

**Procurement & Property Division
Policy Memorandum**

Subject: Contract Payments Using the Purchase Card		Number: 32 - 02
Distribution: ARS PAOs, FD, PPD	Date: November 3, 1999	This Replaces: N/A

Background

The National Performance Review of 1993, recommended that agencies increase their use of Government Purchase Cards for small purchases. In 1994, the Federal Acquisition Streamlining Act further encouraged the use of Purchase Cards.

As a result of the increased emphasis on the use of the Purchase Card, the feasibility of using it to make payments under existing contracts as been reviewed. This policy memorandum provides the results of that review.

Policy Guidance

Based on the review, it has been determined that the use of the Purchase Card to make contract payments would not be appropriate at this time. The following provides the reasons for this determination:

- o At present, the NFC accounting system cannot accommodate this procedure. The NFC procedures would require changes to allow the obligation of funds at the time of authorizing payment versus at the time of award.
- o The Purchase Card is usually used for a one- time purchase that also obligates the funds at the time of purchase.
- o There would be additional burden/responsibility on the Contracting Officers requiring them to obligate or de-obligate, and reconcile each monthly contract payment.

- o The Purchase Card would not be cost effective. The Defense Contract Management Command has demonstrated through pilot programs that offerors added costs to their proposals for payment by the Purchase Card.
- o In accordance with FAR Clause 52.232-36, payments are not subject to the Prompt Payment Act and no payments can be assigned under the provisions of the assignment of claim terms included in a contract.

Action Required by REE Contracting Officers

None

PPD Point of Contact

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Approved

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