the form of a commitment or an obligation. The method to be used to obligate funds in the accounting records will be determined by the Component and conveyed to the Bank. There will typically be only one method selected by each Component (at the level two/three for Defense Agencies). Exceptions may be granted at the Level two/three for Defense agencies. Obligations are posted as a result of the transmission and acceptance of the ANSI X12 821 (4010 version or higher). Card purchases may be obligated under three obligation methods. The three obligation methods are :

   a. Post Cycle Bulk Obligating. Obligations post after the close of the billing cycle. This is the method where the posting of the obligation(s) occur(s) at the end of the billing cycle. For activities using this method, the bank will submit an 821obligation transaction to the supporting accounting office. The 821 will be transmitted via DISA or another VAN. Transmission will occur under either two methods: (1) upon certification of the billing statement after the end of the billing cycle or (2) immediately at the end of the billing cycle – even without invoice certification . The 821 will contain the summary of card transactions by Line of Accounting . The bank will withhold submission of the invoice (810) until at least two business days following submission of the 821. Pay and confirm activities will confirm that the 821 was posted into the accounting system successfully prior to certifying the 810.

   b. Pre Cycle Bulk Obligating. This is the method where the posting of the obligation(s) occur(s) at the beginning of the billing cycle. The amount obligated will either be the 30 day cardholder or office limit. The Bank will submit an 821 obligation transaction to the supporting accounting office on the first business day of each new billing cycle. The obligation will be posted against the master LOA. The 821obligation transaction will contain a unique Standard Document Number (SDN) within the LOA traceable to only that specific transaction.

   c. Transaction Based Obligating. This is the method where the posting of the obligation occurs immediately following the time the transaction is posted to the Bank's electronic access system (typically within two days of the purchase). The obligations will be posted in an amount equal to each purchase transaction as they occur throughout the billing cycle. The Master LOA will be assigned to each purchase at the time it is posted at the Bank.

   d. STANDARD DOCUMENT NUMBER (SDN) CREATION. The SDN will be a maximum of 15 digits: (1) Bank Assigned SDN: The bank will populate the line of accounting (FA2) with the SDN. Positions 1-6 will be the UIC contained in the FA2 line of accounting; digits 7-8 will be the last two digits of the appropriation beginning FY; digits 9-10 will be the billing cycle month, i.e. 01 for Oct (Navy & USMC will use CC in place of billing cycle); digits 11-15 will be the transaction sequence number assigned by the Bank's system. For those payment/accounting systems that will only accept a 14-digit standard document number, the first digit of the UIC will be dropped when posted in the payment/accounting system.

Every line of accounting (LOA) transmitted in an 821 will carry an SDN. The 821-00 is designated the original obligation. The 821CT-04 is designated as a change to the original obligation. The SDN will be created and maintained by the bank throughout a billing cycle. The method of assignment of SDNs to 821 and 810 transactions will vary depending upon the obligating method.

1. Pre cycle obligating: At the beginning of the billing cycle, and as part of the construction of the 821-00, the bank will assign a unique SDN to each discrete line of accounting within a billing account. Upon completion of the billing cycle, the bank will transmit 821CT-04s to adjust the obligation amounts contained in the original 821-00. The original obligation amount will be adjusted to equal the final and actual purchase amount. Each adjustment to a previously used line of accounting will carry the SDN used in the original 821-00. A new SDN may only be used if new and discrete lines of accounting are transmitted at the end of the billing cycle.

2. Post cycle bulk obligating: After cycle close, the bank will summarize like lines of accounting within a billing account to create discrete lines of accounting within that account. This will have the effect of eliminating duplicate lines of accounting within the 821-00. A unique SDN will be assigned to all discrete lines of accounting within the 821-00.

3. Transaction based obligating: Each line of accounting transmitted in an original 821-00 will contain a unique SDN. The unique SDN contained in the 821-00 (original) will be used in all subsequent 821CT-04 (change or reallocation) transactions that are generated to adjust the original 821-00. Assigning SDNs in this manner will allow the Service to net all debits and credits against a line of accounting within the accounting system. This will also allow the bank to transmit the netted line of accounting within the 810 invoice.

e. ACCRUAL. The expense is considered to occur when the purchase transaction is authorized and credit is extended by the card issuing bank to the Merchant's acquiring bank for the purchase. The accrual will be recorded by the accounting system as soon as possible **after** the occurrence of the following two events:

(1) the card issuing bank authorizes the purchase and credit is extended to the authorized cardholder for the purchase and

(2) the 821 obligation or 821CT has been transmitted from the card issuing bank to the applicable accounting system

3. ADJUSTMENT TO MASTER LINE OF ACCOUNTING WHEN DISTRIBUTION LINES OF ACOUNTING HAVE BEEN ESTABLISHED (REALLOCATION).

a. The Bank must provide the CH with the ability to reallocate purchases to different lines of accounting (distribution LOAs) if needed. This will be done by way of a pull down menu (pick file) based on distribution LOAs provided to the Bank at the time of establishment of a new CH. Reallocations will be transmitted as 821CT-04 transactions when reallocations are performed after the transmission of the original 821-00.

b. If an activity selected the Bulk-Pre or Transactional method of obligation, the following is accomplished by the Bank:

1. After the CH has reallocated LOAs using distribution LOAs, the Bank must transmit an 821CT-adjustment transaction to the appropriate accounting system.

2. The 821CT will deobligate from the original LOA the amount of funds associated with the selected transaction and then obligate the funds to the distribution LOA.

3. The deobligation from the original LOA must carry the original unique document number and each new LOA created for re-obligation with the 821CT adjustment transactions may contain a separate unique document number. Multiple reallocations to the same alternate lines of accounting can contain the same SDN as the first reallocation SDN. The Bank must submit 821CT transactions on a daily basis.

c. If an activity selected the Post cycle method of obligation, the following is accomplished by the Bank:

1. Reallocation prior to certification: The bank shall change the default line of accounting on the transaction selected by the cardholder to the new alternate line of accounting.

2. Reallocation after certification (Air Force only): For each transaction reallocated after certification, the bank will generate ANSI x12.821CTs summarized at line of accounting. A unique SDN will be generated for the first alternate line of accounting used. Subsequent reallocations to the same alternate line of accounting will contain the same SDN as the first reallocation to that LOA.

4. CERTIFICATIONS.

a. CARD HOLDER APPROVAL. The Bank will post cardholder transactions in their data warehouse. The billing statement will be generated from transaction data in the warehouse for each cardholder in the billing account. The CH will review the billing statement to ensure the items were purchased and the LOA is valid. This is done in conjunction with the procurement certification and Accountable Officials and Certifying Officers requirements identified in DoDFMR, Volume 5, Chapter 33. Upon receipt of the cardholder monthly statement, the CH may approve "as-is", dispute transactions, and/or reallocate LOAs.

1. Security Controls: The Bank must ensure that adequate controls are in place to ensure the security of transaction data within their electronic access system. Only the cardholder or billing official can approve, dispute, or reallocate purchase card transactions.

2. Approval by Card Holder: After the CH completes the reconciliation of all purchases for the month and has made any desired changes to the LOA(s), the CH will approve the data in the Bank's data warehouse as being purchased or disputed and that LOA(s) being used, is/are authorized for use by the CH. At this point the Bank will deactivate CH ability to make changes in the Bank's data warehouse for that billing cycle. The Bank must ensure that CH retains view only access. NOTE: The Bank must post (debit/credit) to the account of the appropriate CH, using the document number of any previously disputed item(s).

3. Submission of CardHolder Statement: The Bank will provide access to the CH statement within the Bank's data warehouse to the appropriate BO. BO's are reminded of the provisions contained in Purchase Card Reengineering Implementation Memo # 3 dated Mar 27, 1997 which state in part that: "Should

the certifying officer fail to receive the Statement of Account (SOA) reconciliation's from subordinate cardholders in sufficient time to allow for the billing statement to be paid timely, the billing statement shall be certified in full and forwarded to the disbursing office for payment...."

b. BILLING OFFICIAL CERTIFICATION:

(1) Monthly bill: The Contractor shall send a single itemized official invoice to the designated billing office and approving official for each centrally billed account promptly after the end of each billing cycle. The invoice shall include all transactions, debits and charges posted to the account during the billing cycle. The Bank will identify to the BO that the monthly bill has been reconciled by the CHs. The BO will have the ability to approve "AS IS" or make changes. Changes will be documented in the system with before and after data, and identification of person making the changes.

(2) Security Controls: The Bank must ensure that adequate controls are in place within their data warehouse to preclude anyone other than the BO or alternate BO from accessing, making changes and certifying the monthly bill.

(3) Certification by Approving/Billing Official: (1) For Components other than the Air Force, after the CH reconciles billed items, the AO/BO accesses the record and certifies the statement for payment. After this certification the Bank will deactivate the AO/BO's ability to make any changes within the Bank's data warehouse for billing cycle just certified. The Bank must ensure that AO/BO retains view only access. (2) For the Air Force, billing statements will remain open for reallocation/adjustments purposes until all CH/BO statements have been reviewed and approved. The activity must reconcile the billing statements within 60 days. The bank will provide DoD with a report of activities with managing accounts not reconciled within 60 days. When an automated capability is available, s will automatically suspend accounts which have not been reconciled between cardholders and billing officials within the 60 day window.

(4) Submission of Certified Invoice: The Bank will provide the AO/BO's certified monthly invoice in an 810-transaction format to the designated payment office/system through DISA or the appropriate VAN. The bank will submit one invoice per billing/approving official per billing cycle. The Bank will submit all 821s and 821CTs occurring within the billing cycle before submitting the corresponding 810. The bank will submit a certified 810 to the designated payment office/system through DISA or the appropriate VAN according to the following obligation methods used: (1) for Components (other than the Air Force) using the post cycle obligation method, the card issuing bank will submit a certified 810 to the designated payment office two business days after a successful transmission of the corresponding 821, or (2) for the Air Force (post cycle obligation) the bank will submit the invoice as soon as possible after invoice certification but not sooner than two business after successful transmission of the 821 obligation, or (3) for Components using the per transaction obligation method the submission of the 810 invoice will occur immediately after invoice certification provided that all applicable 821s and 821CTs have been successfully transmitted.

a. Disputes: Transactions officially disputed in the bank's electronic access system prior to certification shall not be included in the official invoice.

5. ADJUSTMENTS TO OBLIGATION.

The bulk obligated value will be adjusted down to the value of the purchases when the monthly cycle is billed. The Bank will submit an 821CT-adjustment transaction that will

create a deobligation to the initial monthly obligation amount. The amount of the adjustment will be the difference between obligation and amount certified for payment by the BO on certified 810 transaction, plus any disputed items. Disputed items must stay obligated until resolved at which time a disbursement must be done to pay for the previously disputed item or a 821CT adjustment is done to reduce the obligation to match previous disbursement if the dispute is upheld.

6. YEAR-END PROCESSING. During Fiscal Year End processing for DoD, the Bank will conduct an additional sweep of the data warehouse through the next-to-the-last-business day of the fiscal year. The purchase fiscal year and the posting fiscal year are not equal. The Billing Official must ensure that fiscal year of the LOA matches the fiscal year in which the purchase was made.

   a. BULK OBLIGATED CARDS: The sweep will include CH's log and transaction register and will result in an 821 CT adjustment to deobligate the difference between all CH purchases for the billing cycle and the initial 821 obligation for the billing cycle. On 1 October the Bank will generate an 821 obligation in the amount of the previous 821CT to reestablish the CH's bulk obligation for the remainder of the billing cycle.

   b. PER PURCHASE OBLIGATED CARDS: The sweep will be of the CH log only and will create an 821 obligation for all purchases posted to the CH log when a corresponding merchant transaction is not posted to the CH's transaction register in the Bank's data warehouse. The obligation will be created using the master line of accounting.

   c. END OF CYCLE OBLIGATION CARDS: The sweep will be of the CH log only and will create an 821 obligation for all purchases posted to the CH log when a corresponding merchant transaction is not posted to the CH's transaction register in the Bank's data warehouse. The obligation will be created using the master line of accounting.

   d. PRIOR YEAR TRANSACTIONS: When a merchant transaction is posted to Bank's data warehouse in the new fiscal year, the Bank must ensure that correct LOA and fiscal year is assigned to the transaction for reconciliation by the CH and subsequent certification by the BO.

7. LOA FOR INTEREST PENALTIES. Services/activities must provide the designated payment office and accounting office with a LOA for the posting of any interest penalties associated with this program. If, at the time a certified 810 is received at the designated payment office, a LOA for interest penalties has not been provided, the designated payment office will charge interest to the Master LOA.

8. CHANGES TO MASTER LOA AND/OR DISTRIBUTION LOA(s). The Master LOA and/or distribution LOA may be changed at the discretion of the Service.

   a. CURRENT YEAR CHANGES: Services must ensure that CH/BOs through their respective A/OPC, update the appropriate profile to reflect these changes. Changes must be made timely and correctly to ensure that proper and valid LOAs are available to the CH for distribution of expenses. The supporting accounting agency must ensure that LOAs received are valid within their respective payment/disbursement and accounting systems. Invalid/incorrect LOAs received will result in the return of the transaction(s) through the appropriate A/OPC to the CH for correction.

   b. YEAR-END CHANGES: On the first business day of the next fiscal year the Bank will rollover the previous years Master Line of Accounting and automatically increment the

fiscal year by one year. After the updates are complete, the Billing Official must validate the LOAs prior to new purchases.

9. CHANGES TO CH/BO MONTHLY SPENDING LIMIT: The monthly spending limit used to establish the bulk obligation or reservation of funds in the Bank's data warehouse can only be increased during a billing cycle. This will ensure that a CH/BO can not become over obligated during a billing cycle. Decreases to monthly spending limits, submitted during a billing cycle, will take effect when the 821 bulk obligation transaction is submitted (first day of the next billing cycle) or the reservation of funds in the Bank's data warehouse is accomplished for per purchase obligation CHs. Changes to monthly spending limits that require year-end processing procedures are still to be defined.

10. PREVALIDATION. The requirement to prevalidate all payments against recorded obligations prior to payment being made will apply to Purchase Card Invoices.

11. TRANSMISSION SECURITY. Electronic transmissions between the Bank(s) and DISA and/or between DISA and the payment/accounting office will be encrypted to ensure security of Government data.

12. INCORRECT LINES OF ACCOUNTING AND PROCESSING REJECTS. Incorrect obligation lines of accounting received by the payment or accounting office will be rejected and not processed until corrected by the appropriate service individual.

a. ACCOUNTING REJECTS UNDER A MANUAL PROCESS: 821 Accounting rejects will be handled two ways depending upon the supporting accounting system.

1. For those systems where the Service/Agency Resource Managers do not input obligations directly into the accounting system and do not work daily processing reports: Upon receipt of an incorrect 821 LOA the accounting office will immediately reject only the incorrect LOA. The correct LOAs within the 821 will be processed. In rejecting the incorrect LOA, the accounting office personnel will contact the appropriate A/OPC or FSO within 24 hours to identify the reject. Upon notification from the accounting office, the A/OPC or FSO must correct the current defective transactions and correct the root cause in the bank system within 24 hours.

2. For those systems where the Service/Agency Resource Managers do input obligations directly into the accounting system and work daily processing reports (such as SOMARDS & SIFS): Upon receipt of an incorrect 821 LOA the accounting system will reject only the incorrect LOA. The correct LOAs within the 821 will be processed. In rejecting the incorrect LOA, Resource Management personnel will manually correct the defective transaction, correct the root cause in the bank system and provide corrective information to the billing official in anticipation of the 810 reject. The RM will also copy the A/OPC. The correction must be made within 24 hours.

b. PAYMENT REJECTS UNDER A MANUAL PROCESS: A payment (810) reject forces the process to revert to a manual, paper based action. Upon receipt of an incorrect 810 the payment office will immediately reject the complete 810 invoice. Payment Office personnel will contact the installation, agency or activity A/OPC or FSO and notify that individual of the invoice reject. The notification will include evident information about the reject. The notification will occur within 24 hours. Upon Payment Office notification, the A/OPC/FSO/RM shall correct the LOA in the bank electronic access system and notify the

appropriate Approving/Billing Official. The Approving/Billing Official will immediately submit a certified paper invoice for payment. The resubmission of the certified paper invoice will occur within 24 hours of notification to the Approving/Billing Official. Until an automated reject process is developed, the billing official must certify the paper invoice and submit to the payment office for payment to be made.

c. BANK: The Bank must ensure that all changes to an LOA for obligation purposes are identical for payment purposes and vise versa. Upon receipt of a corrected LOA(s) from the certifying BO, the Bank will validate the LOA(s) changed are the same for obligation purposes as they are for invoice purposes. The Bank will make any necessary changes in a corresponding transaction file and then will transmit a corrected 810 or 821 to the payment or accounting office. Submissions of the corrected transaction must be included in the Bank's daily cycle for transmission to the payment of accounting office. Failure on the part of the Bank to submit corrected transactions in the next daily cycle may delay payments.

d. REJECT E-MAIL FORMAT: The communiqué or e-mail notifying the A/OPC or FSO of a reject will contain the following information:

TO: *E-Mail address of appropriate A/OPC or FSO*

CC: *E-Mail address of appropriate Bank from 12a or b above*

SUBJECT: REJECTED TRANSACTION

The following _____ (enter 810 for invoice, 821 for obligation or 821CT for obligation adjustment) transaction is being rejected for enter reason. (ex: invalid LOA; obligated amt does not equal certified invoice amt; obligation LOA(s) not the same as payment LOA(s), etc.)

Transaction SDN: Enter Standard Document Number assigned to LOA.

Billing Cycle Date: _____

Transaction Monetary Amt: Enter dollar amount of rejected LOA(s).

CH/BO's Activity Address: Enter CH/BO's FSN, ADSN, AAA contained in LOA(s) being rejected.

PAYMENT OR ACCOUNTING OFFICE POC: Enter name and comm. phone # of site POC.

e. ANSI X12, 824 REJECT NOTIFICATION: Procedures contained in paragraph 12a through 12d will remain in effect until the Bank can accommodate the 824-reject transaction for rejects. Once the 824 process has been implemented, the CONOPS will be amended with the revised procedures. In the future this may also include using the 824 as an acceptance transaction (indicating that the obligation posted correctly) to trigger the release of the 810.

13. REBATES/CREDITS. Rebates are based on satisfying certain early payment conditions and related reasons identified in the basic GSA contract for purchases made using the purchase card. Credits are as a result of returns, overpayments, settlement of disputed claims, etc.,

a. PROCESSING REBATES/CREDITS: Rebates will be posted as credits against billing statements and applied at the billing statement level unless specified otherwise at the level 2 (level 3 for Defense Agencies). The credit will automatically be applied to the default line of accounting. BOs should reallocate the rebates/credits across various LOAs (of the same appropriation) to the extent that no single LOA has a credit balance.

b. Processing Credits. Credit transactions will be posted as credits against billing statements, applied at the billing statement level. The credit will be applied against the LOA. Credit balances will be consolidated (across the entire level 4) on a fiscal quarter basis and the bank shall transmit the consolidated credit balance via check to the supporting accounting and finance organization. This will occur until an automated credit and rebate process is developed. In the case when a closed account carries a credit balance the amount shall be sent via check to an installation account predetermined by the A/OPC. The check will be addressed to US Government or US Treasury. The A/OPC shall work with his/her Resource/Financial Manager in

identifying an account and in determining how the rebate will be distributed within the installation. The billing official will send the check and line of accounting to the supporting accounting office with a request to deposit.

14. FA2 DATA ELEMENTS. Requests for changes to attachment 1 must be approved by the Purchase Card-Program Management Office (PC-PMO). Any request for additions or change to approved data elements must be forwarded through DFAS-HQ/F to the PC-PMO for approval and coordination with the Bank. Any request for addition must address as a minimum, why the requested data element is needed. Any requests for change or addition that exceed minimum elements needed to establish or match and obligation will be returned without action

15. Use of the Card as a Payment Vehicle. These business rules are to be applied when the card is used as a method of payment for delivery orders against requirements contracts, orders against Federal Supply schedule contracts and blanket purchase agreements. In these instances the default or distribution line of accounting associated with the card account are tied to the purchase card transaction and are the basis for the posting of the required obligation in the requisite accounting system. These rules cannot be applied to instances where a contract has been let and an obligation has been previously posted into the pertinent accounting system.

Attachment 1

See file FA2 3-20-01a.xls

Attachment 2.

EC/EDI ANSI X-12 VERSION 4010 FOR 810 AND 821 ONLY

A1	2	DEPARTMENT INDICATOR	DEPT

This field is used to indicate a 2 digit Department Code - Commercial Purchase Card - 21 for Army 57 for Air Force, 97 for Columbus or DoD funds used by services (i.e.) Working Capital, Medical. etc. ABBR: Air Force - **DEPT**, Army - **DEPT**, Navy - **GA**, USMC - **DEPT** & CO - **DEPT**

A3	8	FISCAL YEAR INDICATOR	FY

This 8 digit field is used to indicate the first year funds are available and last year funds are

available, (i.e.) One (1) year funds would cite 1998, two (2) year funds would cite 19981999 ABBR: Air Force - **FY**, Army - **FY**, Navy - **BFY/EFY**, USMC - **FY**, & CO - **FY**

A4 4 BASIC SYMBOL NUMBER BS

This field is used to indicate the 4 digit numeric code assigned by Treasury to indicate the type of fund or appropriation and its major purpose. (i.e.) Army O&M is 2020, DoD O&M is 0100, AF O&M is 3400, etc. ABBR: Air Force - **ASN**, Army - **BSN**, Navy - **APPR**, USMC - **BASIC SYM**, & CO - **BSN**

A5 4 LIMIT/SUB-HEAD SCL

This field is used to indicate the 4 digit numeric suffix to the BS. It identifies a subdivision of the funds that restricts the amount or use of funds for a certain purpose such as contingency funds (i.e. .0012) ABBR: Air Force - **LIMIT**, Army - **LIMIT**, Navy - **SUBHEAD**, USMC - **SUBHEAD**, & CO - **LIMIT**

A6 2 FUND CODE/MCC FC

This field is used to indicate a 2 digit Fund Code or Material Category Code ABBR: Air Force - **FC**, Army - **NOT USED**, Navy - **MCC**, USMC - **FC**, & CO - **NOT USED**

B1 2 OPERATING AGENCY CODE OAC

This field is used to indicate the 2 digit code that identifies the organization issuing the funds; or under whose jurisdiction the installation or activity operates. (i.e.) a MACOM or MAJCOM or equivalent. ABBR: Air Force - **OAC**, Army - **OA**, Navy - **NOT USED**, USMC - **FA**, & CO - **OA**

B2 5 ALLOTMENT SERIAL NUMBER ASN

This 4/5 digit code is used identify a particular distribution of funds. ABBR: Air Force - **OBAN**, Army - **ASN**, Navy - **BCN**, USMC - **BCN**, & CO - **ASN**

B3 6 ACTIVITY ADDRESS CODE/UIC UIC

This 6 digit field is used to indicate the Unit Identification Code or Activity Address card holder making the purchase. ABBR: Air Force - **BPAC**, Army - **UIC**, Navy - **UIC**, USMC - **UIC**, & CO - **NOT USED**

C1 12 PROGRAM ELEMENT CODE PEC

This field is used to establish a code that is not to exceed 12 digits that interrelate programming
budgeting, accounting and manpower control through a standard classification. ABBR: Air Force - **PEC**, Army - **AMSCO**, Navy - **COST CODE**, USMC - **COST CODE**, & CO - **COST**

C2 8 PROJECT TASK ORG
This 8 digit field is used to identify the Organizational Code.
ABBR: Air Force, Army, Navy, USMC - **NOT USED**, & CO - **ORG**

D1 2 ALLOCATION RECIPIENT MFP
This 2 digit field is used to identify Defense Agency Allocation Recipients.
ABBR: Air Force - **MFP**, USMC - **BESA**, Army, Navy & CO - **NOT USED**

D4 7 JOB ORDER/WORK ORDER JO
This maximum of 7 digit field is used to indicate a Job Order or Work Order Number for
assigning costs to a specific project.
ABBR: Air Force - **JON**, Army - **JON**, Navy - **PAA**, USMC - **PAA**, & CO - **JO**

D6 1 SUB-ALLOTMENT RECIPIENT SAR
This 1 digit field is used to identify the sub-allotment recipient.
ABBR: Air Force, Army & CO - **NOT USED**, Navy - **SUB-ALLOT**, USMC - **SUB-ALLOT**

D7 6 WORK CENTER RECIPIENT WCR
This 6 digit field is used to identify the work center recipient.
ABBR: Air Force - **RC/CC**, USMC - **MAC**, Army – **Cost Center Code**, Navy & CO - **NOT USED**

E1 1 MAJOR REIMB SOURCE CODE RBC
This 1 digit field is used to identify the major reimbursement source code.
ABBR: Air Force, Army & Navy - **NOT USED**, USMC - **RBC**, CO - **RD**

E2 3 REIMBURSEMENT SOURCE RSC
This 3 digit field is used to identify the source from which a reimbursement is to be received.
ABBR: Air Force - **ARSC**, Army - **RSC**, Navy - **NOT USED**, USMC - **RON**, & CO - **RSC**

E3 6 CUSTOMER IDENTIFIER CI
This 6 digit field is used to identify a specific customer who has requested goods or services.
ABBR: Air Force - **MPC**, Army - **CN**, Navy - **NOT USED**, USMC - **CI**, & CO - **NOT USED**

F1 5 OBJECT CLASS/EOR/EOE OC
This 4/5 digit field is used to identify the general purpose and nature of the product or service.
ABBR: Air Force - **EEIC**, Army - **EOR**, Navy - **OC**, USMC - **OC/OSC**, & CO - **OCC**

F3 1 GOVT/PUBLIC SECTOR IDENT GPS
This field is use to identify the source providing the goods or service.
ABBR: Air Force - **TYPE VENDOR**, Army - **ODC**, & CO - **W/O**, Navy & USMC - **NOT USED**

G2 2 SPECIAL INTEREST/PROGRAM SIPC
This 2 digit field is use to identify any special or emergency program costs, (i.e.) Desert Storm/Shield.
ABBR: Air Force - **ESPC**, USMC - **BRC**, Army, Navy & CO - **NOT USED**

I1 6 DoD BACC SHORTHAND DBSH
This maximum 6 digit field is use to identify the specific elements of the accounting classification and
may be used as a short cut of entering elements into the accounting system for each transaction.
ABBR: Air Force - **MAC**, Army - **A/OPC**, Navy - **NOT USED**, USMC - **CAC**, & CO - **A/OPC**

J1 15 DOCUMENT REFERENCE NBR SDN
This 14/15 digit field is use by accounting to track the obligation record through all accounting phases.
ABBR: Air Force - **SDN**, Army - **SDN**, Navy - **SDN**, USMC - **SDN**, & CO - **SDN**

L1 6 ACCOUNTING INSTALLATION AI
This 6 digit field is use to identify the accounting activity responsible for providing accounting services
to a specific installation or activity.
ABBR: Air Force - **ADSN**, Army - **FSN**, Navy - **AAA**, USMC - **AAA**, & CO - **FSN**

N1 3 TRANSACTION TYPE TT
This 2/3 digit field is use to identify the transaction type code.
ABBR: Air Force - **BAAN**, Army – **TT, AMC Only**, Navy - **TTC**, USMC - **TTC**, & CO - **NOT USED**

O1 6 SHIP-TO ADDRESS CODE SRAN
This 6 digit field is use to identify the receiving address code.
ABBR: Air Force - **SRAN**, Army, Navy, USMC & CO -

NOT USED

P5 12 FMS CASE COUNTRY & FMS LINE

This 12 digit field is use to indicate the FMS Case Number, Country Code and FMS Line Number.

ABBR: Air Force - **FMS**, Army - **FMS**, Navy, USMC, & CO - **NOT USED**