

Glossary

ACCESS ONLINE: The U.S. Bank's electronic access system, which allows statement download, review of transactions and electronic disputes.

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

Approving Official: An individual who has under his/her purview a number of cardholders. The AO will not be given more CHs than [s]he has the capability to review. The AO is responsible for, at a minimum, reviewing his/her CH's monthly statements and verifying that all transactions made were necessary government purchases and in accordance with Federal Acquisition Regulation (FAR) and all other governing agency policy and procedures. Other duties may be delegated as agencies see fit. The Government uses the AO concept in the purchase card program for internal control purposes to ensure that transactions are necessary and for official government purposes only.

The AO is usually the CH's supervisor or in the CH's chain of command. If not in the chain of command, the AO must have the capability to influence the CH's performance rating.

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

Availability of Funds: See DoD FMR.

Billing Cycle: The billing cycle consists of approximately a 30-day billing period. Each monthly bill will be comprised of transactions (debits and credits) that post to the banks' system during this period. Billing cycles for the various Defense Components are identified below: Defense Agencies—the billing cycle begins on the 20th of the month and ends on the 19th of the subsequent month. Cycle ends only occur on a business day (i.e., Monday through Friday) and as a result may adjust accordingly. The cycle end date will occur on the last business day of the normal cycle.

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

Billing Official: In DoDDS-E, the Billing Official is the Certifying Officer for his/her CH(s) and in that capacity must certify transactions in the monthly invoice as legal, proper and correct. The BO then submits the certified invoice to the supporting payment office for payment to the bank. This individual can also be known as the BO.

Cardholder: An individual designated by an agency to be issued a card. The card bears the individual's name and can be used by that individual to pay for official purchases in compliance with agency procedures. Also applies to convenience check account holders.

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

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

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

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

Defense Finance and Accounting Service: DFAS is the DoD component responsible for the payment of charge card invoices.

Delegation of Procurement Authority: The document issued by authorized agency personnel, which extends the contracting officer's authority to obligate the Government with a credit card, convenience check and/or foreign draft. This delegation of procurement authority, or **Letter of Appointment**, shall specify spending and usage limitations unique to the cardholder. Each DoD activity, in its internal procedures, must designate who shall be responsible for issuance of

these delegations. This delegation must come from the Head of the Contracting Activity.

Designated Payment Office: 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 which is presented to the issuing bank for resolution regarding items appearing on the CH monthly statement of account.

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

Fraud: Any intentional deception designed to deprive the government unlawfully of something of value or to secure from the government for an individual a benefit, privilege, allowance, or consideration to which he or she is not entitled.

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

Head of the Activity: The executive in charge of the activity. The HA has overall responsibility for managing the delegation and use of the purchase card program. This individual has disciplinary authority over the BOs, AOs, and CHs.

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

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

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

Level 3 Data: Full line-item detail in addition to the data in Level 2 which includes unit cost, quantities, unit of measure, product codes, product descriptions, ship to/from zip codes, freight amount, duty amount, order date, discount amount, and

order number, and other data elements as defined by the card associations or similar entity.

Merchant Category Code: A code used by the issuing bank to categorize each merchant according to the type of business the merchant is engaged in and the kinds of goods and services provided. These codes are used as an authorized transaction type code on a card/account to identify those types of businesses who provide goods and/or services that are authorized. The DoD Purchase Card Program Management Office will maintain the list of DoD-wide blocked codes. It will be the responsibility of the Component Level A/OPCs to administer and record any waiver requests to these blocks.

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

Micro-purchase: An acquisition of supplies or services, the aggregate amount of which does not exceed \$3,000, except construction which is limited to \$2,000. (FAR Part 2.101).

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

Pecuniary Liability: Personal financial liability for fiscal irregularities of disbursing and certifying officers and accountable officials as an incentive to guard against errors and theft by others and also to protect the government against errors and dishonesty by the officers themselves.

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

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

Purchase Card Log: A manual or automated log in which the cardholder documents individual transactions and screening for mandatory sources when using the purchase card and/or convenience checks. Entries in the purchase log may be supported by internal agency documentation (i.e., request for

procurement document, email request, etc.). The purchase card documentation should provide an audit trail supporting the decision to use the card and any required special approvals that were obtained. At a minimum, the log will contain the date the item(s) or service was ordered, the merchant name, the dollar amount of the transaction, a description of the item(s) or service ordered and the date the item(s) was received.

Reactivation: The activation of purchase card privileges after suspension.

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

Required or Mandatory Sources of Supply: The priority of sources is dictated by FAR Part 8, Required Sources of Supplies and Services, Subpart 8.001, Priorities for Use of Government Supply Sources, and DFARS Part 208. Mandatory sources must be considered before an open-market purchase can be made.

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

Simplified Acquisition Threshold: The upper level at which an acquisition may use simplified acquisition rules; \$100,000, except that in the case of any contract to be awarded and performed, or purchase to be made, outside the United States in support of a contingency operation (as defined in 10 U.S.C.101(a)(13) or a 13 humanitarian or peacekeeping operation (as defined in 10 U.S.C. 2302(8) and 41 U.S.C. 259(d), the term means \$200,000. (FAR 2.101)

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

Split Purchase: Separating a requirement that exceeds a Cardholder's single purchase limit or threshold into two or more buys as a means of getting around the cardholder's purchase limit. No Cardholder may fragment/split purchases that exceed the Cardholder's limit or threshold, 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 the account/card due to delinquency, excessive span of control, or accounts in pre-suspension status multiple times.

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

Third Party Payment Sources: These are services developed for the purpose of collecting a fee from a merchant, for processing the credit card charge and then issuing a check to the merchant for payment. Services from a third party source are prohibited purchases. Examples of such services are Pay Pal and E-bay Bill Point.