

**DEPARTMENT OF DEFENSE GOVERNMENT
CHARGE CARD GUIDEBOOK FOR
ESTABLISHING AND MANAGING PURCHASE,
TRAVEL, AND FUEL CARD PROGRAMS**

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Chapter 1

Introduction

PURPOSE

The purpose of this guide is to help Department of Defense (DoD) officials establish and manage charge card programs. It provides a high-level overview of the policies and processes, with a goal to streamline and consolidate processes common to the purchase, travel, and fuel card programs.

The business rules identified in this guide address many of the recommendations identified in the [DoD Charge Card Task Force Final Report of June 27, 2002](#) and the Management Initiative Decision (MID) No. 904, Department of Defense Charge Card Management, of December 18, 2002. Additionally, these business rules establish a proactive environment to continuously strengthen the charge card programs.

The chapter that follows presents business rules common to all card programs (purchase, travel, and fuel). While these programs generally have much in common, some differences result by nature of each program's liability structure. Purchase cards, travel charge cards with centrally billed accounts (CBAs), and fuel cards involve government liability (i.e., the government is responsible for payment). Travel charge cards with individually billed accounts (IBAs) involve individual liability (i.e., the Cardholders [CHs] are responsible for payment). The business rules that are unique to each type of program are presented in the appendices.

Chapter 2 and the program-unique appendices A, D, E, F, G, and H are each broken into sections that address issues in the following areas:

- ◆ Processes,
- ◆ Program management,
- ◆ Personnel, and
- ◆ Special issues.

The appendices also offer additional information that will be useful in establishing and managing card programs. Appendixes B and C supplement the purchase-card-unique Appendix A by providing information on using the card for contingency and humanitarian aid operations, and using the card for overseas shipments, respectively. Appendix I identifies the abbreviations and terms used within this

guide, and Appendix J concludes the guide with a list of regulatory/policy resources.

ACKNOWLEDGMENTS

The Under Secretaries of Defense (Comptroller) and (Acquisition, Technology, and Logistics) established the DoD Charge Card Integrated Product Team (IPT) in February 2003. The IPT reports to the Special Focus Group, which oversees charge cards for DoD within the aegis of the Acquisition Governance Board of the Business Enterprise Architecture (BEA). The Special Focus Group focuses on establishing a common approach toward the cards across the Military Services and Defense Agencies, as well as a vision for the future. The IPT supports the Special Focus Group in its endeavors.

The Charge Card IPT is comprised of representatives from the DoD Purchase Card Program Management Office (PCPMO); the DoD Travel Card Program Management Office (TCPMO); the Departments of the Army, Navy, and Air Force; the Defense Finance and Accounting Service; the Defense Logistics Agency; the Defense Energy Support Center; the DoD Inspector General, and other Defense Agencies. The IPT produced this guide.

This guide neither supersedes nor takes precedence over more restrictive Component procedures. Rather, it is designed to provide additional guidance for the establishment and management of card programs. An [electronic version of this guide](#) is available online at the [Defense Procurement and Acquisition Policy Web site](#).

Chapter 2

Common Business Rules for All Card Programs: Purchase, Travel, and Fuel

This chapter contains business rules common to purchase, travel (CBAs and IBAs), and fuel card programs.

PROCESSES

The following sections present summary-level overviews of processes common to all of the card programs.

Establishing a Program

The list below depicts the key steps in establishing a card program.

- ◆ Determine need.
- ◆ Request authority.
- ◆ Establish internal controls.
- ◆ Complete training.
- ◆ Coordinate with issuing banks; for example:
 - Establish accounts, and
 - Establish reporting levels.

The Component Program Manager (CPM) and Agency/Organization Program Coordinator (A/OPC) should be given adequate resources to carry out responsibilities. The ratio of total accounts—CH and Billing Official (BO)—per A/OPC should be considered when program guidelines are established.

The Program Managers identified above must become familiar with all guidance that governs his/her organization's program. This may include the

- ◆ [DoD Financial Management Regulation](#) (FMR),
- ◆ [Defense Federal Acquisition Regulation Supplement](#) (DFARS),

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- ◆ DoD Joint Travel Regulation
 - ◆ Service supplements and instructions, and
 - ◆ Component supplements and instructions.

See [Appendix J](#) for a list of regulatory/policy resources.

PROGRAM MANAGEMENT

Program Outcomes

At the Department level, the desired outcomes for charge card programs include the following:

- ◆ Card business should be conducted efficiently and effectively.
- ◆ Authorization controls should be appropriate.
- ◆ Card program management should be integrated into the overall management.
- ◆ Management controls should effectively identify, correct, and address fraud, waste, and abuse.
- ◆ Guidance, training, and remedies should be consistent throughout Service and Agency card programs.

At lower organizational levels, the assessment of program performance can be accomplished using more finite indicators and metrics that fit within and address overall program goals.

Management Controls

Card program management controls are the tools and activities used to identify, correct, and prevent fraud, waste, and abuse. To minimize losses, card programs should have:

- ◆ Support from higher levels.
- ◆ An expectation of high integrity and ethical behavior from all participants.
- ◆ Periodic audits and risk assessments to identify sources of fraud, waste, and abuse.
- ◆ Specific controls in place to reasonably ensure that losses due to fraud, waste, and abuse are minimized.

- ◆ Proper training and reporting resources to ensure personnel have the proper skills, knowledge, and information to be effective in their jobs.
- ◆ Adequate management oversight.

INVESTIGATION, DISCIPLINING, AND REPORTING CARD MISUSE, FRAUD, AND ABUSE

See the following resources for guidelines on investigating, disciplining, and reporting misuse or abuse of charge cards:

- ◆ Memorandum on [“Guidance for the Investigation of Fraud, Waste, and Abuse involving the Use of Purchase Cards and Travel Cards,”](#) dated 09/25/02
- ◆ Memorandum on [“Disciplinary Guidelines for Misuse of Government Charge Cards by Military Personnel”](#) from the Office of the Under Secretary of Defense, dated 06/10/03.

OTHER CONTROL INFORMATION AND GUIDELINES

Authorizing and Authenticating Cardholders

Ensure that cards serve a valid business need, and deactivate those that do not. Verify that required training is completed prior to CH authorization.

Data Mining

Given the amount of data involved with charge card programs, DoD is exploring alternatives for the development of an automated data mining tool to sort through the information and present potentially relevant results to decision makers. The parameters for the data mining function should “spiral” over time, evolving to keep current. An automated data mining tool can serve an essential internal control function. It can improve surveillance by highlighting select transactions for A/OPC review. In addition, for the purchase card, the data mining tool may assist with strategic sourcing efforts. In order to achieve a DoD-wide solution, the charge card PMOs and Components are exploring data mining pilot programs.

Controlling Cards on Departure

Ensure that cards of exiting personnel are collected in accordance with personnel department checklists. See the memorandum [“Inclusion on Personnel Departure Checklists of the Requirement to Turn in Government Charge Cards”](#) dated 06/23/03. Individually billed travel cards may transfer with an individual whose job remains within DoD.

PERSONNEL

Roles and Responsibilities

The general roles and responsibilities of the participants in the charge card programs are presented here. The card-specific roles and responsibilities are identified in the appendices.

HEAD OF THE ACTIVITY

The roles and responsibilities of the Head of the Activity (HA) are to:

- ◆ Determine the need for a card program and make the request to the appropriate functional activity (e.g., contracting, financial/resource management, and information technology).
- ◆ Appoint, in writing, qualified personnel.
- ◆ Ensure effective management controls are in place.
- ◆ Ensure proper separation of duties among personnel.
- ◆ Order investigations when appropriate.
- ◆ Follow up on investigation results.
- ◆ Review performance measures and reports.
- ◆ Ensure performance standards include charge card responsibilities, if appropriate.

PROGRAM MANAGEMENT OFFICE

The roles and responsibilities of the PMO are to:

- ◆ Manage, oversee, and support card programs.
- ◆ Review performance metrics.
- ◆ Develop and implement rules and tools (e.g., data mining) that enable the Services to track and report, as necessary, high-risk transactions.
- ◆ Participate in data-mining efforts.
- ◆ Coordinate the creation and feedback of issuing bank fraud queries.
- ◆ Run quarterly reports on span of control, inactive cards, and CHs certifying their own purchases.

- ◆ Maintain DoD-wide blocked Merchant Category Code (MCC) list.
- ◆ Prepare and analyze metrics.
- ◆ Interface with the issuing bank or charge card processor on contract requirements, performance issues, and special needs.

COMPONENT (SERVICES AND AGENCIES) PROGRAM MANAGER/AOPCS

The roles and responsibilities of the CPM are as follows:

- ◆ Serve as the Service's or Agency's functional representative with the PMO.
- ◆ Design/maintain hierarchies and select/appoint subordinate CPMs and/or A/OPCs.
- ◆ Assist/ensure A/OPCs perform their functions/roles.
- ◆ Interface with the issuing bank or card processor on performance issues.

AGENCY/ORGANIZATION PROGRAM COORDINATOR

The roles and responsibilities of the A/OPC are to:

- ◆ Manage and ensure the integrity of the card program.
- ◆ Prepare reports on the program.
- ◆ Ensure the proper oversight/management controls are in place and working.
- ◆ Ensure Certifying Officers (COs), Reviewing Officials (ROs), and the Approving Official (AO) have been appointed in writing, and ensure the appointments are kept current.
- ◆ Oversee or perform account maintenance.
- ◆ Oversee and track the training (including refresher training) of all program participants in a system of records and ensure that the required training has been completed before issuing cards.
- ◆ Provide business advice to CHs and charge card officials.
- ◆ Serve as the issuing bank's point of contact.
- ◆ Conduct compliance reviews.
- ◆ Assist in dispute resolution.

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- ◆ Process card applications.
 - ◆ Maintain the required span of control in accordance with DoD and Component guidance.
 - ◆ Close accounts using the issuing bank's automated tool.
 - ◆ Ensure financial controls are established in account profiles.
 - ◆ Monitor and facilitate resolution of installation delinquency problems.
 - ◆ Assist CHs and AOs with account management and reconciliation.
 - ◆ Monitor transactions during the cycle in order to take timely action against questionable charges, using available automated tools.
 - ◆ Analyze accounts and specific CH activity.
 - ◆ Report program activity to appropriate levels of management.
 - ◆ Attend yearly conferences as well as any other meetings and conferences pertaining to the program.
 - ◆ Perform special processing as required.
 - ◆ Ensure respective A/OPC contact information is kept up to date.

APPROVING OFFICIAL (THIS INCLUDES THE BILLING OFFICIAL, ACCOUNTABLE OFFICIAL, AND CERTIFYING OFFICER)¹

The roles and responsibilities for this position are to:

- ◆ Ensure CHs fulfill their responsibilities.
- ◆ Review and approve CH statements, reconciling where the CH fails to do so in a timely manner.
- ◆ Ensure all CH transactions are legal, proper, mission essential, and correct in accordance with government rules and regulations.
- ◆ Ensure monthly billing account accuracy. In accordance with applicable regulations for government charge card transactions, AOs are financially liable for erroneous payments resulting from negligence in the performance of their duties.
- ◆ Maintain original documentation.

¹ There is no AO for the IBA; only for the Travel Settlement Voucher.

- ◆ Verify payments to be legal, proper, and correct.
- ◆ Certify the issuing bank's invoices and submit through the Defense Finance and Accounting Service (DFAS) to ensure timely payment. (Within the Air Force, the Financial Services Officer [FSO] performs this function.)
- ◆ Conduct informal compliance reviews.

CARDHOLDER

The roles and responsibilities of the CH are to:

- ◆ Ensure all purchases are proper, legal, and reasonable, and satisfy a bona fide need.
- ◆ Maintain files and records (as required).
- ◆ Review and reconcile all transactions in a timely manner.
- ◆ Resolve questionable transactions.
- ◆ Initiate disputes in a timely manner.
- ◆ Track disputes to completion.
- ◆ Maintain the physical security of the card.
- ◆ If the card is lost or stolen, notify the issuing bank, AO, and A/OPC in a timely manner.
- ◆ Complete initial and refresher training in accordance with DoD Component requirements.
- ◆ Use the issuing bank's electronic access system (EAS) to monitor activity (IBA CHs do not have access to an EAS).
- ◆ Maintain receipts and other supporting documentation.
- ◆ Notify the CPM and/or A/OPC of departure or when the card is no longer needed.

FINANCIAL MANAGERS

The roles and responsibilities for financial/resource managers are to:

- ◆ Provide appropriate funding for the accounts.
- ◆ Maintain accurate financial records.

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- ◆ Fulfill financial management reporting requirements.

DEFENSE FINANCE AND ACCOUNTING SERVICE

The roles and responsibilities of DFAS are to:

- ◆ Disburse payments.
- ◆ Post records to accounting and entitlement systems.
- ◆ Act as the CO in support of programs when DFAS retains that responsibility.
- ◆ Monitor and make prompt payments.
- ◆ Control valid appropriation data (e.g., parent rule sets) (excludes travel card).
- ◆ Establish electronic interface.
- ◆ Ensure the timely processing of disbursements and disbursement rejects.
- ◆ Fulfill responsibilities for prevalidation of invoices prior to payment.
- ◆ Ensure adherence to the provisions of the [Prompt Payment Act](#).

OTHERS

Other parties sharing responsibilities for various aspects of card programs include:

- ◆ Office of the Under Secretary of Defense (Acquisition, Technology, and Logistics) [OUSD(AT&L)].
- ◆ Office of the Under Secretary of Defense (Comptroller) [OUSD(C)].
- ◆ Military Service Control Points at each applicable petroleum office.
- ◆ DFAS/DoD Component Payment Office.
- ◆ Defense Manpower Data Center (DMDC).
- ◆ Audit/investigative organizations.
- ◆ Office of the Under Secretary of Defense (Personnel and Readiness) [OUSD(P&R)].

Knowledge, Skills, and Abilities

For a card program to function efficiently and effectively, the program participants must have the following knowledge, skills, and abilities (KSAs):

- ◆ An understanding of the relevant policies, procedures, and commercial practices.
- ◆ The ability to communicate, organize, and manage effectively.
- ◆ Basic analytical and computer skills.
- ◆ The ability to analyze, research, and provide concise recommendations to the chain of command on required actions to prevent or correct problems.

Training

Ensuring that all the card program participants are properly trained is vital to program success. Proper training of card program participants is important to prevent fraud, waste, and abuse. CPMs and AOPCs are required to ensure appropriate training is established, maintained, and tracked.

The following sections list available training resources.

DEPARTMENT OF DEFENSE

- ◆ [DoD Government Purchase Card Tutorial](#)
- ◆ Government Travel Charge Card Computer Based Training (CBT)
- ◆ [Travel Cardholder Responsibility Brochure](#)
- ◆ [DoD Fuel Card Programs—Defense Energy Support Center—Fuels Automated System \(FAS\) Training, FAS Enterprise System Training, and Accountable Official Training](#)
- ◆ [Certifying Officers and Accountable Officials Training](#)
- ◆ [Certifying Officer Legislation Computer-Based Training Course](#)
- ◆ DFAS Government-Wide Commercial Purchase Card Training

GENERAL SERVICES ADMINISTRATION

- ◆ [General Services Administration \(GSA\)-sponsored training](#)
- ◆ [GSA Travel Card Web-Based Training](#)

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- ◆ [GSA SmartPay A/OPC Survival Guide](#)
 - ◆ [Annual GSA SmartPay Conference](#)

Investigations of Suspicious Activity

The Deputy Secretary of Defense has clearly stated that the Department will not tolerate misuse of charge cards. Investigative agencies must ensure security managers and supervisors are notified when a government charge card holder comes under investigation for charge card use or misuse. In turn, DoD security officials must notify the subject's commander of the ongoing investigation.

The commander should review and adjust the subject's access to classified information accordingly (not as a disciplinary action, but as a prudent safeguard of sensitive information). See the Memorandum on "[Suspension of Access to Classified Information Due to Abuse or Misuse of Government Charge Cards](#)" from the Office of the Assistant Secretary of Defense, dated 11/04/02.

Program participants who encounter suspicious activity are responsible for notifying the appropriate authorities (e.g., their A/OPC or supervisor, or the [DoD Hotline](#)). See the memorandum on "[Government Charge Card Disciplinary Guide for Civilian Employees](#)," dated 12/29/03, for information on corrective actions for card misuse, abuse, or fraud.

Examples of card misuse include the following:

- ◆ Purchases by non-trained individuals.
- ◆ Purchases by individuals other than the authorized CH.
- ◆ Purchases by contractors.
- ◆ Cash advances.²
- ◆ Returns for cash or credit vouchers.³
- ◆ Rental or lease of land or buildings on a long-term basis.⁴
- ◆ Presentation of a personal travel claim for reimbursement of an airline ticket when the traveler used the CBA travel card rather than his/her IBA travel card to purchase the airline ticket.⁵

² This applies to purchase card and travel card CBAs only. IBA CHs can get cash advances via ATM withdrawals.

³ This applies only to the purchase card.

⁴ Travel card IBA CHs may use the travel card to rent apartments on a long-term basis.

⁵ This applies only to the travel card.

SPECIAL ISSUES

Creditworthiness

A requirement to evaluate the creditworthiness of an individual before issuing the individual a government purchase or travel card was first established in Section 8149 of the Fiscal Year (FY) 2003 Defense Appropriation Act, [Public Law \(P.L.\) 107-248](#). The requirement was continued in Section 8144 of the FY04 Defense Appropriation Act ([P.L. 108-87](#)) for both purchase and travel cards and permanently established for the travel card program in Section 1009 of the FY04 Defense Authorization Act ([P.L. 108-136](#)). While the statutes require the evaluation of an individual's creditworthiness prior to the issuance of a charge card, none of them provides the authority to require a credit check without prior consent of the individual. Therefore, DoD is developing a self-certification process as an alternative means of evaluating an individual's creditworthiness in the absence of a credit check. That process, once established, will ask the individual to affirm his/her creditworthiness as determined by a series of statements that indicate whether current or prior circumstances exist that would make the individual ineligible to be issued a government charge card. Self-certification will carry the potential for disciplinary action, penalty, or removal from federal service for submitting a false statement.

The TCPMO is about to finalize policy on self-certification for creditworthiness, which will be incorporated herein when it becomes available. DoD has in place, through the existing contract with the travel card issuing bank, a process to issue IBA travel cards based on the results of a credit check. The individual's chain of command does not receive information regarding the results of the credit check. Instead, the bank issues a restricted card to those whose credit score is less than that used as the basis for a standard card. Individuals who decline a credit check are eligible only for a restricted card. As a first step in implementing the creditworthiness requirement, the Department established, and the travel card bank has implemented, a minimum credit score for military personnel to be eligible to receive a restricted card. Bargaining obligations must be met before either a minimum credit score or use of the self-certification process is established for civilian personnel.

In contrast, credit checks are not conducted for individuals associated with CBAs, whether under the purchase, travel, or fuel card programs. There is no provision in the current contracts for the contractor banks to perform credit checks on these accounts. Social Security Numbers, which are necessary for credit checks, are not currently captured in order to issue some of these accounts.

Policy and Contract Issues

Questions concerning policy or contract provisions should be processed through the chain of command, beginning with the A/OPC.



Appendix A

Unique Business Rules for Purchase Card Programs

This chapter contains business rules unique to government purchase card (GPC) programs. For additional information, see the current issuing bank agreements governing the GPC programs.

PROCESSES

The following sections present summary-level overviews of key processes unique to GPC programs.

Establishing a Program

The most important factor in establishing a GPC program is the selection of qualified personnel who are given the time, training, and resources to successfully perform their duties.

Roles and Responsibilities

AGENCY/ORGANIZATION PROGRAM COORDINATOR (INSTALLATION LEVEL)

The A/OPC will be designated by the appropriate contracting official to be responsible for the management, administration, and day-to-day operation of the GPC program at the activity.

- ◆ Conduct initial and refresher training in accordance with DoD Component or Agency requirements.
- ◆ Develop local GPC and file management policies and procedures.
- ◆ Monitor Management Controls and Establish and Implement a Coordinated Oversight Program
- ◆ Ensure adequate separation of duties of participant in the GPC program.
- ◆ Ensure spending limits and funding has been coordinated with the appropriate Financial/Resource Manager.

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- ◆ Establish and Manage card account profiles to properly reflect transaction limitations, line of accounting information, cycle spending, and MCC limitations.
 - ◆ Obtaining and forwarding a completed [DD Form 577](#) (Appointment/Termination Record—Authorized Signature) to the supporting DFAS Operating Location. (For the Air Force, the Financial Management Office performs this function.)
 - ◆ Validate that all convenience check account holders have appointment letters and that the letters contain the necessary information. (See “Appointment Letter,” page A-7.)
 - ◆ Take a proactive approach to monitoring convenience check use. When a potentially inappropriate transaction is identified by the card-issuing bank’s convenience check reporting mechanism, take appropriate action to correct the improper use of convenience checks.
 - ◆ Work with Financial/Resource Managers and DFAS to correct and process rejected electronic data interchange (EDI) billing invoices.
 - ◆ Conduct a review of each AO at least every 12 months, to include a statistically significant random sampling of transactions.
 - ◆ Using available misuse reports, review suspect transactions in order to take action against questionable purchases.
 - ◆ Examine the population of transactions for purchases from unauthorized merchants, violation of limits, and other irregular activities.
 - ◆ Monitor and adjust spending limits commensurate with usage patterns.
 - ◆ Closing accounts upon abuse or misuse of card privileges, compromise of account information, card loss, or CH departure.
 - ◆ Ensure compliance with relevant policies, procedures, and regulations, including the [Federal Acquisition Regulation \(FAR\)](#).
 - ◆ Provide effective procurement support to all departments and meet the procurement needs of the command.
 - ◆ Act as the audit/internal review focal point for GPC-related issues.

APPROVING OFFICIAL/BILLING OFFICIAL

Charge cards can be established only when assigned to an AO/BO account. DoD requires a second-level approval that is performed by the AO/BO prior to certification. The AO/BO is an accountable official.

- ◆ Complete initial and refresher training in accordance with DoD component requirements.
- ◆ Ensure CHs fulfill their responsibilities.
- ◆ Ensure all purchases were made in accordance with established policies, rules and regulations.
- ◆ Resolve questionable purchases with CHs.
- ◆ Take appropriate action upon discovery of misuse.
- ◆ Review and approve CH statements.
- ◆ Ensure monthly billing account accuracy.
- ◆ Retain copies of monthly invoices and supporting documentation.
- ◆ Notify A/OPC of requirement to close accounts as necessary due to personnel turnover.
- ◆ Ensure continuity of records when transitioning out of AO responsibilities.
- ◆ Ensure CHs notify the issuing bank of lost or stolen cards.

CERTIFYING OFFICER

Installation, unit, and local commanders, and activity directors or their designees, will select and issue formal appointments (or re-delegate this authority) to the CO for purposes of certifying payments for GPC invoices. Because of his/her fiduciary obligation to ensure proper use of, and expenditures under, the GPC, the BO will also be the CO (with the exception of the Air Force). The completion of the [DD Form 577](#), dated January 2004, is now considered the formal appointment of a CO. COs are pecuniarily liable for erroneous payments resulting from the performance of their duties in accordance with [Title 31, United States Code \(U.S.C.\), Section 3528](#).

- ◆ Complete Certifying Officer Training.
- ◆ Insure appropriate line of accounting is assigned to all transactions.
- ◆ Ensure all transactions are legal, proper, correct, and satisfy a bona fide need in accordance with government policies, rules, and regulations.
- ◆ Timely certify the GPC invoice and submit to DFAS (or other paying office) for payment.
- ◆ Retain supporting documentation.

CARDHOLDER AND CONVENIENCE CHECK ACCOUNT HOLDER

In order for a GPC or convenience check account to be established, a specific individual must be designated as the account holder responsible for that account. That individual becomes an accountable official for purchases made against that account. The following list depicts key aspects in the process for setting up a GPC or convenience check account.

- ◆ Hold valid delegation of purchase authority document.
- ◆ Screen for required sources.
- ◆ Ensure all purchases are proper, legal, economical, and satisfy a bona fide requirement.
- ◆ Ensure funding is available.
- ◆ Maintain files and records.
- ◆ Maintain a purchase log.
- ◆ Maintain convenience check records to fulfill 1099-M tax reporting requirements.
- ◆ Verify independent receipt of the supplies or services if applicable.
- ◆ Track any purchases made but not received.
- ◆ Ensure accountable property is properly documented.
- ◆ Review and reconcile all transactions in a timely manner, maximizing rebates and avoiding late payment interest.
- ◆ Approve the statement for input to the AO.
- ◆ Notify the AO of any discrepancies.
- ◆ Maintain an audit trail, including receipts and other supporting documentation, in accordance with government standards and applicable regulations.
- ◆ When commercial transportation is not feasible for deliveries from CONUS to OCONUS locations, ensure that the supplier is provided with the proper information to allow entry of the purchase into the DTS.

FINANCIAL MANAGERS

The roles and responsibilities for financial managers are to:

- ◆ Provide appropriate funding for the accounts.
- ◆ Maintain accurate financial records.
- ◆ Fulfill financial management reporting requirements.

REVIEWING OFFICIAL

The [DoDFMR](#) requires post-payment random reviews of CO actions by the appointing authority (or his/her designated RO). When a review results in an allegation of an erroneous payment, the Commander or Director must convene or order an investigation in accordance with [Chapter 33 of the DoDFMR](#). If the Commander or Director does not have authority to appoint an Investigating Official or board, a request for appointment shall be submitted through the chain of command to the appropriate level. The duties of the Reviewing Official include:

- ◆ Ensure payments are accurate, including proper fund and accounting citation.
- ◆ Ensure no duplicate payments are made.
- ◆ Address questionable purchases with program officials.
- ◆ Report suspected improper payments.

Setting up Accounts

The technical aspect of setting up an account will be in accordance with issuing bank direction.

Purchasing

The GPC will be used for only mission-essential purchases.

After it has been determined that a mission requirement exists, the GPC shall be the procurement and/or payment instrument, and the item is appropriate for purchase, the CH may make the purchase using his/her card. The list below depicts the key steps in making a purchase using a GPC.

- ◆ Identify the need.
- ◆ Determine whether the need is within the CH purchase authority. [Federal Acquisition Regulation \[FAR\] Subpart 2.101](#) defines the micro-purchase threshold for both routine purchases and those made when special circumstances apply, i.e. in support of contingency operations, or to facilitate defense against or recovery from nuclear, biological, chemical, or radiological attack.

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- ◆ Determine whether the funding type and purchase are appropriate.
 - ◆ Determine whether funding is available. [FAR 32.702](#) states the basic principle of the Anti-Deficiency Act: No government employee may create or authorize an obligation in excess of funds available or in advance of appropriations.
 - ◆ Screen mandatory sources of supply and organization-designated sources of supply.
 - ◆ Obtain any required special approvals (see agency-specific guidelines).
 - ◆ Determine whether commercial shipment is available for OCONUS orders. If not, ensure that the supplier is provided with the necessary information to allow the purchase to enter the DTS. (See Appendix C.)
 - ◆ Place the order (in person, via telephone, or via Internet).
 - Identify tax-exempt status.
 - ◆ Record the item in the purchase log.
 - ◆ Record the receipt.
 - ◆ Document the purchase file. Some examples are receipts, purchase documents, records of returns, special approvals, and waivers.
 - ◆ Make sure accountable equipment items are added to the appropriate custodial listing, if applicable.

Using Convenience Checks and Foreign Drafts

Convenience checks and foreign drafts provide a purchasing alternative to normal GPC transactions and formal contracting, and they are to be used only when the use of the purchase card is not possible. These tools give DoD activities the flexibility to issue low-volume, low-dollar payments for products and services at the activity level. Regulatory guidance covering the establishment, maintenance, and accountability of convenience check accounts is provided in the [DoDFMR, Volume 5, Chapter 2, Paragraph 0210](#).

APPOINTMENT LETTER

If it is determined that a need exists to establish a convenience check account, an appointment letter for that account must be issued. In accordance with [FAR Subpart 1.603-3\(b\)](#), all individuals delegated micro-purchasing authority, including convenience check account holders, must be appointed in writing. This appointment letter should state:

- ◆ The specific duties of the check writer,
- ◆ Any limitations on the scope of authority (including dollar limitations), and
- ◆ An acknowledgement of the check writer's duties and responsibilities.

CONTROLS

Once the convenience check account is established, controls must be in place to ensure proper use of the checks. At a minimum, these controls should include the following:

- ◆ Before any convenience check is issued, every effort should be made to use the GPC to make the necessary purchase. Maximum effort should be made to find and use merchants that accept the GPC as the primary payment vehicle.
- ◆ With the exception of contingencies, convenience checks should not be written over the \$2,500 limit prescribed in the [DoDFMR](#).
- ◆ Convenience checks should not be used to split payments to avoid exceeding the authorized limit.
- ◆ Convenience checks should not be used for recurring payments.
- ◆ Convenience checks are pre-numbered. Additional control will be maintained by using a separate convenience check or foreign draft purchase log for each account.
- ◆ A discrete account must be set up in order to issue convenience checks and foreign drafts. Convenience check, foreign draft, and normal GPC accounts may be issued under a single managing account but must not be commingled.
- ◆ Only one convenience check/foreign draft account may be established per installation; however, additional accounts may be established following a written determination by the Commander that another account is necessary to meet mission requirements.

Paying for Items Not Yet Received

DoD has established a policy of allowing the certification of invoices for payment prior to the verification that all items submitted for payment have been received. Each BO/AO shall establish a system to flag and track all transactions that have been certified for payment without verification of receipt and acceptance. This procedure will ensure that all transactions that have been reconciled and approved for payment will have their receipt verified no later than 45 days after the date of

the original invoice. If receipt and acceptance cannot be verified, the CH shall protect the government's rights by disputing the transaction. A formal dispute must be filed prior to 60 days after the date of the billing statement. This process is highlighted in the key steps below:

- ◆ Receive the statement from the issuing bank.
- ◆ Log charges for supplies or services charged but not yet received.
- ◆ Update the log when the supplies or services are received.
- ◆ Initiate the dispute process if the supplies or services are not received by the time the next statement is received.

Using the GPC as a Method of Payments against Contracts

Procedures for using GPC electronic certification as a method of payment against contracts are currently being developed. Additional information will be provided as it becomes available.

Using the GPC for Contingency and Humanitarian Aid Operations

In the event of an emergency need for contingency or humanitarian aid operations, the Executive Office of the President may sign into law an emergency procurement authority allowing increased GPC and convenience check limits and revised procedures in support of contingency and humanitarian aid operations.

In such circumstances, the Director of Defense Procurement and Acquisition Policy also may authorize class deviations to allow organizations to deviate from the FAR and DFARS. Such deviations may include raising GPC spending limits.

Emergency procurement authority will allow agencies to provide critical supplies and services in support of contingency and humanitarian aid operations. In support of this goal, agencies must take affirmative steps to ensure that this flexibility is used solely for the efforts that have a clear and direct relationship with the contingency and humanitarian aid operations and that appropriate management controls are established and maintained to support the new authority.

Appendix B identifies the roles and responsibilities, management controls, applicable laws and requirements, and questions and answers regarding use of the GPC in support of contingency or humanitarian aid operations.

Reconciling the Cardholder's Account

CHs should reconcile as often as possible in the approved system of record. The following list depicts key actions in the process of reconciling a CH account.

- ◆ Review the transactions and match them to the record/log.
- ◆ Reconcile/reallocate/dispute transactions, as appropriate.
- ◆ Approve the statement.
- ◆ Provide supporting documentation to AO/CO.
- ◆ Track pay-and-confirm items.

CHs should not wait until the end of the cycle to accomplish the reconciliation. CHs whose Agencies have Internet access have the capability to approve their transactions as they post to their statements via the issuing bank's EASs. Frequent review of the transactions by the CHs should help to eliminate disputes at the end of the cycle, as it will allow merchants time to apply credits for improper charges.

The AO/BO is responsible for a second-level review, prior to certification, maintaining all supporting documentation and invoice approval. The supporting documents the AO retains are related to invoice certification (the CH maintains supporting documents relating to purchases).

Disputing a Charge

The CH has 60 days from the date of the CH's billing statement to dispute a transaction.

When a CH is unable to resolve a disputed charge with a merchant, it is his/her responsibility to initiate a dispute with the issuing bank. The following list depicts key aspects of the process for disputing a charge.

- ◆ Initiate the dispute with the issuing bank, either electronically or via hard copy.
- ◆ Notify the BO and provide him/her with a copy of the dispute.
- ◆ Notify the CH's organization for tracking purposes.
- ◆ Respond to the issuing bank's requests for additional information.

While the federal government is tax exempt in most cases, sales tax is not a disputable item. Shipping and taxes are not disputable through the issuing bank process, and the CH shall resolve these disputes with the merchant. If sales tax or shipping charges should not have been charged, the CH should obtain a credit from the merchant.

A CH's failure to protect the government's interest by promptly initiating disputes can result in administrative or disciplinary action.

New certification procedures are being discussed regarding treatment of cases involving fraudulent purchases. Additional information is forthcoming.

Handling Fraudulent Transactions

All government employees have a duty to report all suspected instances of fraud to the appropriate authorities. The CH must dispute any purchases believed to be fraudulent during monthly statement reconciliation. The CH also must report cases of fraud to the card-issuing bank, the A/OPC, and the local procurement fraud advisor. See [“Government Charge Card Disciplinary Guidelines for Civilian Employees,”](#) from OUSD(P&R), dated 04/21/03; and [“Disciplinary Guidelines for Misuse of Government Charge Cards by Military Personnel”](#) from the Office of the Under Secretary of Defense, dated 06/10/03.

Processing the Invoice

The AO is responsible for ensuring that all transactions are legal, proper, and correct. When the AO is also the CO, he/she must certify invoices for payment. The key aspects of the process for reconciling and certifying by the AO are listed below.

- ◆ Review transactions to ensure they are legal, proper, correct, and mission essential.

For improper charges (e.g., GPC transactions that are intended for government use but not permitted by law, regulation, or organization policy, such as splitting purchases), the government is liable to pay; however, action may be taken against the CH.

When the AO is also the CO, he/she has pecuniary liability for illegal, improper, or incorrect transactions.

Closing/Canceling Accounts

When a CH separates from his/her organization, retires, or is otherwise no longer in need of a GPC, his/her account must be closed. A memorandum from OUSD(P&R), [“Inclusion on Personnel Departure Checklists of the Requirement to Turn in Government Charge Cards,”](#) dated 06/23/03 addresses this responsibility.

A/OPCs can close accounts by accessing the issuing bank online or simply by calling their point of contact at the issuing bank.

Oversight

Surveillance and oversight of the GPC is a shared responsibility. All stakeholders in the program, including Resource and Financial Managers, Logistics, and local

audit and oversight organizations, are responsible for ensuring that the GPC is used in the proper manner and only authorized and necessary official purchases are made. Organizations should develop and follow a surveillance plan that establishes frequencies, methods, participation, etc., on how their oversight/surveillance programs will operate.

Data Access by Non-Program Officials

Audit and Investigative Organizations: GPC data will be provided to DoD Service audit and investigative organizations on a timely basis to assist them in the performance of their duties. GPC Program officials will refer any requests for data by the cited organizations to the DoD Inspector General's Office, Data Mining Division. This office has been authorized by the Director, PCPMO, to exclusively provide this information to DoD Service audit and investigative organizations. GPC Program officials will refrain from providing online access to charge card program data for any purpose, even on a temporary basis.

All Other Stakeholders (e.g., local internal review officials): Local A/OPCs should provide the requested data if deemed appropriate under the circumstances. If the data are not currently available in the applicable bank electronic access system, the local A/OPCs should refer the request to the DoD Inspector General's Office, Data Mining Division, for action. Again, GPC Program officials will refrain from providing online access to charge card program data for any purpose, even on a temporary basis.

PROGRAM MANAGEMENT

Management Controls

This section provides specific management controls required of GPC programs, guidelines for disciplining abusers, and additional control information and guidelines. [Office of Management and Budget \(OMB\) Circular A-123, Appendix B](#), provides additional guidance on implementing strong internal controls.

REQUIRED MANAGEMENT CONTROLS

Maintain Purchase Log—All CHs are required to maintain either an electronic or a manual log (if not electronically enabled) for each transaction made using the card. This includes an item description or general commodity code (e.g. office supplies), the merchant, the date purchased, the name of the recipient of the item, and the total amount, as required by component-specific instruction.

Maintain Positive System of Funds Control—Spending limits (such as monthly and office limits) are tied directly to funding allocated for each card account (monthly, quarterly, semi-annually). Fund limits should be consistent with historical spending patterns to minimize government exposure and ensure adequate

funds availability. This provides an overall control to ensure funding is available prior to purchases being made with the card. For example, if the total purchases for the month exceed the monthly limit for a specific card account, all subsequent attempts to make purchases will be declined by the issuing bank until additional funding is made available for that account.

Ensure Separation of Duties—For the GPC, a mandatory management control is the separation of duties. Key duties such as making purchases (CH), authorizing payments (BO and FSO), certifying funding (Finance and Resource Managers), and reviewing and auditing functions (A/OPC and Property Book Officers) will be assigned to different individuals to minimize the risk of loss to the government to the greatest extent possible. For example, AOs will not be CHs within the same billing account; Property Book Officers or equivalents will not be CHs with authority to purchase accountable items; and Resource or Budget Managers will not be CHs or AOs with responsibility for executing their own funds.

Reconciliation/Approval by Cardholder—During each billing cycle, CHs are required to reconcile the CH statement they receive from the issuing bank against the purchase card log they are required to maintain for card purchases. This reconciliation requires the CH to approve, dispute, or reallocate (to an alternate line of accounting) each card transaction that is posted to the CH statement. Additionally, the CH must approve the statement in its entirety once all individual transactions have been disposed of in the manner described above.

Reconciliation/Approval by the AO/BO—Once the CH has approved his/her entire CH statement, he/she forwards the electronic or “hard copy” file to the cognizant AO/BO (with the exception of the Air Force). The AO/BO is required to approve or reject each purchase made by the CHs under his/her hierarchy. When the AO/BO has completed their review of each invoice submitted for his/her card accounts, the AO/BO can certify the entire invoice as legal, proper, and correct in accordance with his/her responsibilities.

The single financial system solution must ensure that payment invoices for GPCs are electronically certified only by the authorized, duly appointed RO.

Cardholder Locked out after 15 Days—If the CH does not reconcile and certify his/her statement within a 15-calendar-day period following the close of the billing cycle, the CH is locked out of the file, and the CO/AO/BO is required to step in and perform the CH reconciliation/certification role.

Exercise Dispute Authority—The CH has 60 days from the date of the billing statement to dispute the transaction.

Cardholder and Billing Official Locked out of Files after Certification—Once a CO/AO/BO certifies a statement or invoice in the issuing bank’s EAS (e.g., C.A.R.E or CitiDirect), the transaction file is locked and no further changes to the invoice are permitted.

Exercise/Maintain Authorization Controls—Appropriate spending limits and MCC access are tailored to each CH account. Spending limits and MCC access should reflect historical buying patterns/trends.

Systems Access Security—Appropriate safeguards must be in place to control issuance and safeguarding of access credentials to the EAS.

OTHER CONTROL INFORMATION AND GUIDELINES

Ensure Workable Span of Control

There should be no more than seven CHs per CO/AO/BO, and no more than 300 accounts (CH and AO) per A/OPC. Ensuring a reasonable number of CHs is assigned to each CO/AO/BO account is paramount to the effective accomplishment of the CO/AO/BO's responsibilities.

A ratio of not more than seven CHs to a BO is the DoD standard. The total number of transactions, as well as the number of assigned CHs, must be considered when determining an acceptable CH-to-BO ratio. In some cases, fewer than seven CHs may be too many for a particular BO if the total number of transactions per month is excessive. Organizations should apply discretion and good judgment to determine the optimal ratio.

Self-Assessment Program

The PCPMO is developing a methodology for local activities to conduct a self-assessment of the health and financial risk of the GPC programs under their cognizance.

Training

GPC A/OPCs are required to track the training (including refresher training) of all program participants in a system of records and ensure that the required training has been completed before issuing cards.

SPECIAL ISSUES

Electronic Data Interchange

For the purposes of this guide, EDI refers to the automated process for receiving electronic transactions, obligations, and invoice records directly from an issuing bank into a DoD accounting system. The use of the issuing bank's EAS or other EDI system is mandatory unless waivers are approved.

EDI occurs in two phases. In the first, the issuing bank transmits record files to the Defense Electronic Business Exchange (DEBX) or the Defense Automatic Addressing System Center (DAASC), where they are processed.

In the second phase, the processed files are transmitted to DoD Components. Technical specifications and descriptions are available through the PMO. See the [EDI CONOPS](#) for more information.

EDI SUPPORT

Direct EDI translation should be compliant with American National Standards Institute (ANSI) X-12 standards to enable electronic data exchanges with designated trading partners such as an issuing bank, a major supplier, or a customer.

ELECTRONIC COMMERCE

Electronic commerce involves the integration of electronic-based systems to support common business process. For example, the issuing bank will provide invoices electronically to federal Agency-designated billing offices and accept payments electronically from Federal Government Payment Centers, and will provide electronic access to account data and reports.

Mandatory Sources of Supply/Strategic Sourcing

FAR Part 8 establishes priorities for using government sources for supplies and services (also referred to as “Government Supply Sources” or “mandatory sources of supply”). Whenever possible, CHs must purchase from these required government sources rather than buying from commercial suppliers.

DoD Components must optimize their purchasing power. Acquisition logistics organizations must conduct spend analyses, at least on an annual basis. Those suppliers/commodities appearing frequently in the data have the potential to become DoD strategic targets, and DoD should consider agreements with those suppliers as appropriate. Such agreements could involve automatic point-of-sale reductions through GPC recognition or establishing central ordering vehicles with appropriate discounts and terms and conditions. Component acquisition organizations are required to forward the results of their Component-level strategic sourcing analysis agreements to, and coordinate their actions with, the DoD PCPMO for possible consideration.

Note that Components should consider the potential impact these agreements would have on the local small business communities.

Frustrated Freight

When using your GPC to purchase items with delivery to an OCONUS destination, two methods of transportation are generally available: commercial door-to-door and the DTS. Although most overseas shipments are delivered by supplier-arranged commercial carriers, an increasing number of overseas GPC shipments, especially when being processed to contingency environments, must move through military aerial ports, ocean terminals, or container consolidation points

(these are components of the DTS) for onward movements. If commercial shipping is not used, you must coordinate with your transportation service support office (e.g., Installation Transportation Office [ITO], Transportation Management Office [TMO], or Supply Support Activity [SSA]) before you order the item. This will ensure the item is properly entered into the DTS and the supplier will get all necessary data to complete the military shipping label (MSL). Shipments entering the DTS require additional funding and shipping, marking, and packaging instructions. If any of the required information is incorrect or lacking, the shipment may become “frustrated” at military transit ports or at an intermediate staging area prior to the final destination.

A supplier shipment that becomes “frustrated” is, at a minimum, delayed along the transportation chain and will not move until all problems are resolved. Many times, the shipment never reaches the intended recipient.

Military Services and Defense Agencies will ensure that acquisition training for GPC CHs includes the importance of providing correct shipping information and transportation requirements (as stated in this guide) to suppliers when items are to be shipped utilizing the DoD organic distribution system rather than the preferred door-to-door commercial method of delivery.

Appendix C provides specific instructions on how to process a requirement involving OCONUS shipment.

Purchasing Recycled Products and Section 508-Compliant Items

[Reserved.]

TOP TEN PURCHASE CARD MANAGEMENT TIPS

The top 10 GPC management tips are provided below.

1. Ensure management visibility into the GPC program. Commanders, managers, and supervisors must recognize the importance of the program and properly resource it. Personnel involved in the GPC program must support the mission and critical responsibilities of the program. The program includes administrative and criminal repercussions.
2. Appoint an A/OPC of appropriate grade/rank, motivation, and interpersonal skills.
3. Ensure that the number of cards and billing accounts are sufficient to support mission needs. Review specific credit limits and spending histories of accounts to ensure consistency with mission requirements.

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4. Take appropriate administrative and disciplinary action when fraudulent, improper, and/or abusive GPC transactions are found.
 5. Ensure an appropriate span of control for each AO/CO account.
 6. Expediently review and resolve dispute/delinquency issues.
 7. Ensure that all CHs, AO/COs, ROs, and APCs have received the required training in accordance with policy and procedures. Ensure that the training is properly documented and the training certificates are maintained on file.
 8. Enforce the requirement for proper separation of the purchasing, receipt, and acceptance functions and maintain documented evidence.
 9. Maintain documented evidence of proper certification of monthly purchase card statements by CHs and AO/COs.
 10. Establish and maintain a surveillance program to ensure the required management controls are achieved.

Appendix B

Using the Purchase Card for Contingency and Humanitarian Aid Operations

Important: This appendix provides guidance using dollar thresholds that have been used historically¹ for contingency or humanitarian aid operations. Before applying this guidance, it is critical to verify whether these same thresholds have been established for a particular contingency or humanitarian aid operation.

ROLES AND RESPONSIBILITIES

The contingency and humanitarian aid-related roles and responsibilities for purchase card officials are as follows.

Agency/Organization Program Coordinator

The roles and responsibilities of the A/OPC are to:

- ◆ Distribute governing policy and guidance with respect to use of the GPC for each contingency or humanitarian aid operation to all GPC officials throughout the A/OPC's agency.
- ◆ Increase GPC spending limits to AOs/BOs and CHs only where appropriate (i.e., only for program officials who are actively supporting contingency or humanitarian aid operations).
- ◆ Maintain a discrete record of all AO/BO and CH accounts with increased purchase and monthly limits, including convenience check accounts.
- ◆ Where single purchase limits are increased, ensure CH monthly limits and AO/BO limits have been raised appropriately for non-procurement and contracting official CHs.
- ◆ Verify the availability of funds with Resource/Financial Managers.
- ◆ Work with Resource/Financial Managers to add alternate lines of accounting earmarked for a contingency or humanitarian aid operation to appropriate AO/BO and CH accounts.

¹ The dollar thresholds herein were authorized in September 2005 for use of the GPC in support of Hurricane Katrina rescue and relief operations.

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- ◆ Contact the servicing card issuing bank to remove velocity limits from appropriate accounts.
 - ◆ Ensure delegations of procurement authority reflect the new dollar limits.
 - ◆ Develop and issue instructions to enable the identification and capture of all GPC purchases (transactions and dollars) spent on contingency or humanitarian aid operations.
 - ◆ Develop and implement a supplemental oversight program for all accounts with elevated spending limits in support of contingency or humanitarian aid operations.
 - ◆ Ensure Contracting Officer warrants are revised for higher micro-purchase thresholds if required.

Resource/Financial Manager

The roles and responsibilities of the Resource/Financial Manager are to:

- ◆ Develop unique lines of accounting (LOAs) (alternate or default) to be used only when GPC purchases are made in support of each contingency or humanitarian aid operation. In addition, make appropriate modifications when detailed budgetary guidance is provided by the DoD Comptroller. Further, separate alternate and default LOAs should be established for purchases made using the GPC that constitute reimbursable support funded by and/or provided to other federal agencies (e.g., the Federal Emergency Management Agency).
- ◆ Assist in the identification and tracking of all GPC dollars associated to transactions spent in support of each contingency or humanitarian aid operation.
- ◆ Notify the A/OPC of fund availability.

Approving Official/Billing Official/Certifying Officer

The roles and responsibilities of the AO/BO/CO are to:

- ◆ Ensure proper documentation is recorded and maintained for GPC transactions in support of contingency or humanitarian aid operations.
- ◆ Ensure CH compliance with all governing statute and regulatory guidance regarding the use of the GPC in support of each contingency or humanitarian aid operation.

- ◆ Establish and maintain a discrete record of the number of transactions and dollars spent in support of each contingency or humanitarian aid operation.
- ◆ Ensure CHs properly identify and record purchases made using the GPC in support of each contingency or humanitarian aid operation.
- ◆ Ensure CHs use the correct LOA for purchases made in support of contingency or humanitarian aid operations.
- ◆ Ensure convenience checks written in support of contingency or humanitarian aid operations do not exceed authorized spending limits and that the sources of supply for the goods or services purchased with the convenience check do not accept the GPC.
- ◆ Ensure convenience check writers obtain the Tax Identification Number (TIN) or Social Security Number (SSN) for each merchant or supplier being issued a check.
- ◆ Ensure that all open-market transactions (those not placed under existing contracts) that exceed the authorized micro-purchase threshold are preapproved by a warranted Contracting Officer who is not the CH, or a senior manager at or above the GS-14 level.
- ◆ For construction contracts in support of a contingency or humanitarian aid operation, ensure the GPC is used only as a method of payment. An existing contract vehicle must be in place prior to the use of this authority.

Cardholder

The roles and responsibilities of the CH are to:

- ◆ Obtain appropriate requirements documentation to support purchases made in support of a contingency or humanitarian aid operation.
- ◆ Comply with all appropriate laws and acquisition regulations when making purchases.
- ◆ Identify and record purchases made in support of each contingency or humanitarian aid operation. At a minimum, this will include details on the specific goods or services purchased with the GPC and how it will specifically support the contingency or humanitarian aid operation.
- ◆ Ensure each GPC transaction is charged to the LOA specifically established for purchases made in support of each contingency or humanitarian aid operation.

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- ◆ Write convenience checks only when necessary and within authorized dollar thresholds for a contingency or humanitarian aid operation; i.e., confirm that the supplier source does not accept the GPC or a formal contract.
 - ◆ Obtain the supplier's TIN or SSN whenever writing a convenience check.
 - ◆ Ensure all open-market transactions (those not placed under existing contracts) that exceed the authorized micro-purchase threshold are preapproved by a warranted Contracting Officer or a senior manager at or above the GS-14 level.
 - ◆ For construction contracts in support of a contingency or humanitarian aid operation, ensure the GPC is used only as a method of payment. An existing contract vehicle must be in place prior to the use of this authority.

PROGRAM MANAGEMENT

Management Responsibilities

This section provides specific management controls required for programs that affect use of the GPC for contingency and humanitarian aid operations.

REQUIRED MANAGEMENT CONTROLS

- ◆ There will be no blanket increase of CH authority. The head of each executive agency (with delegation at a level no lower than the head of the contracting activity) must identify in writing those individuals who have permission to use an authorized increased spending threshold. These individuals must be working directly on acquisitions related to a contingency or humanitarian aid operation.
- ◆ Each agency must modify Contracting Officer and other warrants, as appropriate, and ensure that CHs have sufficient training appropriate for any increased authority.
- ◆ Agencies shall work with card-issuing banks to raise monthly and single transaction limits accordingly.
- ◆ Agencies must establish and communicate policies and procedures for determining whether a transaction is in support of a particular contingency or humanitarian aid operation and therefore allowable under the related law.
- ◆ All open-market transactions (those not placed under existing contracts) that exceed the authorized micro-purchase threshold must be preapproved by a warranted Contracting Officer (other than the purchaser or CH) or a senior manager at or above the GS-14 level.

- ◆ Agency heads must designate officials to conduct follow-up reviews of transactions in support of each contingency or humanitarian aid operation pursuant to the related law. These follow-up reviews should take place as soon as practicable, but no later than 60 days after any given transaction. The officials shall evaluate whether the transaction:
 - Was consistent with the agency's policies and procedures identified above and was otherwise reasonable and appropriate.
 - Provided the maximum practicable opportunity for small business participation under the circumstances.
 - Was appropriately documented by the CH.

Based on these reviews, the official shall make recommendations to the agency head on changes to the policies and procedures identified above, and any administrative or disciplinary actions required.

- ◆ Agencies should increase management controls to mitigate risk under any new GPC authority related to a contingency or humanitarian aid operation. Agencies should review [OMB Circular A-123, Appendix B](#), for guidance on implementing strong internal controls.
- ◆ When initiating administrative or disciplinary actions for card misuse, GPC managers should, in addition to consulting with agency human resources professionals, where appropriate:
 - Communicate clearly the penalties for fraud and misuse of the GPC;
 - Initiate verbal counseling and warning;
 - Provide written warning;
 - Suspend or revoke GPC privileges;
 - Suspend or revoke employee security clearance;
 - Include misuse occurrence in employee performance evaluations;
 - Suspend or terminate employment;
 - Ensure consistent enforcement of penalties; and
 - Publish actions taken by the agency for misuse of the GPC.
- ◆ The management control responsibilities herein that have been assigned to the head of the executive agency may be delegated to a level no lower than the head of the contracting activity.

Additional Acquisition Responsibilities

Competition: Competitive procedures should be used to the maximum extent practicable.

Small Business Participation: Contracting activities using emergency procurement authority for contingency or humanitarian aid operations are expected to provide small businesses maximum practicable opportunity under the circumstances to participate in the acquisitions as prime contractors and subcontractors. Where possible and consistent with efficient acquisition of needed supplies and services, local small businesses should be given priority.

Compliance with Section 307 of the Stafford Act: Section 307 of the [Robert T. Stafford Disaster Relief Act](#) (P.L. 93-288) establishes a preference, to the extent feasible and practicable, for contracting with local organizations, firms, or individuals for debris clearance, distribution of supplies, reconstruction, and other major disaster or emergency assistance activities. Contracting activities are expected to make every attempt, where practicable, to establish such preferences.

Price Reasonableness: CHs and Ordering Officials are responsible for ensuring that prices are reasonable. The common-sense determinations may take into consideration the extraordinary nature of the contingency or humanitarian aid operation.

Purchasing on Behalf of Another Agency: If making a purchase on behalf of another agency, the agency making the purchase will ensure the requesting agency has the authority to make the purchase and fully document the GPC transaction, including the date and time of the request, the name and contact information of the requesting official, and the funding authorization.

TRAINING

It is strongly recommended that non-procurement purchase CHs who will be making purchases related to a contingency or humanitarian aid operation over an extended period complete the Web-based tutorial course CLM011 in the Continuous Learning Center of the Defense Acquisition University Web site: www.dau.mil.

APPLICABLE LAWS AND REQUIREMENTS

In the instance of contingency or humanitarian aid operations, statutory flexibilities for purchase made with the GPC in accordance with [FAR 13.301\(c\)](#) may be implemented. However, there are certain laws and regulations with which the contractor must comply, even in the case of GPC purchases for contingency or humanitarian aid operations. Tables B-1 through B-5 list these requirements.

Table B-1. Laws and Requirements Applicable to All Purchases

Statute	Requirements	For more information, see:
31 U.S.C. 1352	Anti-lobbying. Do not use appropriated funds to lobby for award of federal contracts.	FAR Subpart 3.8
18 U.S.C. 431	Officials not to benefit	
41 U.S.C. 51-58	Anti-Kickback Act of 1986. The requirement for the incorporation of the contractor procedures for the prevention and detection of violations, and the contract requirement for contractor cooperation in investigations are not applicable.	FAR 3.502
41 U.S.C. 265, 10 U.S.C. 2409	Whistle-blower protection	FAR Subpart 3.9
49 U.S.C. 40118	Fly American	FAR Subpart 47.4
41 U.S.C. 423	Procurement Integrity	FAR 3.104
31 CFR Chapter 5	The contractor shall not provide products from Cuba, Iran, Libya, Sudan, or North Korea, or any entity or individual listed by the Office of Foreign Assets Control as Specially Designated Nationals or Blocked Persons.	FAR Subpart 25.7
10 U.S.C. 2631	Applies to ocean transportation of cargo owned by, or destined for use by, DoD.	FAR Part 47 and DFARS Subpart 247.5

Table B-2. Laws and Requirements Applicable to Purchases Greater than \$2,500

Statute	Requirement	For more information, see:
41 U.S.C. 351 et seq.	The contractor agrees to comply with the Service Contract Act of 1965, as amended. If this is a service contract, each service employee shall be paid not less than the minimum monetary wages and shall be furnished fringe benefits in accordance with the wages and fringe benefits determined by the Secretary of Labor, or authorized representative, as specified in any wage determination attached to this contract.	FAR Subpart 22.1006

Table B-3. Laws and Requirements Applicable to Purchases Greater than \$10,000

Statute or Executive Order (EO)	Requirement	For more information, see:
E.O. 11246	The contractor represents that the contractor complies with Equal Employment Opportunity (EEO) and does not maintain or provide segregated facilities for its employees. There may be limited exemptions and waivers from some of the requirements under the authorizations issued related to particular contingency or humanitarian aid operations.	FAR Subpart 22.8
29 U.S.C. 793	The contractor agrees to comply with Affirmative Action for Workers with Disabilities. There may be limited exemptions and waivers from some of the requirements under the authorizations issued related to particular contingency or humanitarian aid operations.	FAR Subpart 22.14
42 U.S.C. 6962	Use of recovered material. If this contract is for an Environmental Protection Agency (EPA) designated product, the contractor certifies that the percentage of recovered materials used in the performance of the contract will be at least the amount required by the applicable contract specifications.	FAR Subpart 11.3

*Table B-4. Laws and Requirements Applicable to Purchases
Greater than \$100,000*

Statute	Requirement	For more information, see:
31 U.S.C. 1352	The offeror certifies that no federal appropriated funds have been paid to any person to influence or attempt to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress, on his or her behalf in connection with the award of this contract. Disclosure using OMB Form LLL is required if the contractor makes payments with nonappropriated funds that would be prohibited if paid with appropriated funds.	FAR Subpart 3.8
38 U.S.C. 4212	Application of labor laws. The contractor agrees to comply with Equal Opportunity for Special Disabled Veterans, Veterans of the Vietnam Era, and Other Eligible Veterans. There may be limited exemptions and waivers from some of the requirements under the authorizations issued related to particular contingency or humanitarian aid operations.	FAR Part 22.13
40 U.S.C. 3701 et seq.	Contract Work Hours and Safety Standards Act	FAR Subpart 22.3

Table B-5. Laws and Requirements Applicable to Purchases of \$175,000 or More

Statute	Requirement	For more information, see:
19 U.S.C. 2501 et seq.	WTO GPA. If buying items listed at DFARS 225.401-70 , obtain oral certification that the supplies are U.S. made, or the products of a designated or qualifying country, unless domestic end products are not available.	FAR 25.4 , DFARS 225.4 , 252.225-7020

QUESTIONS AND ANSWERS

The following questions and answers relate to using the GPC under emergency procurement authority granted to support contingency or humanitarian aid operations.

Who can be granted an increased purchase card limit, and how can it be implemented? After careful consideration of a supervisor's request to increase a CH's GPC limit to support contingency or humanitarian aid operations, the A/OPC may direct the bank to increase a non-Contracting Officer GPC limit to the authorized micro-purchase threshold. A/OPCs may approve and implement supervisor's requests for an increased GPC limit of up to the authorized simplified acquisition threshold to support contingency or humanitarian aid operations for CHs who are also warranted Contracting Officers.

How much can a CH spend on contingency or humanitarian aid operations? A CH can spend up to his or her delegated amount on a single purchase. As always, the bank will not approve any purchase with a price that exceeds the total funding attached to the individual CH's account.

Must the CH be a warranted Contracting Officer to spend up to the authorized simplified acquisition threshold? Yes, only CHs who are warranted Contracting Officers, are supporting contingency or humanitarian aid operations, and hold delegations from the A/OPC are authorized to have their GPC limit raised to the authorized simplified acquisition threshold.

Are there other spending amounts for CHs? Yes, CHs who have received the necessary delegation from their A/OPC may spend up to the authorized micro-purchase threshold on a single purchase related to contingency or humanitarian aid operations. As always, the bank will not approve any purchase with a price that exceeds the total funding attached to the individual CH's account. A CH does not have to be a warranted Contracting Officer to be granted a delegation.

Are special funds to be used? Yes. A related law may provide funds to support particular contingency or humanitarian aid operations. However, you must communicate with your Resource Management/Budget Office to ensure that funds are available for your GPC and the necessary alternate LOAs are established in the bank system so that GPC charges attributable to particular contingency or humanitarian aid operations can be reallocated (instead of default line) to the appropriate special funding. If charges occur prior to availability of special funding, CHs must work with their Resource Management/Budget Office to properly identify those charges so they can be reclassified to ensure all costs associated with each contingency or humanitarian aid operation are appropriately captured.

Should I keep track of what I buy? Yes, this is very important. Because automated systems can be slow to catch up with real-world situations, it is imperative that the CH maintain thorough logs and records of each individual purchase (and how it supports the rescue and relief effort) made to support contingency or humanitarian aid operations.

Are there additional laws and regulations to comply with? Yes, Tables B-1 through B-5 above list the laws and regulations for compliance. Additionally, the Contracting Officer must place a note to file that the urgency of need for the item

or service required GPC use (versus other, more time-consuming contracting methods), and the purchase had a clear and direct relationship to contingency or humanitarian aid operations. Prices must always be reasonable.

Are there any special requirements for CHs spending up to \$2,500 for contingency or humanitarian aid operations? Regular operating rules apply to purchases up to \$2,500 for contingency or humanitarian aid operations. However, during GPC reconciliation, the CH must ensure that all purchases made under a related emergency authority are paid with the appropriate supplemental funding.

Is there a preference for small business and local firms? Although there is no absolute requirement to purchase from small businesses, you should provide small businesses maximum practicable opportunity to participate in procurements related to contingency or humanitarian aid operations. Section 307 of the [Robert T. Stafford Disaster Relief Act](#) establishes a preference, to the extent feasible and practicable, for contracting with local organizations, firms, etc., to clear debris, distribute supplies, undertake reconstruction, and conduct other major disaster or emergency assistance activities.

Is there a new dollar limitation for convenience checks? In the instance of a need for contingency or humanitarian aid operations, the Office of the Under Secretary of Defense (Comptroller) may authorize a temporary increase in the maximum purchase dollar limit for convenience checks, in support of the particular contingency or humanitarian aid operations.



Appendix C

Government Purchase Card Guide to Overseas (OCONUS) Shipments

As a GPC CH, you have the final responsibility to ensure the items you buy reach the warfighter they are intended to support. This appendix specifies the procedures you must follow and provides some simple tools to assist you when the item you buy requires overseas delivery.

When you receive a requirement for a GPC purchase that specifies overseas delivery, determine whether supplier-arranged commercial transportation will be used to ship the item to the final destination. The supplier will usually be able to tell you if they can commercially ship the item to the OCONUS destination. If commercial transportation will be used, execute the purchase.

If supplier-arranged commercial transportation cannot be used, you must provide the supplier with additional shipping instructions to allow for entry into the DoD organic distribution system. If these instructions have been provided to you with the requirement, or are otherwise available, proceed with the purchase. If you need assistance with these instructions, contact your supporting transportation office to obtain these special shipping instructions.

In order for your supporting transportation office to be able to assist you, you will need to provide certain CH, transportation/delivery, and supplier information. Table 1, “GPC OCONUS Shipping Information,” is a worksheet that you should complete prior to visiting your supporting transportation office. Although not all of the information requested on the worksheet may be applicable to your purchase, having the required information will facilitate the movement process and ensure that the item reaches its intended destination.

For a shipment to be accepted into the DoD organic distribution system, the supplier will be required to prepare and apply a military shipping label (MSL). A bar-code-readable label is preferred, but some suppliers may not have that capability—in which case a manual label should be prepared. You will need to contact your supporting transportation office to obtain the required information the supplier will need to accomplish this.

The sections that follow Table C-1 provide the information that is required to properly prepare MSLs—both bar-code-readable and manual. The CH is responsible for providing this information to the supplier and ensuring that the CH’s official files are documented with this information. This documentation is necessary in order to support possible disputed payments.

Table C-1. GPC OCONUS Shipping Information

GPC Cardholder Information	
Cardholder's Name	
Cardholder's Unit	
Building Number	
Base, Country, ZIP Code	
DSN Phone	
Commercial Phone	
DSN Fax	
Commercial Fax	
E-Mail Address	
Transportation Delivery Information	
In-the-Clear Delivery Address	
DoD Address Activity Code (DODAAC) (if known)	
Nomenclature	
Stock Number(s) or Part Number(s) (if assigned)	
Special Handling Characteristics	
Estimated Number of Pieces	
Estimated Weight	
Estimated Dimensions (if any are over 6 feet)	
Required Delivery Date	
Transportation Account Code (if known)	
Transportation Control Number (TCN) or Document Number (if assigned)	
Project Code (if known)	
Supplier Information	
Supplier's Name	
Supplier's Street and Building Address	
Supplier's City, State, and ZIP Code	
Supplier's Phone Number	
Supplier's Fax Number	
Supplier's E-Mail Address (if known)	

TRANSPORTATION INFORMATION (BAR-CODE-READABLE MILITARY SHIPPING LABEL)

Figure C-1 is an example of an MSL with bar codes, showing the data elements that must be completed. The commercial supplier you are buying from will not know many of these, so you will have to seek assistance from your servicing transportation activity. (Also, consult with the supplier and your supporting ITO/TMO/SSA to determine if there are any special handling requirements for the material you are buying.) Each data element is described following Figure C-1.

Figure C-1. Sample MSL

TCN				SW81238350D001XXX			
							
From SW8123 In-the-clear Address 3 Lines Max, 35 Characters Per Line XXXXXXXXXX1XXXXXXXXXX2XXXXXXXXXX3XXXXX			TAC / Type Service / Postage SZZZ Frt LTL				
Piece 1 Of 1 	Weight (lb.) 7760	Date Shipped 1090	RDD 999				
	Cube (ft.) 385	Project 9BU	Priority 1				
Ship To / POE 	In-the-clear Address 5 Lines Max, 35 Characters Per Line Abcdefg Higklmno Pqrstuv Wxyz Abcdefg Higklmno Pqrstuv Wxyz XXXXXXXXXX1XXXXXXXXXX2XXXXXXXXXX3XXXXX						
POD 	MSL, Supply, & TCMD Data 						
FMS Case CKM							
DLA Data ABD77ZR Dest: 30D135 CD: Spur:							
W55XGJ 		Ultimate Consignee / Mark For Consignee Ultimate / Mark For Consignee Address 5 Lines Max, 35 Characters Per Line Abcdefg Higklmno Pqrstuv Wxyz Abcdefg Higklmno Pqrstuv Wxyz XXXXXXXXXX1XXXXXXXXXX2XXXXXXXXXX3XXXXX					

This 2D symbol contains data for the MSL, TCMD, and 10 supply line items.

Military Shipping Label Required Data

Transportation Control Number (TCN): The TCN identifies the shipment within the DTS and is *the* most important data element. Without it, DTS cannot recognize the shipment. The TCN is a 17-character alphanumeric with a distinct structure. For supplier shipments, you will need to work with the ITO/TMO/SSA to create a unique TCN(s) for your GPC purchase shipment.

From: This is the return shipping address of the supplier, suitable for return mail or return of the shipment if it cannot be delivered. (This information is supplier provided.)

Transportation Account Code (TAC)/Type Service/Postage: If you are using the DTS to move the shipment overseas, the only data element you are concerned with is the TAC. This is a four-digit alphanumeric code that indicates the account to be charged for the DTS transportation (airlift or sealift). The ITO/TMO/SSA will help identify the TAC to be used.

Piece _ of _: Your shipment may have multiple boxes. The label will state “1 of 3,” “2 of 3,” etc., so the DTS will know when the shipment is complete. (This information is supplier provided.)

Weight: This is the weight of the package to which the label is affixed. (This information is supplier provided.)

Date Shipped: This may be left blank or provided by the supplier.

RDD (Required Delivery Date): This is the date (using our standard, Julian calendar) on which the user needs the item.

Cube: This is the actual size (volume) of the package. It is calculated using the length, width, and height or girth of the package. (This information is supplier provided.)

Project: Project codes are used to identify special programs and for tracking associated costs. Your organization or the TMO/ITO will determine if a project code applies to your requirement.

Ship-to POE (Point of Embarkation)/In-the-Clear Address: This is the address of the point where the item will enter the DTS—or aerial port) from which cargo will depart. The ITO/TMO/SSA will provide the applicable POE information and codes to be used to initiate the shipment in the DTS. The code for the POE (Dover) and its physical address (Bldg XXX, Dover AFB, DE) where the shipment should be delivered for processing are entered here.

Priority: Transportation priority (TP) determines whether routine or expedited transportation service is authorized, and is defined by several factors. TP is reflected in the choice of mode—air or surface.

POD (Port of Debarkation): This is the OCONUS water or aerial node at which cargo will be discharged. It may or may not coincide with the destination. *Note: Onward movement may be required from the POD to the consignee, making address and delivery information critical.*

FMS (Foreign Military Sales) Case: Your shipment should not be associated with an FMS case. Leave this blank.

DLA Data: Because this is a supplier purchase, this block will not apply and should be left blank.

Ultimate Consignee: This is the organization to receive the shipment. It is identified by a DoD Activity Address Code (DODAAC), the large bolt print with bar code to the left), and a clear text name and shipping address. DODAACs can be found in the DoD Activity Address Directory (DODAAD), available on the Internet. There are hundreds of thousands of DODAACs, and they frequently change for units on the move or deployed during a contingency.

Advanced Transportation Control Movement Document Required Data

The DTS nodes need to know that your shipment is coming to them. The Advanced Transportation Control Movement Document (ATCMD) is the method of transmitting this information. During the process of creating the label, the information from you, the ITO/TMO/SSA, and the supplier combine to create the ATCMD—no further information is needed. The supporting transportation service office will complete the ATCMD and transmit it accordingly. The paragraphs below describe the elements of the ATCMD.

Mode: The various modes used for movement are inland surface transportation, sea transport, and air transportation. Mode selection is driven by the RDD and the transportation priority. The ITO/TMO/SSA, in coordination with the GPC CH, will select the mode.

National Stock Number (NSN): The NSN uniquely identifies thousands of items bought and used by DoD. For GPC purchases from suppliers, you will most likely not have a NSN. However, for GPC purchases the part number and/or nomenclature can be entered instead. The ITO/TMO/SSA will assist you in determining what to use, based on information you receive from the supplier.

Commodity Codes: These codes are used in military transportation circles to identify contents of shipments by category. There are numerous codes, depending on the mode and method, whether the shipment is hazardous or requires special handling, etc. The ITO/TMO/SSA will assist you in determining which codes apply to your purchase.

Special Handling Requirements: Consult with your ITO/TMO/SSA to determine if your purchase has any special handling requirements, including any foreign country entry requirements. *Note:* If the item is hazardous material, ensure the supplier is instructed to include material safety data sheets (MSDS) documentation with the shipment.

Dimensions: Dimensions are required to be identified only if any one dimension is more than 60 inches.

TRANSPORTATION INFORMATION (MANUAL MSL)

The data elements listed below are required to create a manual MSL and ATCMD documentation. Obtaining all of these data requires close coordination between the GPC CH, supplier, and supporting transportation office. This is the means of successfully integrating your GPC shipment with the DTS. Consult with the supplier and your supporting ITO/TMO/SSA to determine if there are any special handling requirements.

MSL Required Data

Except as otherwise indicated, the elements below are the same as those described above as required data for bar-code-readable MSLs.

Block 1, TCN

Block 2, Postage Data/TAC

Block 3, From

Block 4, Type Service: For shipments entering DTS, leave blank.

Block 5, Ship-to Address/POE

Block 6, TP

Block 7, POD

Block 8, Project Code

Block 9, Consignee

Block 10, Weight: For your shipment, the supplier will have to provide this information. Weight (whole pounds) and volume (whole cubic feet) of the shipment are important for load-planning purposes.

Block 11, RDD Cargo

Block 12, Cube

Block 13, Charges: Not applicable.

Block 14, Date Shipped: For your shipment, the supplier will have to provide this information.

Block 15, FMS Case Number: Complete if applicable.

Block 16, Pieces: For your shipment, the supplier will have to provide this information. A single shipment (TCN) can have multiple pieces. The piece number field on the labels for each should show “1 of 3,” “2 of 3,” etc.

Block 17, Total Pieces: See above. The piece number field on the labels for each should show “1 of 3,” “2 of 3,” etc.

ATCMD Required Data

Except as otherwise indicated, the ATCMD required data (i.e., mode, NSN, commodity codes, special handling requirements, and dimensions) for manual labels are the same as those described above for bar-code-readable MSLs.

FREQUENTLY ASKED QUESTIONS

Who pays for DTS shipments? The supplier will charge your GPC account for moving the shipment to the first DTS interface point, but a separate source of funds is required to move it beyond that point to the final destination. You must have a funding source for the overseas movement of the shipment. This is accomplished through use of a funded TAC.

Will my shipment go by air? DTS moves only highest-priority shipments via air. This is due to the higher cost and limited availability of air, especially in contingency theaters. Just because you “want it fast” does not mean it is authorized to go by air. Your organization’s priority determines whether the shipment will go by air or surface.

Where should the supplier ship my purchase? Your ITO/TMO/SSA will tell you where the supplier should send your purchase for entry into the DTS. This may be to a consolidation point, where many shipments are combined into ocean containers or airlift pallets; or directly to an Air Mobility Command aerial port. The ITO/TMO/SSA will determine the proper entry point for your supplier shipment, based on DTS service to your destination.

What is the ATCMD? The ATCMD is an electronic record that is passed to the aerial port or seaport by the ITO/TMO/SSA, so the shipment can be processed without delay.

When is advanced notification required for my shipment to enter the DTS?
Advance notification is required when the shipment is coming from the supplier into an aerial or water port for entry into DTS. The ATCMD is the tool that supports this process.

Are there special labeling and documentation requirements for a shipment to enter DTS? Yes. Your shipment must be labeled and documented to military standards. These are far different than those of the business world, particularly for military air shipments. Your ITO/TMO/SSA will provide you with labeling and documentation guidance to pass to the supplier.

What are the primary causes of GPC cargo becoming frustrated or delayed?

- ◆ Lack of a standard MSL
- ◆ An incomplete MSL.
- ◆ Lack of MSDS
- ◆ Improper packaging and marking for hazardous material
- ◆ Lack of a TAC
- ◆ Lack of advance notification

Where can I find more information on shipping GPC purchases? See the transportation links in the section below.

TRANSPORTATION LINKS

Defense Transportation Regulations: <http://www.transcom.mil/j5/pt/dtr.html>

United States Transportation Command (US TRANSCOM):
<http://www.transcom.mil/>

Surface Deployment and Distribution Command (SDDC):
<http://www.mtmc.army.mil/>

Air Force Material Command, Logistics Management Office: <http://www.afmc-pub.wpafb.af.mil/HQ-AFMC/LG/>

Defense Supply Center Columbus (DSCC) (Packing Specifications, Standards, and Manuals): <http://www.dsccl.dla.mil/offices/packaging/specstdslist.html>

Appendix D

Unique Business Rules for Travel Card Individually Billed Accounts

This chapter contains business rules unique to travel card IBA programs. For additional information, see [Volume 9, Chapter 3 of the DoDFMR](#) and the current [master contract and task order](#) governing the travel card program.

PROCESSES

The following sections present summary-level overviews of processes unique to travel card IBA programs.

Payment Process

The following list depicts key aspects of the payment process.

- ◆ A CH uses the travel card for official travel expenses in his/her performance of official travel.
- ◆ The CH returns from travel and prepares a travel voucher for reimbursement designating the total of his/her outstanding balance for split disbursement to the issuing bank. (Split disbursement is mandatory for military personnel and is recommended for civilians pending completion of bargaining obligations.)
 - The CH can obtain balance information in advance of receiving the monthly statement by calling the providing issuing bank.
- ◆ The CH submits a claim for reimbursement.
- ◆ Payment is made to the CH and/or issuing bank via split disbursements.
- ◆ The CH receives the monthly statement and verifies charges, submits disputes as needed, and ensures the balance is paid if not fully covered by split disbursement.

PROGRAM MANAGEMENT

A/OPCs provide program information, including travel card delinquency reports, to their chain of command. They prepare and distribute delinquency notices to CHs and supervisors as prescribed by [Volume 9, Chapter 3 of the DoDFMR](#).

Commanders and supervisors review performance metrics and delinquency reports and take administrative or disciplinary actions as appropriate.

Senior management reviews performance metrics and determines additional actions or policy changes as required.

PERSONNEL

Component Program Manager

The following roles and responsibilities are unique to travel card IBA CPMs:

- ◆ Serve as the Service/Agency functional representative with the TCPMO.
- ◆ Interface with the issuing bank or card processor on performance issues.

Cardholder

With IBAs, the timely payment of the travel card bill, including late fees, is the responsibility of the individual CH.

On a case-by-case basis, the Commander/supervisor may approve designation of “mission-critical” status for a traveler. This designation is reflected on the individual’s travel orders and is reserved for personnel who must engage in mission-critical travel that precludes them from filing travel vouchers. While in this category, individual cards shall not be suspended or canceled. A/OPCs will notify the issuing bank of the designation and duration of the mission-critical status. Individuals have 45 days from removal of this status to remit their full balance due before the issuing bank may take action on their account. See the memorandum on [“Implementation of Changes to Policy in the DoD FMR Related to Mission Critical Travelers”](#) from OUSD(C) dated 05/07/02.

On the basis of the results of a credit check, individuals will be issued either a standard card or a restricted card, or denied a card. Restricted cards have half the value of standard cards, but their value can be raised, with appropriate approval, to meet specific mission requirements. Individuals who decline a credit check may be asked to self-certify to their creditworthiness or may be declined a card. At the time of publication of this guide, the policies regarding creditworthiness requirements are being implemented in phases. Individuals should contact their APC to determine the creditworthiness requirement in effect at the time they apply for a card.

Reviewing Official

The RO is responsible for reviewing travel claims, including claims for the reimbursement of airline tickets, to ensure the traveler used his/her IBA card, rather than a CBA card, to purchase the ticket.

Training

Travel card A/OPCs should provide new CHs with an application packet that includes the DoD Statement of Understanding (SOU). Travel card CPMs and A/OPCs are required to ensure all CHs receive training in accordance with DoD policy. CHs are required to read, sign, and return the SOU to the APC.

SPECIAL ISSUES

Mandatory Use of Travel Card

Use of the travel card is mandated by law under the [Travel and Transportation Reform Act of 1998](#). Defense employees who travel on official business more than two times a year must use the travel card, with certain exceptions. For example:

- ◆ The [DoDFMR](#) exempts “infrequent travelers.” See the memorandum on [“Definition of Frequent Traveler Subject to Mandatory Use of the Government Travel Charge Card”](#) from OUSD(C) dated 06/20/03.
- ◆ DoD has exempted employees who would use the travel card only for travel en route to a deployment location. See the [memoranda from OUSD\(C\) to DoD recipients and to the GSA administrator](#), both of which are dated 04/14/03.
- ◆ Other exemptions exist for security concerns, contingency operations, locations where the card may not be accepted, and selected categories of personnel. See [Volume 9, Chapter 3, of the DoDFMR](#).

Salary Offsets

The travel card provider may submit requests for the collection of delinquencies 120 or more days past the closing date of the account. DoD shall provide for appropriate salary offsets after the issuing bank has provided due process notice to the CH. See the memorandum on [“Implementation of Changes to the Department of Defense \(DoD\) Travel Card Policies to Reduce Delinquency Rates”](#) from OUSD(C), dated 06/14/01.

A provision in the [DoD Authorization Act for FY 2003](#) allows DoD to apply salary offsets uniformly against all DoD civilian and military personnel pay and against all former DoD military and civilian personnel receiving retirement pay.

Tracking Interest Due for Failure to Reimburse

It is the government's responsibility to reimburse travelers within 30 days of their submission of valid travel claims. For a reimbursement exceeding 30 days, the traveler is entitled to interest as prescribed by the [Code of Federal Regulations \(CFR\), Title 5, Part 1315, Prompt Payment](#), and any late payment charges incurred by the traveler for failing to timely pay the travel card contractor.

Split Disbursements

In a split disbursement, the government directly pays the travel card issuing bank the amount designated by the traveler to pay his/her outstanding charge card balance. Any additional money owed to the traveler goes to the traveler's issuing bank account. Without split disbursement, the traveler receives the entire voucher settlement and in turn pays the travel card issuing bank. Civilian personnel have a choice between the two approaches. That choice is pending conclusion of labor bargaining agreements; nevertheless, the split disbursement option (SDO) is strongly encouraged until then. SDO is currently the mandatory default for civilian employees. Military travelers must use split disbursement for their total outstanding balance. Individuals can determine the amount of their outstanding balances prior to receiving their statement by calling the issuing bank. See the memorandum on "[Implementation of Legislative Changes to the DoD Travel Charge Card Program](#)" from OUSD(C) dated 04/23/03.

Alternatives to Travel Card

The TCPMO is exploring alternative options to the travel card, such as debit or pre-funded cards.

MANAGEMENT TIPS FOR TRAVEL CARD IBAS

1. Management personnel should determine and take appropriate disciplinary action in any case of delinquency or misuse.
2. APCs should review delinquency, pre-suspension, and pre-cancellation reports monthly and address the status with the CH and the supervisor.
3. Management personnel should enforce the mandatory split disbursement policy for military personnel and encourage the use of split disbursement for civilians until bargaining is completed.

4. APCs should review transaction activity provided by the APC for potential misuse.
5. CPMs and/or APCs should ensure any cases of outstanding delinquency or misuse involving individuals with security clearances are reported to the appropriate security manager.
6. CPMs should ensure CHs and APCs receive required training.
7. CPMs and management personnel should ensure those chosen to be appointed as APCs have the skills, abilities, and time to perform the responsibilities, particularly if the assignment is an additional duty.
8. CPMs should ensure APCs are regularly running and reviewing reporting tools identified in the DoDFMR and available through the issuing bank's online system.



Appendix E

Unique Business Rules for Travel Card Centrally Billed Accounts (Other Than Defense Travel System)

PROCESSES

This chapter contains business rules unique to travel card CBA programs. For additional information, see [Volume 9, Chapter 3, of the DoDFMR](#) and [the current master contract and task order](#) governing travel card CBA programs and the current issuing bank's CBA guide.

General

The key aspects of CBAs are as follows:

- ◆ A CBA is a government liability account.
- ◆ DoD uses two types of CBAs:
 - Transportation accounts—Card-less accounts for use in purchasing air, bus, and rail tickets.
 - Unit cards—Plastic charge cards for facilitating group travel arrangements. Unit cards may also be issued as a line of accounting rather than a physical card.
- ◆ The organization to which a CBA is issued is the Designated Billing Office (DBO).
- ◆ The DBO receives, reconciles, and certifies the CBA invoice for payment.
- ◆ The DBO may utilize the services of a contracted processing partner—a Commercial Travel Office (CTO)—to aid in reconciling the CBA invoice.
- ◆ The CTO makes travel arrangements for individuals based on approved travel orders.
- ◆ The CTO issues tickets to travelers who present approved travel orders and forwards the charges to the issuing bank.

-
- ◆ Unit cards may be used to purchase services directly from suppliers. The suppliers process the charges to the issuing bank, which produces an invoice containing all of the charges billed to the unit card during a cycle.
 - ◆ CBAs are billed on a 30-day cycle.
 - ◆ When volume warrants, separate CBA accounts should be established to provide for purchases by military Component. This will minimize [Prompt Payment Act](#) interest while maximizing rebate earnings that can be effected due to pre-validation legal requirements. A separate card for each Component, based on the department code within the line of accounting (e.g., 97 = Defense Agencies, 17 = Navy or Marine Corps, 21 = Army, and 57 = Air Force), provides the greatest opportunity to maximize rebate earnings and reduce Prompt Payment Act Interest.

Setting Up a CBA

CBAs require the approval of the CPMs. Key steps in the approval process are as follows:

- ◆ The activity/Agency identifies a requirement to the CPM that includes:
 - The purpose of the CBA.
 - The types of charges to be made.
 - Identification of Accountable Officials:
 - The APC or Account Manager and/or unit CHs, and
 - The AO.
 - The payment and reconciliation process that will be used for the account.
 - The RO to certify the invoice for payment.
- ◆ CPMs must:
 - Evaluate each request and render a determination.
 - If approved, establish the required hierarchy.
 - Notify the issuing bank to open the CBA.
 - Monitor the CBA using reports.

If an APC/Account Manager is to replace an existing official, a new account does not have to be opened for a transportation account. The CPM will ensure the account is updated with the new APC/Account Manager information. A unit card issued to an individual must be canceled and a new account established upon transfer of the APC/Account Manager.

ROs may serve as both AOs and ROs for transportation accounts. Unit card transactions may require the certification of two individuals: an AO and an RO.

ROs must be appointed by the issuance of a Letter of Appointment, but the signature card is required only if the RO is acting in the capacity of a Certifying Officer. The revised [DD Form 577](#) may be used.

When the APC/Account Manager is transferred, the CPM must ensure unit card accounts are canceled when necessary. New accounts may be required upon the establishment of a new CTO contract.

Authority for Travel

Purchases made on CBAs must be supported by competent authority. Competent authority is deemed to be a set of travel orders as defined in:

- ◆ [The Joint Federal Travel Regulation \(JFTR\), Volume 1, Uniformed Service Members, paragraphs U2100 and U2115.](#)
- ◆ [Joint Travel Regulation \(JTR\), Volume 2, Department of Defense \(DoD\) Civilian Personnel, paragraph C3050.](#)
- ◆ [Volume 9, Chapter 5 of the DoDFMR.](#)
- ◆ Applicable Service regulations/directives.

When other authority is used to support unit card purchases, such authority must contain the same elements as a competent travel order.

Purchasing

Authorized travel expenses are identified in the [JFTR](#) and [JTR](#). Expenses that are not covered in the JTR/JFTR but are deemed necessary shall be submitted to the cognizant CPM for review and approval. The CPM will coordinate the request with the applicable contracting officer, DFAS - Travel Card Program Management Office, 1931 Jefferson Davis Highway, Arlington, VA 22240; and the general counsel as appropriate. Charges on the CBA transportation accounts shall be limited to air, bus, and rail charges, as well as CTO fees, unless otherwise authorized by the CPM. Unit card charges shall support group travel. Charges may be made on the CBA unit cards consistent with charges made on the IBA and must likewise be supported by competent travel authorization documents secured in

advance of the charges. When the CBA unit card is used for other than group travel, special written authorization must be granted in the authorization letter by the CPM.

The list below depicts the key steps in making a purchase in excess of per diem or other policy limits in the JTR/JFTR using a government centrally billed travel card.

- ◆ The traveler initiates a request for travel orders and identifies the need for extraordinary accommodations; for example, premium travel, rental car, or actual expense.
- ◆ The travel orders approving/authorizing officials approve the request and ensure the availability of the appropriate justifications for extraordinary accommodations.
- ◆ The traveler makes charges using the CBA, commensurate with provisions in the travel orders/authorization document.

CBA Invoicing

The issuing bank forwards an invoice to the APC/Account Manager, showing all of the charges billed to the CBA monthly. A record of all aspects of the invoicing process should be maintained to ensure prompt payment to the contractor and compliance with [Prompt Payment Act](#) guidelines. Key aspects of the invoicing process that should be tracked are listed below.

- ◆ The DBO maintains a log to show the:
 - CBA invoice date,
 - Received date of the paper copy of the invoice,
 - Received date of the electronic invoice file from the CTO,
 - Mailing date of the invoice payment package to the Designated Payment Office (DPO),
 - Disbursement date, and
 - Other events that could affect timely payment.
- ◆ In addition to the CBA invoice, the contractor may issue CBA billing statements to unit CHs who have been issued a transacting account under an APC's/Account Manager's central account. Charges reported on a billing statement roll up to a CBA invoice under the central account number.

Reconciling the CBA Invoice

The list below depicts the key steps in reconciling a CBA invoice.

- ◆ The APC/Account Manager receives the CBA invoice and:
 - Matches each charge on the invoice to the applicable travel orders (or other authorization documentation) and to the receipt showing the item/service purchased.
 - Verifies the adequacy of the authorization documentation:
 - A signed copy of the travel order,
 - A legible ticket itinerary/receipt, and
 - The authority for premium travel.
 - Determines the disposition of unmatched charges.
 - Identifies and applies credits for unused airline tickets or over-billings back to the originally charged line of accounting.
 - Prepares the required disbursement voucher (i.e., Standard Form [SF] 1034, [“Public Voucher for Purchases and Services Other Than Personal”](#)).
 - Obtains the appropriate certifications per [Volume 5, Chapter 33 of the DoDFMR](#).

The CPM will ensure local procedures are developed and followed for reconciling CBAs and will ensure special handling of CBA unit cards that involve multiple transacting accounts under one central account number.

The APC/Account Manager should not wait until the end of the cycle to accomplish the reconciliation. The APC/Account Manager may use his/her statements via the issuing bank’s EAS to facilitate reconciliation. Frequent review of the transactions by the APC/Account Manager should help to eliminate disputes at the end of the cycle, as it will allow merchants time to apply credits for improper charges.

The AO/RO is responsible for a second-level review, ensuring all supporting documentation is maintained, and invoice approval.

Disputing a Charge

When an APC/Account Manager is unable to resolve a disputed charge with a merchant, it is his/her responsibility to initiate a dispute with the issuing bank. Dispute procedures are described in the [issuing bank's guide](#). The following list depicts key actions of the process for disputing a charge.

- ◆ Initiate the dispute by submitting a [dispute form](#) to the issuing bank.
- ◆ Maintain a record of the dispute for tracking purposes.
- ◆ Respond to issuing bank requests for additional information.

Certifying

The RO will comply with the requirement outlined in [Volume 5, Chapter 33 of the DoDFMR](#).

The AO, in conjunction with the APC/Account Manager and the RO (if different from the AO), are responsible for ensuring that all transactions are legal, proper, and correct. When the AO is also the RO, he/she must certify invoices for payment. The key actions of the process for reconciling and certifying by the AO/RO are listed below.

- ◆ Review transactions to ensure they are legal, proper, and correct.
 - If so, sign the “certified for payment” block on the SF 1034.
 - If not, return to the APC/Account Manager for corrective action.

When the AO is also the RO, he/she has pecuniary liability for an illegal, improper, or incorrect transaction.

Paying Issuing Bank Invoices

The payment offices will rely on the CO to ensure the validity, legality, and accuracy of payment forwarded as certified. The DPO will ensure certified CBA invoice payment packages undergo pre-validation in accordance with DFAS operating procedures to ensure the availability of funding. The DPO also will ensure that a DD Form 577 [“Appointment/Termination Record—Authorized Signature”](#) is on file and verified for all certifiers. Payments will be made as specified by the CO.

Records Retention

AOs/COs in the DBO shall ensure that proper audit trails are built, documentation is available to support all charges and payment on a CBA, and that documentation is retained for the statutory period prescribed in [Volume 5, Chapter 21 of the DoDFMR](#).

The following minimum documentation shall be retained for the statutory period of six years and three months:

- ◆ Travel orders or other authorization documents setting up the requirement for travel.
- ◆ Ticket/itinerary or paper receipts describing the merchandise/service purchased.
- ◆ Issuing bank invoices showing itemized charges paid by the issuing bank and annotated to show the charges that were matched and paid and the charges that were disputed (includes spreadsheet documents, which show such matching).
- ◆ Dispute form(s) and other documentation that identifies actions taken to clear and/or follow up on a disputed charge.
- ◆ Certification statements.
- ◆ Any documentation that adds audit value to the transactions, such as spreadsheets used in the reconciliation process to identify charges that are verified proper for payment from those being disputed, justification for premium travel, one-time authorization for cash, etc.

Closing/Canceling Unit Card Accounts

When an APC/Account Manager and/or CH separates from his/her organization, retires, or becomes deceased, his/her account must be closed. [A memorandum from OUSD\(P&R\)](#) dated 06/23/03, addresses this responsibility.

The CBA A/OPC must notify the CPM, who updates his/her records system of component CBAs and notifies the issuing bank to close the account. Online closure of CBA central accounts is not available to DoD.

PROGRAM MANAGEMENT

The responsibility for the establishment of the CBAs rests with the CPMs of each Component. The CPMs are responsible for reducing/increasing CBA credit limits and managing the opening and closing of CBAs.

Required Management Controls

Management must maintain appropriate separation of duties between CBA charge card officials. For example, AOs will not be CHs within the same billing account, property book officers or equivalents will not be CHs with authority to purchase accountable items, and resource or budget managers will not be CHs or AOs with responsibility for executing their own funds.

PERSONNEL

Roles and Responsibilities

For travel card centrally billed unit cards, separating the roles of the CBA A/OPC or Account Manager and/or unit card CHs from the role of the AO/RO is an important management control. Changes to the DoDFMR, [Volume 5, Chapter 33](#); and [Volume 9, Chapter 3](#), to identify specific roles and responsibilities for CBA Accountable Officials have been submitted.

The following roles and responsibilities are unique to travel card CBAs.

AGENCY/ORGANIZATION PROGRAM COORDINATOR

The roles and responsibilities of the A/OPC are to:

- ◆ Manage the CH and AO profiles and close accounts using the issuing bank's automated tool.
- ◆ Maintain a current list of all CHs and AOs under the A/OPC's jurisdiction.

COMPONENT PROGRAM MANAGER

The roles and responsibilities of the CPM are to:

- ◆ Serve as the Service's/Agency's functional representative with the PMO.
- ◆ Interface with the issuing bank or card processor on performance issues.

APPROVING OFFICIAL

The key roles and responsibilities of the AO/RO may include some or all of the following:

- ◆ Certify the issuing bank or CTO invoices and submit them through DFAS to ensure timely payment.
- ◆ Certify payments to be legal, proper, and correct.

- ◆ Complete initial and refresher training in accordance with DoD Component requirements.
- ◆ Ensure each CH fulfills his/her responsibilities.
- ◆ Review and approve CH statements.
- ◆ Ensure all transactions for CHs are legal, proper, correct, and mission essential in accordance with government rules and regulations.
- ◆ Recommend dollar limits for CHs.
- ◆ Ensure monthly billing account accuracy.
- ◆ Retain copies of monthly invoices.
- ◆ Maintain all original documentation during responsible personnel turnover.
- ◆ Notify the A/OPC of the requirement to close accounts as necessary due to personnel turnover.
- ◆ Ensure continuity of records when transitioning out of AO responsibilities.
- ◆ Ensure CHs notify the issuing bank of lost or stolen cards.
- ◆ Resolve questionable purchases with CHs.
- ◆ Take corrective action upon discovery of improprieties, to include, as appropriate, involving Personnel and Readiness, Inspector General, and Legal representatives, as well as the A/OPC and HA.
- ◆ Maintain official invoice documentation.
- ◆ Notify the A/OPC of any suspicious transaction activity. (It is presumed that the AO is not equipped to determine whether an investigation should be initiated and/or disciplinary actions are needed.)
- ◆ Ensure no duplicate payments are made.

REVIEWING OFFICIAL

The key roles and responsibilities of the RO may include some or all of the following:

- ◆ Complete initial and refresher training in accordance with DoD Component instruction.
- ◆ Ensure no duplicate payments are made.

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- ◆ Ensure accurate payments, including the use of proper funds, accounting citation, and application of credits for unused airline tickets or over-billings, are made.
 - ◆ Report suspected improper payments, including improper travel claims for airline tickets purchased by individual travelers.
 - ◆ Take appropriate corrective, administrative, and disciplinary actions to address improper, fraudulent, or abusive use of cards.
 - ◆ Address questionable purchases with program officials.

Training

At the time of publication of this guide, DoD is developing CBA training that will be applicable throughout the Department. In the meantime, GSA provides online training for travel CHs.

Travel card A/OPCs should provide new CHs with the application packet and any additional information pertaining to local policies.

SPECIAL ISSUES

Automated Teller Machine Cash Withdrawals

Automated Teller Machine (ATM) cash withdrawals are not authorized except under extenuating circumstances. Individuals who require the use of ATM withdrawals to perform their missions shall provide written requests, explaining the need for such usage, through their command to the cognizant CPM. CPMs shall consider alternate means of reimbursement, such as IBAs, travel advances, and traveling on personal funds, in making their determination. When in doubt regarding ATM cash utilization, CPMs shall seek advice from the DFAS Travel Card Program Office, 1931 Jefferson Davis Highway, Arlington, VA 22240. All requests for ATM cash or traveler's checks shall include the following minimum information and must be approved in writing:

- ◆ Why the ATM cash is needed.
- ◆ The name of the individual who will withdraw the ATM cash.
- ◆ How the cash will be used.
- ◆ Instructions for reconciling the invoice and disposing of any residual monies.

Electronic Payments

DoD is currently fielding the DTS. The system is projected to be fully implemented throughout DoD by 2007. When fully fielded, the DTS will provide strict control over authorizations and disbursements and is expected to afford greater efficiencies in terms of speedier payments and higher contractor rebates. For more information, see the [DTS Web site](#).

MANAGEMENT TIPS FOR TRAVEL CARD CBAS

1. Ensure the CBA is approved by the CPM when established.
2. Ensure AOs and COs are appointed in writing.
3. Follow up with the issuing bank if invoices (both paper and electronic invoice files) are not received in a timely manner, and report non-receipt to the CPM.
4. Reconcile charges on the statement to approved travel orders or other authorization documents and receipts showing the item/service purchased.
5. Dispute unmatched charges and track the resolution of disputes.
6. Limit unit cards to only group travel requirements.
7. Do not use cash on unit cards unless it has been approved by the CPM.
8. Ensure agency guidelines are developed for controlling cash when authorized on a unit card.
9. Review transactions for potential misuse.
10. Take appropriate administrative or disciplinary action when misuse is identified.



Appendix F

Defense Travel System

[Reserved]

Appendix G

Unique Business Rules for AIR Card Programs

BACKGROUND INFORMATION

This chapter contains business rules unique to the Aviation Into-Plane Reimbursement (AIR) card program. For additional detailed information, see the [Defense Energy Support Center \(DESC\) Web site](#).

PROCESSES

The following sections present summary-level overviews of key processes unique to AIR card programs.

Establishing an Account

Accounts are established through the Service or Agency CPM. See “Service Points of Contact (Component Program Manager)” below for CPMs; for non-DoD customers, contact DESC. To establish an account, you will need to provide the following information:

- ◆ Unit/wing/squadron name;
- ◆ Home station information;
- ◆ Mailing address for unit/wing/squadron;
- ◆ Mailing address for invoices;
- ◆ Unit/wing/squadron point of contact;
- ◆ Commercial phone and fax numbers, and e-mail address;
- ◆ Billable Department of Defense Address Activity Code (DoDAAC);
- ◆ Aircraft tail number/bureau number (BUNO);
- ◆ Type/model/series for each aircraft;
- ◆ Fund code;

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- ◆ Signal code; and
 - ◆ Accounting data required for Service legacy system obligations.

Additional information on establishing an account can be found at <http://www.desc.dla.mil>.

Canceling an AIR Card

To cancel an AIR card, contact your respective Service CPM and provide the following information:

- ◆ DoDAAC,
- ◆ Aircraft tail number/bureau number,
- ◆ Unit/wing/squadron, and
- ◆ AIR Card account number.

After contacting your Service CPM, cut up and discard the canceled card.

Aircraft Transfers

AIR cards are assigned to specific aircraft (except for special “any aircraft” cards). Therefore, the card must stay with the aircraft. The transferring unit AO, as delegated by the CPM, is responsible for notifying the AIR card contractor to provide the gaining DoDAAC’s information (see “Establishing an Account” above). Bills will continue to be sent to the transferring unit until the AIR card contractor is notified otherwise.

Split Billing Process

Split billing is a means of centrally billing the “fuel” portion of your invoice. Both DESC contract and non-contract fuel purchases are separated from other goods and services by the AIR card provider. Fuel product invoices are then electronically forwarded to DFAS for payment. The remaining non-fuel purchases are “split” off and billed directly to the home station payment office by the card processor. The invoice is forwarded to the AO assigned by each unit, certified, and then forwarded to the appropriate DFAS Payment Office (e.g., Operating Location—or OPLOC) for payment in accordance with the Prompt Payment Act.

Fuels Automated System and the FAS Enterprise System

The Fuels Automated System (FAS), a component of Business Systems Modernization—Energy, is a vertically integrated automated information system consisting of base-level components and “enterprise”-level systems providing visibility

of bulk fuel assets and fuel transactions to the Services and DESC. The FAS Enterprise Server (FES) is a closed-loop reporting system, providing a Web-based environment that collects, routes, and reports fuel transactions among bases, contractors, DESC, DFAS, and other entities. These systems facilitate standard unit pricing, requirements analysis, and inter-fund billing. Non-contract fuel purchases are processed by DESC-Retail Management Division (RRF) into FES. Document numbers are automatically assigned by FES to squadrons.

Challenge and Review Process

- ◆ **Discrepancy between Receipt and Invoice:** The activity should pay the amount not in dispute and contact the AIR card contractor to reconcile the difference. If the issue is not resolved locally, it should be raised to the Service CPM.
- ◆ **No Invoice Received:** If an activity receives a past-due notice but did not receive the original invoice in question, a copy of the invoice in question should be requested from the Air card contractor for resolution.
- ◆ **Fraudulent Invoices:** If an activity receives a bill for fuels/services not received, the AIR card contractor should be contacted for confirmation of the invoice, and then the unit's Service CPM should be contacted regarding potential fraudulent activity. Suspected fraudulent activity also may be reported to DESC by calling 1-800-2-TOPOFF, #3.

PROGRAM MANAGEMENT

DESC is the DoD-level Program Manager for DoD fuel card programs. DESC is responsible for the associated fuel card program implementation and flow-down of required roles and responsibilities to all lower-level tiers. See "Roles and Responsibilities" below for additional information.

Management Controls

- ◆ AIR cards generally are limited to one per aircraft. Exceptions require Component-level approval.
- ◆ Purchase limits shall be reflective of mission need (e.g., type of assigned aircraft, and anticipated flying requirements).
- ◆ MCCs shall be limited to authorized merchants.
- ◆ AOs shall be appointed in writing and must complete AO training as identified below. AOs shall not be card users.
- ◆ For DoD aircraft, the Service CPM must approve all new card requests.

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- ◆ Delinquency management controls shall be implemented. For DESC, MILSBIL arrearages shall be monitored/managed.
 - ◆ Accounts will be managed for inactive cards.

PERSONNEL

Roles and Responsibilities

Specific roles and responsibilities for all program levels (i.e., from DESC to the CH) specific to AIR card programs may be found at <http://www.desc.dla.mil/>.

SERVICE POINTS OF CONTACT (COMPONENT PROGRAM MANAGER)

- ◆ **Navy:** Naval Operations & Logistics Support Center (NOLSC)
- ◆ **Marines:** NOLSC
- ◆ **Army:** Army Petroleum Center (APC)
- ◆ **Air Force:** TBD
- ◆ **Coast Guard:** Department of Homeland Security (DHS)

APPROVING OFFICIAL

All AIR card AOs must complete required training prior to assuming this responsibility. This training can be found at <http://www.desc.dla.mil/>.

Training

AIR card A/OPCs should track the training (including refresher training) of all program participants in a system of records and ensure that the required training has been completed before issuing cards.

SPECIAL ISSUES

Use of AIR Cards

Authorized fuel and fuel-related product purchases include:

- ◆ Aviation fuel,
- ◆ Callout fees,
- ◆ Flowage fees,

- ◆ Fuel additives,
- ◆ Overtime charges,
- ◆ Rapid/hot refueling fees, and
- ◆ Taxes.

Authorized ground and ramp services include:

- ◆ Aircraft housekeeping (e.g., lavatory cleaning and potable water),
- ◆ Landing fees,
- ◆ Aviator breathing oxygen,
- ◆ De-icing service,
- ◆ Defuel and refuel service,
- ◆ Ground equipment fees (e.g., stairs or aircraft ground equipment—AGE),
- ◆ Hydraulic fluids,
- ◆ Lube oil,
- ◆ Parking/ramp fees,
- ◆ Security services,
- ◆ Slot time fees, and
- ◆ Aviation supplies (e.g., maps and navigational aids)

Contract Purchases and Supplier Discounts

AIR cards can be used at both DESC into-plane contract locations and accepting non-contract airports worldwide. AIR cards also are accepted at some military installations where automated data capture (ADC) equipment is installed. CHs are required to use DESC-contract merchants where one is reasonably available. A list of DESC-contract locations is available at <http://www.desc.dla.mil>. The AIR card contractor has an established network of over 600 non-contract aviation locations that provide both card acceptance and discounted fuel prices. These non-contract, AIR card-accepting locations can be found at https://aviation.multiservice.com/cgi-bin/mscavi_location_lookup.cgi.

Misuse and Gratuities

Executive Order 12731 of 17 October 1990, titled “Principals of Ethical Conduct for Government Officers and Employees,” clearly identifies the standards of conduct expected of flight crew members. Pilots, flight/aircraft commanders, and crew chiefs are considered government procurement officials in that they order fuel and other supplies and commit the government to purchase those items. As such, they shall not accept gratuities. To report any suspected fraud, waste, or improprieties, call 1-800-2-TOPOFF, #3.

DESC into-plane contracts contain a Gratuities clause, which provides that a contractor who offers gratuities in order to obtain favorable treatment under a contract shall have the contract terminated and exemplary damages applied.

Government employees shall avoid any actions creating the appearance that they are violating the law or the ethical standards in effect.

Individuals misusing the AIR card shall be subject to any penalties or disciplines authorized by law or regulation.

Standard Pricing

With the AIR card, DESC pays for all fuel and fuel-related products. Units reimburse DESC at the applicable Standard Unit Price. At DESC-contracted locations, units will be charged the into-plane contract standard price. At AIR card-accepting non-contracted fixed base operators, units will be billed at local purchase standard price. See www.desc.dla.mil for information on standard pricing.

Taxes (Exemptions, Refunds, and Filing)

DoD and the National Guard are exempt from Federal excise tax on aviation fuel, but federal civilian agencies are not. Because the tax is pre-paid by merchants, the taxes are reimbursed to the merchant, and DESC applies for tax refunds to recoup the taxes paid on all DoD and National Guard purchases of aviation fuel. All refunded taxes are returned to the working capital fund and will not be returned to individual units.

To the extent that ground services are subject to taxes, units are allowed to separately apply for a refund to the extent allowable under federal, state, or local law, and in accordance with Internal Revenue Service rules.

Alternatives to AIR Cards

When fueling must occur at non-DESC contracted locations and an AIR card-accepting merchant is not available, the aircraft can use the SF 44 in accordance with local purchasing procedures.

AIR CARD MANAGEMENT TIPS

1. Ensure correct billing information (e.g., DoDAAC and line of accounting) is presented when establishing an account.
2. Ensure aircrews are aware of correct AIR card use procedures (e.g., see “Misuse and Gratuities” section above).
3. Utilize DESC-contract locations wherever available. These refueling contractors accept the AIR card worldwide and offer favorable negotiated prices and military-standard-quality fuel.
4. Upon learning that an aircraft will be transferred to another unit, ensure the AIR card contractor is notified immediately to avoid incorrect billing.



Appendix H

Unique Business Rules for Fleet Card Programs

BACKGROUND INFORMATION

This chapter contains business rules unique to the DoD fleet card program. For additional detailed information, visit the [DESC Web site](#) and see [DoD 4140.25-M](#), “DoD Management of Bulk Petroleum Products, Natural Gas, and Coal,” Chapter 16, “DoD Fleet Card”; and [DESC-DC-I-5](#), “Off Post/Off Base Ground Fuel Procedures Applicable to the use of the DoD Fleet Card (US Bank/Voyager) Applicable to the US Army and Air Force.”

PROCESSES

The following sections present summary-level overviews of key processes unique to the DoD fleet card program.

Establishing an Account

Accounts are established through the Service or Agency CPM. See “Service Points of Contact (Component Program Managers)” below for CPMs. Applications for DoD fleet cards can be found at on the [DESC Web site](#) at [DESC-DC-I-5](#). The following information needs to be provided:

- ◆ Name of Service/department;
- ◆ POC name, commercial phone, and e-mail address;
- ◆ DoDAAC;
- ◆ ORG/UIC/APC;
- ◆ Signal code;
- ◆ Fund code; and
- ◆ Certifying Officer name, commercial phone number, and fax number.

Canceling a Fleet Card

To cancel a fleet card, contact your respective Service CPM and provide the following information:

- ◆ POC information,
- ◆ DoDAAC, and
- ◆ Card number.

After contacting your Service CPM, cut up and discard the canceled card.

Split Billing Process

Split billing is a means of centrally billing the “fuel” portion of your invoice. For the fuel portion, DESC San Antonio acts as the certifying office, and DFAS Columbus is the paying office. For the non-fuel portion, each incurring unit is the certifying office, and the appropriate DFAS office for the unit is the paying office. Individual units should continue processing the non-fuel portion of their invoice from the fleet card contractor through their established channels.

Fuels Automated System and the FAS Enterprise System

The FAS, a component of Business Systems Modernization—Energy, is a vertically integrated automated information system consisting of base-level components and enterprise-level systems providing visibility of bulk fuel assets and fuel transactions to the Services and DESC. The FAS Enterprise Server (FES) is a Web-based environment that collects, routes, and reports fuel transactions among bases, contractors, DESC, DFAS, and other entities. It acts as the DESC data warehouse that stores fuel transactions purchased by the DoD fleet card. These systems facilitate standard unit pricing, requirements analysis, and inter-fund billing. Fleet card fuel purchases are passed to FES by the fleet card contractor. Transactions are rolled up by DoDAAC/sub-account, a document number is assigned, and standard price applied for inter-fund billing. This information is passed to DFAS.

Challenge and Review Process

- ◆ **Discrepancy between Receipt and Invoice:** The activity should pay the amount not in dispute and contact the fleet card contractor to reconcile the difference. If the issue is not resolved locally, it should be raised to the Service CPM.
- ◆ **No Invoice Received:** If an activity receives a past-due notice but did not receive the original invoice in question, a copy of the invoice in question should be requested from the fleet card contractor for resolution.

- ◆ **Fraudulent Invoices:** If an activity receives a bill for services not received, the fleet card contractor should be contacted for confirmation of the invoice, and then the unit's Service CPM should be contacted regarding potential fraudulent activity. Suspected fraudulent activity also may be reported to DESC by calling 1-800-2-TOPOFF, #3.
- ◆ **Lost/Stolen Cards:** Lost/stolen cards should be reported to US Bank Client Services at 1-888-785-1735.

PROGRAM MANAGEMENT

DESC is the DoD-level Program Manager for DoD fuel card programs. DESC is responsible for the associated fuel card program implementation and flow-down of required roles and responsibilities to all lower-level tiers. See "Roles and Responsibilities" below for additional information.

Management Controls

- ◆ Purchase limits shall be reflective of mission need (e.g., anticipated driving requirements and size of equipment to be fueled).
- ◆ MCCs shall be limited to authorized merchants. Restriction codes apply to the card. A card may be issued as fuel only.
- ◆ AOs shall be appointed in writing and must complete AO training as identified below. AOs shall not be card users.
- ◆ Service CPMs (or delegates) must approve all new card requests.
- ◆ Delinquency management controls shall be implemented. For DESC, MILSBIL arrearages shall be monitored/managed.
- ◆ Accounts will be managed for inactive cards. Inactive cards shall be canceled.

PERSONNEL

Roles and Responsibilities

Specific roles and responsibilities for all program levels (i.e., from DESC to the CH) specific to fleet card programs may be found at <http://www.desc.dla.mil/>.

Service Points of Contact (Component Program Mangers)

- ◆ **Navy:** Department of the Navy (DON) Consolidated Card Program Management Division
- ◆ **Marines:** DON Consolidated Card Program Management Division
- ◆ **Army:** Army Petroleum Center (APC)
- ◆ **Air Force:** Vehicle, Equipment, and Maintenance Support Office (VEMSO)

Accountable Official

All fleet card AOs must complete required training prior to assuming this responsibility. This training can be found at <http://www.desc.dla.mil/>.

Training

Fleet card A/OPCs should track the training (including refresher training) of all program participants in a system of records and ensure that the required training has been completed before issuing cards. Voyager is responsible for training the units on Fleet Commander and its Web system.

SPECIAL ISSUES

Use of Fleet Cards

Fleet cards may be used to purchase the authorized fuels below, unless further restricted by Service/Agency policy:

- ◆ Gasoline,
- ◆ Gasohol,
- ◆ Regular unleaded,
- ◆ Premium unleaded,
- ◆ Special unleaded,
- ◆ Diesel/diesel marine fuel,
- ◆ Propane, and
- ◆ Liquid petroleum gas, including CNG, ethanol and methanol, E85, and bio-diesels.

Fleet cards may be used to purchase the following authorized non-fuel products and services:

- ◆ Lubricating services and lubricants;
- ◆ Antifreeze;
- ◆ Air and oil filters and servicing;
- ◆ Batteries and battery charging;
- ◆ Tires and tire/tube repairs;
- ◆ Washing and cleaning;
- ◆ Mounting and dismounting snow tires and chains;
- ◆ Replacement of spark plugs, fan and generator belts, windshield wiper arms, blades, etc.;
- ◆ Emergency roadside service; and
- ◆ Collision repair and painting up to authorized limit.

Contract Purchases and Supplier Discounts

DESC does not have contracts with commercial service stations. However, DESC has agreements with merchants to offer price discounts when the DoD fleet card is used with the applicable merchant. A list of these merchants will be posted and periodically updated at <http://www.desc.dla.mil>. Note that these discounts apply to fuel charges only. DESC will continue to engage merchants to expand the list of those that offer price and/or quantity discounts when a government fleet card is used.

Misuse and Gratuities

Executive Order 12731 of 17 October 1990, titled “Principals of Ethical Conduct for Government Officers and Employees,” clearly identifies the standards of conduct expected of fleet card users. Card users are considered government procurement officials in that they order the fuel and other supplies and commit the government to purchase those items. As such, they shall not misuse the card nor accept gratuities, and they must use the card as authorized for official use only. To report any suspected fraud, waste, or improprieties, call 1-800-2-TOPOFF, #3.

DESC contacts fleet card-accepting merchants to remind them of the proper use of the DoD fleet card and its use for official purposes only. Merchants are encouraged to contact DESC whenever they suspect potential misuse of fleet cards.

Fleet cards have personal identification numbers (PINs) to mitigate potential misuse by unauthorized users.

Individuals misusing the fleet card shall be subject to any penalties or disciplines authorized by law or regulation.

Standard Pricing

With the DoD fleet card, DESC pays for all fuel products. Units reimburse DESC at the local purchase standard unit price. Standard prices can be found at <http://www.desc.dla.mil>. Non-fuel charges will be paid by the using activity.

Taxes (Exemptions, Refunds, and Filing)

In the overwhelming majority of states, the federal government is exempt from paying state and local taxes on fuel. In some states, although an exemption applies, state and local taxes must be paid and proactively recovered. Since the monies represented by these taxes are a source of funds, it is important that they be recovered. There are two primary methods of recovery:

1. For most transactions, the tax is effectively backed out before the fleet card contractor invoices DoD. The oil company files with the state to recover the tax based on its sale to DoD. The oil company credits the fleet card contractor, and the credit is to be passed to DoD by backing out the tax before invoicing DoD. There are some independent merchants that are not associated with an oil company that do not back-out the tax. DoD (DFAS) files with the state directly for tax recovery.
2. In states where the oil company is not required to file for a credit with the state, DFAS files for the tax refund based on tax payment details provided by the fleet card contractor, as well as information calculated by DoD.

The refunds are returned to the working capital fund.

Alternatives to Fleet Cards

If a DoD fleet card is not accepted by the gas station, a blanket purchase agreement or another local purchase procedure must be utilized to make fuel purchases, such as the use of a SF 44.

FLEET CARD MANAGEMENT TIPS

1. Ensure correct billing information (e.g., DoDAAC and line of accounting) is presented when establishing an account.
2. Ensure fleet card users understand proper procedures (e.g., see the “Misuse and Gratuities” section above).
3. Ensure the fleet card contractor is notified immediately upon learning that a card is lost or no longer required.
4. Do not share the PIN number associated with each individual fleet card.
5. Monitor accounts for inactive cards. Cancel inactive accounts.
6. Monitor delinquencies to avoid account suspension.



Appendix I

Definitions and Abbreviations

Abusive Procedures: Purchases of authorized supplies or services at terms (e.g., price, quantity) that are excessive, are for a questionable government need, or both. Examples of such transactions include purchases of items such as a day planner costing \$300 rather than one costing \$45; allowable refreshments at excessive cost; and year-end and other bulk purchases of computer and electronic equipment for a questionable government need.

Accountable Official (AO): A member of DoD military or civilian personnel, designated in writing and not otherwise accountable under applicable law, who provides source information, data, or service (such as an RO, a CH, and an Automated Information System Administrator) to a reviewing or disbursing official in support of the payment process. The AO has pecuniary liability for erroneous payments resulting from his/her negligent actions.

Accountable Property: Property recorded in a formal property management or accounting system. Accountable property is defined by a dollar threshold and/or the type of item (e.g., sensitive or pilferable). Accountable property includes all property purchased, leased (capital leases), or otherwise obtained, having a unit acquisition cost of \$5,000 or more (land, regardless of cost); and items that are sensitive, including but not limited to pilferable items. *Sensitive items* require a high degree of protection and control. They may include items that are governed by statutory requirements or regulations, such as narcotics and drug abuse items; precious metals; items that are of a high value, highly technical, or a hazardous nature; and small arms, ammunition, explosives, and demolition or classified material (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. *Pilferable items* have a ready resale value or application to personal possession and are therefore especially subject to theft.

Anti-Deficiency Act: See [Title 31, Chapter 13, Section 1341 of the U.S.C.](#)

Availability of Funds: See [Volume 3 of the DoDFMR](#).

Billing Cycle Purchase Limit: An authorization control that 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 CHs 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 appro-

priate and shall be established for each CH account. It should reflect normal usage by the particular CH and must not default to the maximum available limit.

Billing Date: The billing date is the date on which the invoice is received by the agency/organization DBO in accordance with the [Prompt Payment Act](#). Also in accordance with Prompt Payment Act procedures, in the absence of a date annotated by the BO on receipt, the payment office shall use the statement date to determine the applicability of Prompt Payment interest penalties.

Billing Invoice: The official monthly invoice for payment purposes that is provided to the RO by the issuing bank. The billing invoice identifies all of the purchase card transactions of the RO's CHs during a billing cycle. The invoice can be paper based or presented through the EAS of the issuing bank.

A purchase card billing statement shall contain the details of a purchase card transaction, and it shall be received directly from the issuing bank. Invoice information should be unalterable. (See "[Internal Controls for the Purchase Card Program](#)," dated 11/27/02.)

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 Subpart 13.303](#)).

Cardholder Statement: The statement of charges provided to a CH detailing all of the transactions posted to his/her account during a billing cycle.

Centrally Billed Account (CBA): A travel charge card account established for an agency and paid by the agency.

Contingency Operation: A military operation that:

- ◆ Is designated by the Secretary of Defense as an operation in which members of the armed forces are or may become involved in military actions, operations, or hostilities against an enemy of the United States or against an opposing military force; or
- ◆ Results in the call or order to, or retention on, active duty of members of the uniformed services under Section [688](#), [12301\(a\)](#), [12302](#), [12304](#), [12305](#), or [12406](#) of this title, [Chapter 15](#) of this title, or any other provision of law during a war or during a national emergency declared by the President or Congress.

([10 U.S.C. 101\(a\)\(13\)](#).)

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

Customer Automation and Reporting Environment (CARE): The U.S. Bank's EAS, which allows review of transactions and electronic payment.

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

Defense Finance and Accounting Service (DFAS): The DoD Component responsible for the payment of charge card invoices and some travel vouchers.

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

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

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

DoD Component: Includes the Office of the Secretary of Defense; the Chairman, Joint Chiefs of Staff and the Joint Staff; the Inspector General of the Department of Defense; the Military Departments, including the Coast Guard when assigned to the Department of the Navy; the Defense Agencies; the DoD Field Activities; the Combatant Commands; the Uniformed Services University of the Health Sciences; and all non-appropriated fund instrumentalities.

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 Account Government Ledger System (EAGLS): Bank of America's desktop management tool for managing a travel card account.

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 Subpart 2.101](#))

Electronic Data Interchange (EDI): The automated process for receiving electronic obligation and invoice records directly from an issuing bank into a DoD accounting system.

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 (ACH) transfers, Fedwire transfers, and transfers made at ATMs and point-of-sale terminals. For purposes of compliance with [31 U.S.C., Part 3332](#) and implementing regulations at [31 CFR, Part 208](#), *electronic funds transfer* includes a 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.

Fleet Card: Part of the fuel card program. The purchase card authorized to buy fuel and emergency roadside assistance in support of official government business under the GSA SmartPay contract. The Defense Energy Support Center manages the DoD Fleet Card Program for DoD-owned vehicles, as the Executive Agency for Bulk Petroleum. The GSA Fleet Office manages the GSA Fleet Card Program.

Fraudulent Purchases: The use of the GPC to acquire supplies or services that are unauthorized and intended for personal use or gain constitutes a fraud against the government. Examples include a CH's unauthorized purchase of power tools for his home, a supplier's intentional charges for services not provided, and the unauthorized use by a third party of a CH's compromised or stolen account for personal gain.

Government Travel Card: The GSA SmartPay contractor-issued charge card used for the purpose of procuring transportation and other authorized travel-related services.

Government Purchase Card (GPC): 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 CHs and AOs.

Hierarchy: The way in which charge card accounts are structured within the organization responsible for issuing the card.

Humanitarian or Peacekeeping Operation: A military operation in support of the provision of humanitarian or foreign disaster assistance or in support of a peacekeeping operation under chapter VI or VII of the [Charter of the United Nations](#). The term does not include routine training, force rotation, or stationing ([10 U.S.C. 2302\(8\)](#)).

Improper Purchases: GPC transactions that are intended for government use but are not permitted by law, regulation, or organization policy generally are considered improper. Examples include certain types of purchases of meals or refreshments for government employees within their normal duty stations; purchases split to circumvent micro-purchase or other single purchase limits; and purchases from other than statutorily designated sources, such as the Javits-Wagner-O'Day (JWOD) program.

Individually Billed Account (IBA): A travel charge card account issued to an individual and used to make individual travel mission charges. The individual receives reimbursement for authorized purchases made using the IBA, including hotel room, airline tickets, meals, etc.

International Merchant Purchase Authorization Card (IMPAC): A registered trademark provided by U.S. Bank, a government charge card contractor, to identify its government VISA charge card. Formerly, IMPAC was a generic term for GPCs.

Issuing Bank: A financial institution responsible for issuing DoD's GPC as a result of a task order against the GSA SmartPay Master Contract.

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

Level 2 Data: Adds additional data to Level 1 data about each purchase, including MCC, sales tax amount, accounting code, merchant Taxpayer Identification Number, minority/women-owned business codes, 1099 status, merchant ZIP Code, and other data elements as defined by the card associations or similar entities.

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

Manual Bank Invoice: A manually processed (paper) invoice will be used only when the managing account has not been EDI-enabled or when processing a payment reject from an EDI account.

Master File: An electronic file maintained by the issuing bank. It contains all essential CH and AO information. Elements of this file include the CH's name, account number, minimum four-line work address, CH's spending control limitations, CH's finance office, and other elements.

Merchant Category Code (MCC): A code used by the issuing bank to categorize each merchant according to the type of business in which the merchant is engaged and the kinds of supplies or services provided. These codes are used as authorized transaction codes on a card/account to identify the types of businesses that provide authorized supplies or services. The DoD PCPMO maintains the list of DoD-wide blocked codes. It is the responsibility of the Component-level A/OPCs to administer and record any waiver requests to these blocks (not an option for travel card APCs). Note that a CH's account limitations should reflect the normal usage by that CH rather than defaulting to the maximum available.

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 2.101](#))

Misuse: Use of a government charge card for other than official government purposes.

Ordering Official: A CH or operator granted the authority to place orders against existing government contracts or an open-market local purchase. Personnel making fuel purchases for aircraft, vessels, or DoD-owned vehicles are considered Ordering Officials, although the fuel card is assigned to a specific apparatus.

Positive Funds Control: A method to preclude CHs from exceeding reserved funds. Typically, maintaining positive funds control is accomplished by setting CH or AO limits at the reserved amount. ([DoDFMR, Volume 3, Chapter 8](#))

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

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

Prompt Payment Act: Public Law 97-177 (96 Stat 85, U.S.C. Title 31, Section 1801) requires prompt payment of invoices (billing statements) within 30 days of receipt ([FAR Subpart 52.232-25, Prompt Payment](#)). An automatic interest penalty is required if payment is not timely.

Purchase Card Log: A manual or automated log in which the CH documents his/her 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 (e.g., request for procurement document or e-mail request). 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 on which the item or service was ordered, the merchant's name, the dollar amount of the transaction,

a description of the item or service ordered, and an indication of whether the item was received.

Reactivation: The activation of purchase/travel card privileges after suspension.

Reconciliation: The process by which the CH and the AO review the monthly statements, reconcile against available supplier receipts and purchase card logs, and authorize payment of those charges provided on the monthly invoice. Reconciliation applies to purchase card accounts and CBAs only.

Required or Mandatory Sources of Supply: The priority of sources is dictated by [FAR Part 8, Required Sources of Supplies and Services](#), and [Subpart 8.001, Priorities for Use of Government Supply Sources](#); and [Defense Federal Acquisition Regulation Supplement Part 208](#). Mandatory sources must be considered before an open-market purchase can be made.

Requirement: The description of the government's needs that leads to an acquisition.

Reservation of Funds: A commitment or obligation of funds within the appropriated financial system based upon the CH's or AO's projected needs during a specified time period (usually monthly or quarterly). ([DoD FMR, Volume 3 Chapter 8](#))

Salary Offset: The collection of a debt from the current salary of a debtor under the authority of [Title 5, Section 5514 of the U.S.C.](#)

Ships' Easy Acquisition (SEA) Card: Part of the fuel card program. The purchase card authorized to buy ships' bunker fuel in support of official government business under a Defense Energy Support Center support contract, as the Executive Agency for Bulk Petroleum.

Single Purchase Limit: The dollar limit imposed on each purchase assigned to each CH account by the issuing DoD activity. A CH's account limitations should reflect the normal usage by that CH and must not default to the maximum available.

SmartPay: A GSA program that provides users with card-based tools to simplify procuring needs in three operational areas. The fleet card allows users to efficiently fuel and maintain vehicles, boats, planes, or equipment. The travel card allows users to purchase common carrier transportation, car rentals, lodging, and meals for official travel and travel-related expenses. The purchase card enables users to make day-to-day purchases of supplies and services to satisfy official business needs.

Split Disbursement: A payment option whereby the traveler can designate that a specified amount of his/her travel entitlement be sent directly to the GSA Smart-Pay travel card contractor to pay down his/her account, with the remainder of the entitlement sent to his/her direct-deposit account.

Split Purchase: Separating a requirement that exceeds a CH's single purchase limit or threshold into two or more buys as a means of getting around the CH's purchase limit. No government purchase CH may fragment/split purchases that exceed the CH's limit or threshold, as means to use the purchase card. To do so is a violation of federal procurement law.

Suspension: The process in which an individual is prohibited from making purchases with a charge card/account 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. Note that tax exemption does not apply at the point of sale for any fuel purchases.

Travel Orders: A written or electronic instrument issued or approved by person(s) to whom authority has been delegated, that directs an individual or group of individuals to travel.

Appendix J

Regulatory/Policy Resources

GENERAL RESOURCES

Common

- ◆ Management Initiative Decision No. 904, Department of Defense Charge Card Management, December 18, 2002.
- ◆ [General Accounting Office Policy and Procedures Manual for Guidance of Federal Agencies](#)

Travel Card

- ◆ [DoDFMR, Volume 9, Chapter 3](#)

Purchase Card

- ◆ [Federal Acquisition Regulation \(FAR\) Part 13](#)
- ◆ [Defense Federal Acquisition Regulation Supplement Part 13](#)
- ◆ [DoDFMR, Volume 10, Chapter 10](#) (under review)
- ◆ [OMB Circular A-123, Appendix B](#)
- ◆ [U.S. Department of the Treasury Financial Manual](#)

OSD RESOURCES

Common

- ◆ Policy Memorandum: [“Department of Defense \(DoD\) Charge Card Programs,”](#) dated 06/21/02.
- ◆ Policy Memorandum: [“Government Charge Card Disciplinary Guide for Civilian Employees,”](#) dated 04/21/03.
- ◆ Policy Memorandum: [“Disciplinary Guidelines for Misuse of Government Charge Cards by Military Personnel”](#) dated 06/10/03

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- ◆ Policy Memorandum: [“Guidance for the Investigation of Fraud, Waste, and Abuse Involving the Use of Purchase Cards and Travel Cards,”](#) dated 09/25/02.
 - ◆ Policy Memorandum: [“Suspension of Access to Classified Information Due to Abuse or Misuse of Government Charge Cards,”](#) dated 11/04/02.
 - ◆ [DoD Charge Card Task Force Final Report of June 27, 2002](#)
 - ◆ Policy Memorandum: [“Inclusion on Personnel Departure Checklists of the Requirement to Turn in Government Charge Cards,”](#) dated 06/23/03.

Purchase Card

- ◆ USD(C) Memorandum: [“Purchase Card Reengineering Implementation Memorandum #1, Certifying Officer Guidance, Change 1”](#)
- ◆ Memorandum on [“Acquisition Policy on Facilitating Vendor Shipments in the DoD Organic Distribution System,”](#) dated 07/23/03
- ◆ Memorandum on [“Use of the Government Purchase Card \(GPC\) in Support of Hurricane Katrina Rescue and Relief Operations,”](#) dated 09/21/05

Travel Card

- ◆ [DoD–Bank of America Travel Card Task Order](#) and [Contract Modification from 2001.](#)
- ◆ Letter to GSA Administration from DoD Comptroller regarding [exemption from mandatory use of government travel card for employees en route to deployment,](#) dated 04/14/03.
- ◆ Policy Memorandum: [“Exemption from Mandatory Use of Government Travel Charge Card Program for Travel En Route to Deployments,”](#) dated 04/14/03.
- ◆ Policy Memorandum: [“Definition of Frequent Traveler Subject to Mandatory Use of the Government Travel Charge Card,”](#) dated 06/20/03.
- ◆ Policy Memorandum: [“Implementation of Changes to Policy in the Department of Defense Financial Management Regulation \(DoDFMR\) Related to Mission Critical Travelers,”](#) dated 05/07/02
- ◆ Policy Memorandum: [“Implementation of Changes to the Department of Defense \(DoD\) Travel Card Policies to Reduce Delinquency Rates,”](#) dated 06/14/01.

- ◆ Policy Memorandum: [“Implementation of Legislative Changes to the Department of Defense \(DoD\) Travel Charge Card Program,”](#) dated 04/23/03.

SERVICE/DEFENSE AGENCIES RESOURCES

Common

- ◆ Dept. of Army Policy Memorandum: [“Army Charge Card Programs,”](#) dated 01/28/03

Fuel Card

- ◆ [Accountable Official Training](#)
- ◆ [AIR Card \(Aviation Into-Plane Reimbursement Card\) Desk Guide](#), dated March 2003 and its [appendices](#).
- ◆ [Defense Energy Support Center Fuels Automated System \(FAS\) Business Rules, Training, and Interim Guidance](#)
- ◆ DoD Directive 7400.aa (currently being staffed)
- ◆ [DoD Fleet Card Guidance \(upcoming\)](#)
- ◆ [DoD Manual 4140.25](#)

Purchase Card

- ◆ [Army Standard Operating Procedures](#)
- ◆ [GSA SmartPay Purchase Card Program](#)
- ◆ [Defense Contracting Command–Washington FY04 User’s Guide for CHs and Billing Officials](#)
- ◆ [Dept. of Navy eBusiness Operations Office Instruction 4200.1A, Department of Navy Policies and Procedures for the Operation and Management of the Government Commercial Purchase Card Program](#)
- ◆ Dept. of Navy Government Purchase Card Program: [Head of Activity \(HA\) Desk Guide](#), version 4.0,
- ◆ Dept. of Navy Government Purchase Card Program: [Agency Program Coordinator \(A/OPC\) CitiDirect Desk Guide](#), version 4.0
- ◆ Dept. of Navy Government Purchase Card Program: [Approving Official \(AO\) CitiDirect Desk Guide](#), version 4.0

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- ◆ Dept. of Navy Government Purchase Card Program: [Cardholder \(CH\) CitiDirect Desk Guide](#), version 4.0
 - ◆ Dept. of Navy Government Purchase Card Program: [Agency Program Coordinator \(A/OPC\) WinSALTS Desk Guide](#), version 4.0
 - ◆ Dept. of Navy Government Purchase Card Program: [Approving Official \(AO\) WinSALTS Desk Guide](#), version 4.0
 - ◆ Dept. of Navy Government Purchase Card Program: [Cardholder \(CH\) WinSALTS Desk Guide](#), version 4.0
 - ◆ Self-Assessment Tool: [“eBusiness Monthly APC Review Tool \(MART\) \(Formerly Semi-Annual Review\) for Purchase Card Program, Release 1.0, Application Definition Document”](#)
 - ◆ Air Force Instruction 64-117, [Air Force Government-Wide Purchase Card \(GPC\) Program, Draft](#)

Travel Card

- ◆ Dept. of Army Policy Memorandum: [“Policies, Procedures, and Responsibilities for the Army Travel Charge Card Program,”](#) dated 02/21/03.
- ◆ Department of Army Policy Memorandum: [“Management Control Evaluation Checklist for the Army Travel Charge Card Program,”](#) dated 07/30/03
- ◆ [Dept. of Navy eBusiness Operations Office Instruction 4650.1A, Policies and Procedures for the Administration and Use of the Government Travel Charge Card](#)

ISSUING BANK RESOURCES

[Reserved]

GSA RESOURCES

Travel Card

- ◆ GSA Travel Card Master Contract

Purchase Card

- ◆ GSA Purchase Card Master Contracts

Filename: Department of Defense Government Charge Card Guide
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