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NAVAL TRAINING CENTER
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NTCGLAKESINST 4200.5A
N23
31 Jul 00

NTC GREAT LAKES (COMPLEX) INSTRUCTION 4200.5A

From: Commander, Naval Training Center, Great Lakes

Subj: GOVERNMENT-WIDE COMMERCIAL PURCHASE CARD PROGRAM

Ref: (a) NAVSUP Instruction 4200.94
(b) SECNAVINST 5231.1
(c) General Services Administration (GSA) Government-wide
Commercial Credit Card Service Contract Guide

Encl: (1) Approving Official Instructions
(2) Cardholder Instructions
(3) Sample of Activity Internal Operating Procedures
(4) Environmental Protection Agency (EPA) Designated
Products

1. Purpose. To establish policies and procedures for the use of the Government-wide Commercial Purchase Card at NTC Great Lakes (Simplex only).

2. Cancellation. NTCGLAKESINST 4200.5. This instruction has been substantially revised and should be reviewed in its entirety.

3. Scope

a. This instruction applies solely to the acquisition of supplies via purchase card at NTC Great Lakes (Simplex only). Other components, including NTC Complex, Complex², and Complex³ commands, are responsible for inaugurating their own programs and initiating separate agreements with the issuing bank using references (a), (b), and (c).

b. NTC Great Lakes' acquisition and purchasing support as prescribed by local Intra-Service Support Agreements (ISSAs) shall neither address nor authorize the use of a commercial credit card service.

c. In all cases, Federal/DOD acquisition regulations supersede local credit card procedures.

d. The Government-wide Commercial Purchase Card is authorized for purchases up to \$2,500. The single purchase limit when using the card with Government sources of supply or as a method of payment for properly issued simplified acquisitions is \$100,000.

4. Background

a. The Naval Supply Systems Command (NAVSUP) has DON-wide responsibility for Government-wide Commercial Purchase Card Program policy. Reference (a) provides detailed guidance for DON activities using the Government-wide Commercial Purchase Card.

b. Public Law 103-355, The Federal Acquisition Streamlining Act of 1994, authorizes the use of the Government-wide Commercial Purchase Card.

c. CitiBank will be the issuing bank for NTC Great Lakes' purchase cards under the Government-wide Commercial Purchase Card Program.

5. Establishment of Positions. NTC Supply and Logistics Purchasing Department is responsible for local management of the Government-wide Commercial Purchase Card Program. The following NTC Simplex positions are established to support the program:

- a. Agency/Organization Program Coordinator (APC)
- b. Approving Official (AO)
- c. Cardholder
- d. Finance Office Representative (NTC Comptroller)
- e. Dispute Office Representative (APC)
- f. NTC Great Lakes Contracting Officer

6. Delegation of Authority. Standard Form 1402 (Certificate of Appointment) will be issued by the NTC Commanding Officer to delegate procurement authority to designated cardholders subject to the following limitations:

a. \$2,500 or less to non-purchasing (non-GS-1105) non-contracting (non-GS-1102) individuals.

b. \$25,000 or less for purchasing (GS-1105) or contracting (GS-1102) personnel.

The original SF 1402 shall be maintained on file in Supply and Logistics Purchasing Department, and a copy shall be held by the cardholder and placed on display in his/her division.

7. Training Requirements

a. Prior to the issuance of a purchase card, all prospective cardholders and AOs must receive training in DON policies and procedures as well as local internal operating procedures. In addition, refresher training on current DON policies and procedures and local internal operating procedures is required at least every two years. This will ensure that cardholders and others involved in the process are aware of and in compliance with current DON policies, procedures and internal operating procedures.

b. In addition, the APC, prospective cardholders and AOs must successfully complete at least one of the following:

(1) Navy/Marine Corps Purchase Card Training and Interactive Customer Assistance CD ROM

(2) Navy/Marine Corps Purchase Card Interactive Tutorial (web-based)

(3) NAVSUP Commercial Purchase Card Course for Micropurchasers

(4) A cognizant Head of Contracting Authority (HCA) approved purchase card course that contains the minimum requirements/curricula covered in the NAVSUP Commercial Purchase Card Course for Micropurchasers.

c. Individuals who have taken one of the following courses have satisfied the training requirements and are not required to complete any of the training discussed in paragraph 7b above.

(1) NAVSUP Simplified Acquisition Course

(2) CON 101, Contracting Fundamentals or CON 202, Intermediate Contracting or equivalent predecessor courses (NAVSUP Simplified Acquisition Course).

d. Prospective Cardholders and Approving Officials whose delegated authority exceeds \$2,500 must successfully complete Contracting Fundamentals (CON 101).

e. Refresher training is required at least every three years for cardholders and others involved in the process to ensure compliance and understanding of contracting authority and local operating procedures.

8. Number of Cardholders. The NTC Contracting Officer will exercise discretion limiting the number of cardholders to the minimum required to support mission requirements. The purchase card shall only be issued to Government employees or members of the Armed Forces. It is DON policy that ONLY Government employees or military members may be appointed contracting officers/purchase cardholders, delegated contracting authority and act as agents of the Government.

9. Procurement Restrictions

a. In accordance with reference (a), the purchase card shall not be used to purchase the following items:

(1) Cash advances (not permitted under any circumstances).

(2) Rental or lease of land or buildings.

(3) Telecommunications (telephone) services.

(4) Unpriced services may not be obtained using the purchase card when the cardholder cannot establish, in communication with the vendor, a ceiling price that will not be exceeded by the contractor.

(5) Rental or lease of motor vehicles, whether or not on official travel.

(6) Rentals or leases over 30 days in duration (e.g., annual or multi-year agreements).

(7) Travel expenses for transportation, lodging, or meals.

(8) Repair of GSA leased vehicles.

(9) Naval Facilities Engineering Command (NAVFAC) cognizant services (e.g., construction, architectural and engineering services, facility support) greater than \$2,000.

(10) When a bilateral purchase order is required (e.g., Foreign Military Sales, classified requirements).

(11) Purchases that require federal or military specifications.

b. In addition to the above limitations, activity local operating procedures must also include any other items restricted by DOD, DON, or HCA instructions. All activities shall comply with the restrictions and/or approval requirements in the "List of Items Requiring Special Attention" contained in reference (a). For example, purchase requests for federal information processing (FIP) resources (e.g., automated data processing and telecommunications equipment, software, hardware, and supplies) must contain evidence of life cycle management documentation and approvals required by reference (b).

c. Gasoline or oil for DON-owned aircraft. Cardholders may not use their card to procure gasoline and oil for DON-owned aircraft unless the requirement falls within the following criteria: Continental United States (CONUS)/Alaska locations - less than 10,000 gallons required annually and overseas/Hawaii - less than 20,000 gallons required annually. These amounts are beneath the ceiling provided for in the Contract Bulletins issued by Defense Energy Supply Command (DESC). Requirements over the established amounts shall be procured by DFSC.

d. Hazardous Materials. Except for those materials defined as commonly used hazardous materials in reference (a), paragraph (g) (definitions) where the purchase card is used as a stand-alone method of procurement, HAZMAT shall not be purchased. Purchases of commonly used HAZMAT shall comply with the following procedures:

(1) The end user/cardholder must comply with established local base or activity procedures for the procurement and use of

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HAZMAT. Such procedures shall, at a minimum, require screening the requested material against the activity's Authorized Use List (AUL) and approval by the designated HAZMAT official of a contractor-provided Material Safety Data Sheet (MSDS). (The cardholder shall not procure materials not listed on the activity AUL.)

(2) The cardholder must obtain pre-award approval by submitting a copy of a current contractor-provided MSDS along with the purchase request to the designated HAZMAT official. If the product is not on the activity AUL, the cardholder must process the requirement through the Safety and Environmental Offices.

(3) The cardholder shall make available the appropriate MSDS to the product user.

(4) If the HAZMAT official approves the purchase, the cardholder should instruct the vendor that change in the material approved under this purchase is not permitted and the shipping container must be labeled in accordance with direction in the Hazard Communication Standard (29CFR 1910.1200 et.seq.).

10. Purchase Procedures. The following Government-wide Commercial Purchase Card procedures shall be followed:

a. The purchase card shall only be used to purchase supplies if requirements cannot be satisfied through the required sources prescribed in FAR Part 8, DFARS Part 208, and NAVSUPINST 4200.85 (series). Items available from DON/DOD/Federal stock system (i.e., agency inventory) must be ordered unless the items may be locally purchased due to one or more of the exceptions explained in DFARS 208.7003.

b. If requirement is not available in agency inventory, products produced or manufactured by UNICOR and the Committee for Purchase from People Who are Blind or Severely Disabled through the workshops of the National Industries for the Blind and National Industries for the Severely Handicapped, (NIB/NISH) are mandatory for use and should be ordered via normal supply channels or as prescribed in FAR Part 8.

c. A single purchase may consist of multiple items, but the total CitiBank charge receipt cannot exceed the authorized single purchase limit.

d. Small purchases (purchases greater than \$2,500) are mandatory "set-asides" for small business. Authorization must be granted to use the credit card to purchase from large businesses (companies with more than 500 employees). Accordingly, purchases from large businesses are not authorized UNLESS at least one of the following circumstances exist:

(1) There is no reasonable expectation of finding a small business offering the same or similar item within the cardholder's geographic area.

(2) Small business cannot meet required delivery requirements.

(3) Small business cannot meet specified quality or quantity requirements.

(4) Small business is not competitive with market prices. To apply this condition, it is not sufficient for large business to merely cost less. The lower cost from the large business must be substantial in nature. A 25 percent rule of thumb should be applied, though there is no formal definition of sufficiency.

e. The purchase card shall only be used for authorized U.S. Government purchases. Intentional use of the Government Commercial Purchase Card for other than official Government business will be considered an attempt to commit fraud against the U.S. Government and may result in immediate cancellation of an individual's purchase card and further disciplinary action. The cardholder will be held personally liable to the Government for the amount of any non-government transaction. Under 18 U.S.C. 287, misuse of the purchase card could result in a fine of not more than \$10,000 or imprisonment for not more than five years or both. Military members that misuse the purchase card may be subject to court martial under 10 U.S.C. 932, UCMJ Art. 132.

11. Conditions for Use of the Purchase Card

a. The mere fact that a merchant accepts the purchase card does not authorize or justify the transaction. Responsibility for appropriate and proper use of the purchase card always remains with the cardholder.

b. Compliance with all procurement statutes, regulations, and policies is required. Special attention is required in the following areas:

(1) Activities shall maintain separation of function by ensuring the cardholder does not use his/her purchase card to order any item for which he/she is the requiring agent unless the item is to be delivered to a central receiving organization or such action is specifically authorized by his/her Approving Official.

(2) Requirements shall not be broken down into multiple transactions to remain under the dollar value threshold of \$2,500, thereby permitting the use of the purchase card.

(3) Funds must be committed before a purchase card transaction is made. Available funding may be certified by the requisitioner or program funds manager as specified in local procedures. Activities shall take positive action to avoid unauthorized commitments using FAR Part 1.6.

(4) In accordance with FAR 13.003(b)(1), each order for supplies or services which has an anticipated value above the micro-purchase threshold but less than or equal to \$100,000 shall be reserved exclusively for small business concerns (for purchases in the United States, its territories and possessions, Puerto Rico, and the Trust Territory of the Pacific Islands).

(5) Provisions of the Buy American Act apply in accordance with FAR Part 25 (excluding micro-purchases).

(6) Micro-purchases shall be distributed equitably among qualified suppliers. For micro-purchases, competition should not be solicited if the price is considered fair and reasonable.

(7) Regardless of whether a transaction is made over the counter or by telephone, the cardholder who has authority to make transactions over the micro-purchase threshold must solicit competition for all transactions over \$2,500 using FAR 13.106.

(8) Purchase cards are not intended to replace all other purchasing methods covered in FAR Part 13. The fact that a contractor will not accept purchase cards is not an acceptable reason for not doing business with that contractor.

Requirements that cannot be filled via purchase card should be processed through normal acquisition procedures.

(9) The purchase card may be used as a method of payment in conjunction with other contracting methods above the micro-purchase threshold. The purchase card may be used to order directly from Government required sources supply (i.e., GSA Wholesale Supply, UNICOR, Defense Automated Printing Service (DAPS), etc.). The purchase card may also be used for requirements not associated with FAR Part 13 requirements (i.e., training).

c. Federal agencies are required to give first preference to EPA designated products if they are competitively priced, available in a reasonable timeframe, and meet performance standards. Enclosure (4) is a list of EPA Designated Products as designated in 40 CFR 247.

d. Cardholders must confirm as part of the award process that the merchant agrees:

(1) Not to charge the purchase card account until all items are shipped.

(2) Not to back order items or deliver partial quantities.

(3) To deliver, or have available for pick-up, all items(s) no later than 30 days from the date of the order.

(4) Not to charge sales tax, unless the location of the merchant's business is in a state that does not afford the Federal Government a tax exempt status under its state and local laws (e.g., Arizona).

(5) To include the following information on the shipping document or packing list:

(a) Merchant's name and address,

(b) Annotation to forward document to the cardholder by name and code (but no account number should appear on shipping document),

(c) Date of order,

- (d) Requisition number/job order number,
- (e) Date of delivery or shipment,
- (f) Itemized list of supplies furnished, including quantity.

12. Unauthorized Purchases or Careless Use. Intentional use of the purchase card for other than official Government business will be considered an attempt to commit fraud against the U.S. Government and can result in immediate cancellation of the Government-wide Commercial Purchase Card and disciplinary action. The cardholder will be personally liable to the Government for the amount of any non-Government purchases and could be subjected to a fine of not more than \$10,000 or imprisonment for not more than five years or both under 18 U.S.C. 287. The cardholder will not be responsible for charges on a lost or stolen credit card. Refer to paragraph 14 below for procedures to report a lost or stolen credit card.

13. Card Security. When not in use, the Government-wide Commercial Purchase Card shall be safeguarded in the same manner as cash. Cardholders should carry the card with them only when a purchase is contemplated. It is the personal responsibility of the cardholder to ensure the credit card is not accessible to others for improper use. The purchase card shall be stored in a GSA-approved security container featuring an internally fixed label stating the Federal specifications under which it was manufactured. Metal file cabinets equipped with a steel bar and secured by a three position dial-type GSA-approved changeable combination lock are also approved stowage containers for the purchase card.

14. Lost or Stolen Cards

a. If the purchase card is lost or stolen, the cardholder must notify the cognizant Approving Official and CitiBank immediately, and the APC as soon as possible. The Federal Government may be responsible for fraudulent charges against this card should CitiBank not be notified immediately upon loss of the card.

b. The cardholder will not be held responsible for charges on a lost or stolen card.

c. The cardholder will call CitiBank at 1-800-790-7206, 24 hours a day. CitiBank will request the following information:

- Cardholder's complete name
- Government-wide Purchase Card Account Number
- Date reported to Police
- Any purchase(s) made on the day the card was lost or stolen
- Verification of mother's maiden name and social security number

NOTE: Personal information is requested only for transaction verification during the investigation process. It is for the cardholder's protection to prevent fraudulent use if the card is lost or stolen.

d. Once a card loss or theft has been reported to CitiBank, a replacement card with a new account number will be mailed within two business days. To facilitate billing account reconciliation, purchases made prior to the lost/stolen date will automatically be billed under the new account number assigned to that cardholder.

15. Internal Procedures

a. NTC (Simplex) departments desiring a purchase card shall submit a request for the credit card service to Supply and Logistics Purchasing Department (Code N23) and list the individuals who will serve as cardholders and approving officials within their activity, to include: name, rank/grade, position of the cardholder, approving official's name, and a description of internal operation and security using enclosure (1) of reference (a).

b. Materials Management Responsibilities. The Purchasing Department, with the department using the purchase card, will coordinate training, delegate procurement authority to the cardholder, coordinate implementation and other matters with CitiBank, and oversee the establishment of each local purchase card account.

16. Purchase Process.

a. Initiating a Purchase. A request document (NAVCOMPT 2276) will be initiated by the requestor and forwarded to the cardholder for a purchase in accordance with each command's

internal operating procedures. The request will be logged in a transaction logbook which will be used to record all purchase card transactions.

b. Document Number/Obligation Number. A 15-digit standard document number will be assigned by the originating department for each purchase card shopping trip. The document number will be used to match the obligation with the disbursement.

c. Purchase Documentation. Anytime a purchase is made, whether over the counter, by telephone, or via the Internet, a request document must be retained as proof of purchase. These documents will be required later to verify purchases shown on the cardholder's monthly statement.

(1) Over the counter purchases. The cardholder must obtain a customer copy of the charge slip, which will become the accountable document. (Carbons may be destroyed.)

(2) Telephone orders. The cardholder may place telephone orders based upon a request document (NAVCOMPT 2276). The receipt document will be retained and processed as a regular order.

(3) Via the Internet. Cardholders may place orders via the Internet. When purchasing/ordering via the Internet, cardholders should ensure that appropriate account safeguarding measures are taken. User identification, authentication, and encryption of data are important factors in safeguarding cardholder information. Cardholders should consider using a browser with automatic encryption capability (e.g., MS IE 4X or NETSCAPE 4.X). The user should comply with the authentication and identification requirements (passwords, identification, PIN number, etc.) required by the commercial vendor from whom the cardholder is acquiring the supplies.

d. Receipt/Acceptance Process. The Approving Official in each department shall establish local procedures for receipt verification and acceptance of purchase card transactions.

17. Reconciliation and Payment Procedures. It is important to carefully review the new statement and report any incorrect billings to the APC for immediate notification to CitiBank. The following reconciliation procedures will be followed:

a. Statements. CitiBank will provide and distribute three monthly statements within five working days after the end of the 30 day billing cycle.

(1) Cardholder Statement - all purchases, credits, and other transaction data the cardholder has made in the 30 day billing cycle.

(2) Approving Official Statement - a copy of all cardholder statements for which the cardholder has made purchases and a summary sheet of these statements.

(3) APC - this copy will provide summary data for each cardholder.

b. Reconciliation. At the end of each monthly billing cycle, the cardholder must reconcile the information on the statement, sign the statement, attach all supporting documentation (this documentation should include each vendor's Federal Tax Identification Number), and forward to the Approving Official within three working days of receipt.

c. Payment. The Approving Official is responsible for certifying and signing that the items appearing on the summary statement were received and accepted. The certified summary statement will then be forwarded, within five working days, to the Defense Finance and Accounting Service (DFAS) for payment to CitiBank.

18. Billing Errors and Disputes

a. Billing Errors. If a cardholder receives a statement that lists a transaction for merchandise that has not been received, a transaction which includes a sales tax, transportation charges, and other unauthorized charges, the cardholder must notify the Approving Official and complete the Cardholder Questioned Item Form, available from CitiBank. CitiBank will credit the transaction until the discrepancy is resolved. Additionally, a copy of the form must be attached to the cardholder's monthly statement and sent to DFAS.

b. Disputes. If items purchased are found to be defective, the cardholder is responsible to obtain replacement or correction of the item. If the merchant refuses to replace or correct the faulty item, then the purchase of the item will be

considered in dispute. Items in dispute are handled in the same manner as billing errors.

(1) Examples of other dispute issues are duplicate billing, unauthorized charges, non-receipt of merchandise, returned merchandise, canceled merchandise or services, invoice amount differences or the transaction was paid by other means. Accommodation check transactions and any form of taxes cannot be disputed through CitiBank and must be resolved directly with the merchant.

(2) Prior to submitting a formal dispute, the cardholder must initiate communications with CitiBank via telephone at 1-800-790-7206 or for overseas collect at 1-904-954-7850. The cardholder must follow up in writing by completing and signing the Disputes Form. This form must be either faxed to CitiBank at 1-904-954-8710, or mailed to the following address: Government Card Services, P.O. Box 45134, Jacksonville, FL 32232-5134. Because of the required signature, the dispute form cannot be transmitted electronically. The APC, AO, and designated Disputes Officer must be notified of the dispute. A copy of the disputes form should be retained by the cardholder for reference purposes. Once a dispute has been filed, CitiBank will suspend the dispute charge from the outstanding balance due and issue a provisional credit. CitiBank will acknowledge the initiation of a dispute to the cardholder. The cardholder does not have to pay the amount in question pending the outcome of the dispute process.

c. Contact with CitiBank. CitiBank should be contacted by a cardholder or AO only to report a lost or stolen card. All other questions should be directed to the Administrative Office as listed in this instruction.

19. Separation of the Cardholder. Upon transfer or separation from assigned duties, the cardholder must surrender the purchase card to the AO who will promptly destroy the card, complete a destruction notice form, and notify the APC who will then notify CitiBank.

20. Review of Local Programs

a. Internal Review. Semi-annual reviews of the activity purchase card program must be accomplished to ensure that adequate local internal controls are in place. The integrity of

the local program depends on the APC or designee performing a semi-annual review of the activity purchase card program. The review should consist of an evaluation of local operating procedures to ensure that cardholders and AOs are operating within the prescribed command controls. A report of the review should be submitted to the organizational APC (if performed by other personnel) who should initiate appropriate action as necessary to improve the local program or correct specific problem areas. The following areas must be covered in any Purchase Card Program Review:

- (1) Review of internal operating procedures to ensure compliance with current DON/DOD regulations and directives;
- (2) Program compliance with applicable training requirements;
- (3) Appropriate delegations of authority;
- (4) Integrity of purchase request process;
- (5) Compliance with micro-purchase procedures;
- (6) Receipt, inspection, and acceptance procedures;
- (7) Invoice certification process;
- (8) Prompt payment procedures;
- (9) Internal procedures to resolve disputes and monitor command delinquencies;
- (10) Procedures to review Letters of Agreement (LOAs) and orders against LOAs; and
- (11) Use of the purchase card as a payment method.

b. HCA Review. The HCA or designee who granted contracting authority shall review the command level program as part of the Procurement Management Review Program.

21. Responsibilities

a. Approving Official. The individual within each department who serves as liaison with Administrative and

CitiBank contacts. The approving official must be the cardholder's supervisor or higher-level administrator. The Approving Official cannot also be a cardholder. The Approving Official will comply with the procedures in this instruction and enclosure (1).

b. Cardholder. The individual within NTC to whom a purchase card is issued and procurement authority is delegated. The purchase card will bear the cardholder's name and shall only be used by the cardholder to make authorized official U.S. Government purchases per this instruction. The cardholder cannot also be the approval official. Approved cardholders will comply with the procedures in this instruction and in enclosure (2).

c. Agency Program Coordinator (APC). The APC will be designated in writing by NTC Supply and Logistics and will observe the following procedures:

(1) Receive and review letters from each NTC division requesting a credit card to determine the feasibility and worthiness of the request.

(2) Coordinate training for cardholders and approving officials.

(3) Issue the Delegation of Procurement Authority (SF 1402) to cardholders and specify procurement credit limitations.

(4) Receive all necessary application forms from CitiBank to establish each account. During the account inauguration process, coordinate actions with the cardholder and approving official to establish report requirements. A separate account number will be established for each cardholder.

(5) Conduct annual surveillance of the purchase card program in each command.

(6) Authorize the issuance and/or destruction of credit cards.

d. Finance Office Contact. The Customer Service Branch of the Defense Finance Accounting Service (DFAS), Pensacola, will act as the contact point for matters relating to the payment of

monthly credit card billing statements. The Finance Office Contact shall:

(1) Reimburse CitiBank within 30 days of receipt of the monthly summary statements that have been certified for payment by the appropriate approving officials.

(2) Process payments using Prompt Payment regulations.

e. The APC and Billing Official will answer inquiries pertaining to the payment status of invoices forwarded to DFAS for payment.

f. Dispute Office Contact. The APC and Approving Official will coordinate, process, and monitor all disputed purchases and/or credit/billing errors.

g. CitiBank. CitiBank shall:

(1) Issue the purchase card to NTC users.

(2) Maintain all purchase card accounts.

(3) Schedule implementation meeting with the APC.

(4) Provide application forms.

(5) Send out monthly statements to cardholders, approving officials, and the Purchasing Department.

(6) Pay merchants in a timely manner.

(7) Provide other available reports as requested by the APC during the account set-up process.

22. Enclosure (3) is provided as a sample for individual command use.



EDWARD E. HUNTER

Distribution:
NTCGLAKESINST 5216.5M
Lists I and II (Case A)

APPROVING OFFICIALS INSTRUCTIONS

1. Purpose. These instructions are a supplement to the "Approving Official Instructions for the Use of the U.S. Government Credit Card" distributed to the approving official at the time cards are issued. In the event these instructions conflict with CitiBank instructions, the instructions which are most restrictive take precedence. The approving official will:

- a. Comply with all training requirements.
- b. Approve all authorized purchase documents submitted for purchase card purchase.
- c. Establish a 30 day cardholder dollar limit.
- d. Establish the financial system procedures to properly record the obligations incurred.
- e. Establish instructions that cover purchases made in two fiscal years which will be annotated on the statement with the applicable dollar amount for each fiscal year.
- f. Establish a process to verify receipt and condition of purchase card purchases, ensuring that the receiving personnel can identify a purchase card delivery, and that the cardholder is furnished with the receiving information within one day after receipt and acceptance. Delivery tickets/sales slips should include as a minimum:

- (1) Merchant's name and address.
- (2) Cardholder's name as it appears on the card.
- (3) Order number.
- (4) Delivery address and delivery date.
- (5) Items purchased to include quantity, unit price, and extended price.
- (6) The term "purchase card" should appear on all shipping documents.

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g. Review the cardholder's monthly statement ensuring that payment is for purchases which are authorized and made in accordance with the Federal Acquisition Regulation (FAR) and all other applicable regulations.

h. If the cardholder is absent, procedures should be in place so that the approving official can reconcile the statement for the cardholder and forward it to the Billing Official in a timely manner.

i. Review the cardholder's monthly transaction log ensuring that the required data is being captured to establish a clear audit trail, submit statistical reports, and annual reviews.

j. Certify and sign the monthly summary statement. The following information must be affixed to the monthly statement or on a separate statement that identifies the statement being approved.

I certify that the goods/services itemized on this statement were received and accepted on _____.

NAME _____ TITLE _____

PHONE NO. _____ SIGNATURE _____

Forward this statement along with the cardholder's signed statement to the Billing Official within five working days after receipt of the monthly summary statement.

k. Resolve all items "in dispute" and "billing errors" in accordance with CitiBank guidance. Refer items and/or errors that cannot be resolved through prescribed procedures to the APC.

l. Notify the APC if the purchase cards are: improperly used, lost, stolen, or upon separation of the cardholder.

m. Submit any changes or additions to the CitiBank accounts through the APC.

Enclosure (1)

2. Point of Sale Devices. Most merchants have a "point of sale" device which transmits information about the sale electronically to the bank for authorization processing to assure that the cardholder's spending limit will not be surpassed. The device also verifies that the card has not been reported lost or stolen. If, for any reason, the merchant fails to obtain this authorization, and subsequently the purchase was refused by the issuer, CitiBank, the merchant would be liable for the amount of the sale.

3. Type of Merchant. Each merchant is identified by a Standard Industrial Classification (SIC) code which denotes a business category. The point of sale device will check the merchant's SIC code to determine if the type of purchase is authorized.

Enclosure (1)

CARDHOLDER INSTRUCTIONS

1. These instructions supplement the "Instructions for the use of the U.S. Government Credit Cards" distributed when the card is issued. In the event these instructions conflict with CitiBank instructions, the instructions which are most restrictive will take precedence. The cardholder will:

a. Comply with training requirements prior to being delegated procurement authority, or issued a purchase card.

b. Purchase supplies and services in person, over the telephone, or via the Internet, as authorized by the approving official, within the limitations of the designated procurement authority, and in compliance with applicable procurement regulations, policies, and procedures.

c. Have a written purchase request (NAVCOMPT 2276) from an authorized individual approved and signed by the approving official and appropriately funded.

d. Ensure that the available 30 day balance and activity balance are sufficient to cover the cost of the anticipated purchase.

e. Establish and maintain a monthly transaction log of all purchase card purchases. This transaction log, along with the delivery tickets and charge slips associated with each month's log, becomes the accountable documentation used as proof of purchase. They are required to reconcile the monthly summary statement from CitiBank.

2. Placing Orders. When placing orders, whether by phone or in person, you must:

a. Determine that the merchant is an authorized purchase card merchant.

b. Obtain pricing and delivery information, and determine that the price is fair and reasonable.

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c. Inform the merchant this is a Government official order and is not subject to state or local taxes, and make sure that taxes are not included in the charge.

d. For orders which will be delivered, instruct the merchant to include the following on the packing slip:

- (1) Merchant/Vendor's name and address.
- (2) Your name as it appears on the purchase card.
- (3) Items purchased to include quantity, unit price, and extended price.
- (4) Delivery address and delivery date.
- (5) The term "Purchase Card".

e. When you place and or pick up an order in person, you must obtain a customer copy of the charge slip which is the accountable document for orders not delivered. You must ensure that the same information required for the delivery ticket is entered on the charge slip.

f. At the close of each monthly billing cycle, you will receive a "Statement of Account" from CitiBank. This statement will itemize each transaction charge to your purchase card. You must:

- (1) Review the statement and reconcile it against the accountable documents you have retained from each transaction.
- (2) Attach supporting transaction documentation (i.e., charge slips/delivery tickets.
- (3) When a statement includes purchases in two fiscal years, identify the applicable dollar amount to be charged to each fiscal year and annotate this information on the statement.
- (4) Sign the statement and forward to your approving official within three days after receipt.

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g. Intentional use of this card for other than official Government business will be considered as an attempt to commit fraud against the U.S. Government and may result in immediate cancellation of your card and disciplinary action against you under applicable federal regulations. You may be personally liable to the Government for the amount of any non-approved purchase, and may be subject to a fine of not more than \$10,000 or imprisonment for not more than five years or both under 16 U.S.C. 2887. Military members who misuse the purchase card may be subject to court martial under 10 U.S.C. 932, UCMJ Art. 132.

Enclosure (2)

LOCAL INTERNAL OPERATING PROCEDURES FOR USE WITH THE
GOVERNMENT PURCHASE CARD PROGRAM

(SAMPLE)

1. General

a. The DON has issued a Task Order (#0003) under the GSA SMARTPAY Contract (#GS-23F-98006) to obtain purchase card services from CitiBank. These internal operating procedures provide guidance on the appropriate use of the purchase card by **(insert name of command)** personnel.

The policy of **(insert name of command)** is to use the purchase card for all supplies and services at or below the micro-purchase threshold (\$2,500) as either a procurement method or a method of payment. All purchases must be accomplished in accordance with FAR Part 13, DFARS 213, NAPS 5213, NAVSUPINST 4200.94, the GSA contract and this internal operating procedure. **(Insert name of command)** purchase cardholders shall only use the purchase card for authorized purchases in accordance with this internal operating procedure.

b. Definitions

(1) Agency Program Coordinator (APC). The individual designated by the Commanding Officer or Agency Head who shall have overall responsibility for the management, administration and day to day operations of the purchase card program at the activity.

(2) Approving Official (AO). The individual responsible for reviewing and verifying the monthly purchase card statements of the cardholders under his/her purview. The AO must verify that all purchases were necessary and for official Government purposes in accordance with applicable directives. Unless otherwise specified the AO must also be the Certifying Officer for his/her cardholder(s) and in that capacity must certify the monthly billing statement and forward it to the appropriate office for payment.

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(3) Billing Cycle. The billing cycle is the 30-day billing period cardholders may use their purchase card. For DON the billing cycle ends on the 21st of the month.

(4) Billing Cycle Purchase Limit. The spending limit assigned each cardholder's cumulative purchases and transactions within a given billing cycle.

(5) Bulk funding. An advance reservation of funds where a commitment or obligation is recorded in the aggregate rather than by individual transactions.

(6) Cardholder. Any Government employee who is designated by the HA or designee to be issued a purchase card or purchase card account. The purchase card bears the name/account number of this individual.

(7) Commonly used HAZMAT. For the purpose of this instruction, commonly used HAZMAT means hazardous materials or products that are customarily sold to the general public to be used for non-governmental purposes (commercial products) which are in the same size and packaging found commercially and subject to procedures found later in this instruction. Examples of those materials or products include those required on a routine basis to meet daily operational needs; such as, lubricants, batteries, toner cartridges, detergents, etc.

(8) Contracting Officer. Government employees who have the authority to bind the Government to the extent of their delegated purchasing authority. Purchase cardholders are provided that authority by their commanding officer or APC in writing by the issuance of a Letter of Delegation or SF 1402 Contracting Officer's Warrant.

(9) Credit Limit. The maximum dollar threshold assigned at the AO/billing level limiting the amount an account can have outstanding at any one time. The bank automatically sets the amount at three times the corresponding billing account 30 day limit.

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(10) Disputes. Instances where the transactions on the cardholder's statements do not agree with entries in the log or retained receipts. This may include circumstances where the cardholder did not make the transaction, the amount of the transaction is incorrect, or the quality or service is an issue.

(11) Head of the Contracting Activity (HCA). The official at one of the 23 DON components listed at DFARS 202.101 and NAPS 5202.101 (e.g., COMNAVSUPSYSCOM, COMNAVAIRSYSCOM, etc.) who has overall responsibility for managing contracting authority within their contracting chain of command. They are responsible for the delegation, redelegation, and use of contracting authority including use of the purchase card by DON commands, DON activities, and DON personnel under his/her contracting cognizance.

(12) Head of the Agency (HA). For the purpose of this instruction, HA is the military officer in command or the civilian executive in charge of the mission of a DON command or activity that has been granted contracting authority by the cognizant HCA and has overall responsibility for managing the delegation and use of this authority by personnel under his/her command.

(13) Purchase Card. The purchase card is the credit-card-like purchase account established with the bank that enables properly authorized Government personnel to buy and pay for mission requirements.

(14) Purchase Card Log. A manual or automated log on which the cardholder documents screening for mandatory Government sources and individual transactions using the purchase card. Entries in the purchase card log should be supported by internal command documentation. The purchase card documentation should provide an audit trail supporting the decision to use the card and any required special approvals that were obtained.

(15) Merchant Category Code (MCC). A four-digit code assigned to a participating purchase card vendor based on their

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industry classification. APCs can limit cardholder transactions by type of merchant by blocking out certain categories of vendors for use by activity cardholders.

(16) Monthly Cardholders Statement. The statement of charges forwarded to the cardholder at the end of the billing cycle detailing all of the charges during that period.

(17) Monthly Billing Statement. The monthly billing statement is the official invoice for payment purposes which is provided to the AO. The billing statement identifies all of the purchase card transactions of his/her cardholders during a billing cycle.

(18) Services. For the purposes of this instruction, services are firm fixed priced (including unpriced orders with an established ceiling), non-personal, commercially available requirements in which we directly engage the time and effort of the contractor to perform a task (e.g., repairs).

(19) Single Purchase Limit. The dollar threshold assigned to each cardholder for a single purchase/payment action.

(20) Reconciliation. The process by which the cardholder/AO review their monthly statements, reconcile against available vendor receipts and purchase card log, and authorize payment of those charges provided on the monthly statement.

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

c. Designation of offices under the Purchase Card Program (this paragraph should be tailored to the specific command circumstances).

(1) APC. (Insert local responsibilities of APC.) As a minimum, the specific duties should include management and oversight of local program.

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(2) AO. Include as a minimum, duties as Certifying Officer and requirement to review cardholder's monthly purchase card statements.

(3) Cardholder. Person authorized to use the purchase card to buy/pay for supplies or services.

(4) Designated Billing Office. Designated DFAS OPLOC (insert supporting OPLOC).

(5) Comptroller. Financial/Comptroller person responsible for managing command funding. Comptroller and APC should work together to ensure funds approval process is streamlined to the maximum extent practicable. In addition, comptroller and APC must coordinate efforts to establish account limits for AOs and cardholders.

2. Establishing Local Accounts

a. The APC for **(insert name of command)** is Mr./Ms./Mrs. XXXXX XXXXXX. He/she is the command POC for providing management and oversight for the **(insert name of command)** Purchase Card Program. In addition, he/she is the command POC for establishing purchase card accounts.

(1) Prior to establishing purchase card accounts for local command personnel the APC will ensure that the prospective cardholder has received proper training in:

- Standards of conduct
- DON purchase card training (CD ROM/classroom training, etc)
- Internal operating procedures.

(2) Personnel wishing to become purchase cardholders shall:

- Provide a request to the APC (identifying any required account limits)

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- Attend DON required training including training on local procedures (Contact APC for internal training requirements)
- Obtain a Letter of Delegation or Contracting Officer's warrant (SF 1402) from the APC.

b. Cardholder Account Limits. Use of the purchase card at **(insert command name)** is subject to a single purchase limit normally \$2,500, a monthly cardholder limit, and a monthly office limit. The purpose of these dollar limits is as follows:

(1) Single Purchase Limit. The single purchase limit is a limitation on the purchase authority delegated to the purchase cardholder by the HA (or designee). This dollar limit cannot be exceeded unless a revised delegation of authority is issued to the cardholder raising his/her limit.

(2) Billing Cycle Purchase Limit. The billing cycle cardholder limit is the spending limit assigned the purchase cardholder's cumulative purchases in a billing cycle.

(3) Billing Cycle Office Limit. The billing cycle cardholder limit is the spending limit assigned the purchase cardholder's cumulative purchases in a billing cycle.

3. Internal Processes

a. Purchase Request Process. **(Insert command name)** cardholders shall ensure that sufficient funds are committed by the financial manager and available to meet the requirements of the purchase card action. (If there is additional local command policy, insert the local command policy here. As a minimum, the local command policy should provide AOs/purchase cardholders guidance on how to obtain funding approvals.)

b. Screening. **(Insert command name)** purchase cardholders are required to screen all requirements from the statutory sources of supply (e.g., JWOD/UNICOR). In addition, the screening must be documented on a manual or automated log. **(Insert any command specific screening requirements if applicable.)**

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c. Solicitation and Award Procedures

(1) Solicitation Procedures. **(Insert name of command)** purchase cardholders are authorized to use the purchase card either over-the-counter, over-the-phone, or via the Internet (APC can limit to one or authorize all). Quotations of price and delivery for mission requirements shall be obtained from contractors and documented in the manual or automated log. (See sample.)

(2) Award Procedures. **(Insert name of command)** purchase cardholders shall only award purchase card orders to responsible contractors who offer fair and reasonable prices. In addition, all purchase card awards shall be documented on the purchase cardholders log (either manual or automated).

d. Receipt and Acceptance Procedures. **(Insert name of command)** purchase cardholders are responsible for verifying receipt of all transactions. Where the purchase cardholder is billed but does not receive the supplies or services at the time of the receipt of the official invoice, the cardholder must fully certify the invoice with the anticipation that confirmation of receipt will occur within the next billing cycle. If the supplies or services are not received within the next billing cycle, the cardholder must dispute the item using established dispute procedures. The cardholder must also certify that the quantity and quality of the items furnished are in accordance with the agreement with the vendor. The cardholder must save all receipt documentation in order to properly reconcile the purchase card statement at the end of the billing cycle. If receipt documentation is not available, the cardholder must contact the end user, central receiving department, or other person or persons responsible for receipt to obtain verification that the supplies or services have been received. The purchase card log or purchase file must be documented to indicate that proper receipt and acceptance has been accomplished. **(Activity should insert any specific local receipt and acceptance guidance here.)**

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e. Missing Documentation. If for some reason the cardholder does not have documentation of the transaction to send to the AO, he/she must attach an explanation that includes a description of the item, the date purchased, the merchants name and why there is no supporting documentation.

f. Reconciling Purchase Card Accounts

(1) Purchase Cardholders. **(Insert command name)** purchase cardholders shall at the end of each billing cycle (the 21st of the month for DON cardholders) reconcile the transactions appearing on his/her monthly statements by verifying their accuracy against cardholder records. The cardholder shall review all information on the monthly statement, verifying any changes, credits, outstanding disputes or refunds within five days of receipt. If the cardholder fails to review the monthly statement, including annotating any discrepancies, disputing improper charges, or signing and forwarding it to the AO or designated alternate within the five day period, the AO or designated alternate shall presume that all charges are proper and certify the monthly invoice for payment. The cardholder is ultimately responsible for purchase card transactions being proper and for notifying the AO of any information he/she has knowledge of that impacts on the propriety of certifying the monthly invoice for payment. If transactions or credits are not included on the current statement, the cardholder must retain the applicable documentation until the transactions or credit appears and can be reconciled. The cardholder must then sign the statement and forward the package to his/her AO or alternate. If the cardholder is unable to review their statement in a timely manner, the AO or alternate or APC must review and certify the cardholder's monthly statement. The cardholder upon his return must review the monthly statement and resolve any discrepancies with the AO or APC.

(2) AO. **(Insert command name)** AOs unless otherwise specified shall be the certifying officer for his/her cardholders' monthly invoice. The AO/certifying officer is responsible for ensuring that all purchases made by the

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cardholders within his/her cognizance were appropriate and the charges accurate. He/she must resolve all questionable purchases with the cardholder. In the event an unauthorized purchase is detected, the AO must notify the APC and other appropriate personnel in the command in accordance with the command Internal Operating Procedure (IOP). After review, the AO will sign the cardholder's monthly statement of account and maintain the documentation in accordance with agency procedures. In addition, the AO is also responsible for certifying the monthly invoice resulting from the purchase/transactions of the cardholder's within his/her account structure. The AO is responsible for reviewing and certifying the monthly purchase card invoice within five days of receipt from the cardholder and forwarding it to the appropriate billing office. As the certifying officer the AO is responsible for timely certification of the monthly invoice. The AO is to presume that all transactions on the monthly statement are proper unless notified in writing by the purchase cardholder within five days from the cardholder's receipt of his/her monthly statement. The presumption does not relieve the AO from reviewing for blatant improper purchase card transactions and taking the appropriate action prior to certifying the invoice for payment.

4. Unauthorized Uses of the Purchase Card

a. A cardholder who makes unauthorized purchases or who uses the card in an inappropriate manner may be liable to **(insert the command name)** for the total amount of the unauthorized purchases made in connection with misuse or negligence.

b. Unauthorized use of the card may also include the use of the card by anyone other than the cardholder identified on the front of the purchase card.

5. Lost or Stolen Cards

a. Telephone Notification. If a purchase card is lost or stolen the **(insert command name)** cardholder must immediately notify CitiBank at the following phone number:

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CitiBank Customer Service - 800-790-7206

b. Written Notification. In addition, on the next working day the cardholder must notify the APC and his/her AOs. The notification shall include the following information:

- the card number;
- the cardholder's complete name;
- the date and location of the loss;
- if stolen, the date reported to the police and the date and time CitiBank was notified;
- any purchases made on the card and the day the card was stolen;
- any other pertinent information.

6. Separation of Cardholder. Upon separation from (**insert command name**), the cardholder will notify his/her AO of the expected date of leaving. In addition, prior to final signing out from (**insert command name**) the cardholder will surrender their purchase cards to the APC. The APC will notify CitiBank to have the account cancelled.

7. Billing Errors and Disputes

a. Cardholders should attempt to resolve all discrepancies or billing errors with the local merchant first.

b. If a cardholder receives a monthly statement that lists a transaction for items that have not been received he/she should do the following:

(1) Under Pay and Confirm procedures, pay the invoice in full in anticipation that the supplies will be received within the next billing cycle. If the supplies are not received, the purchase cardholder will dispute the item using established dispute procedures.

(2) If the charges are not authorized or items have not been shipped, the purchase cardholder must dispute the charges. All charges must be disputed within 60 days of the receipt of the invoice on which the charge first appeared.

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c. Defective Items. If the items purchased are defective the cardholder should attempt to obtain a replacement or correction of the item from the merchant as soon as possible. If the vendor refuses to replace or correct the defect or replace the item the cardholder must put the item in dispute.

8. Card Security. **(Insert command name)** purchase cardholders are responsible for the security of their purchase cards. The card is printed with the name of the employee who is the official Government representative authorized to use the purchase card. Only that person SHALL use the card. It is the cardholder's responsibility to safeguard the purchase card and purchase card account number at all times. The cardholder must not allow anyone to use or gain access to his/her card or account number.

9. Standards of Conduct/Ethics Training

a. All **(insert command name)** AOs and purchase cardholders will receive ethics and standards of conduct training in accordance with agency and command policy prior to assuming their duties with the **(insert command name)** purchase card program.

b. All **(insert command name)** AOs and purchase cardholders hold a public trust, their conduct must meet the highest ethical standards. All **(insert command name)** cardholders shall only use their purchase cards to obtain supplies and services that are for official Government business.

Enclosure (3)

EPA Designated Products

Products containing recovered materials is designated in 40 CFR 247 as Affirmative Procurement. The EPA designated products contain materials recovered from the solid waste stream. Federal agencies are required to give first preference to EPA designated products if they are competitively priced, available in a reasonable time frame, and meet performance standards. The intent is to conserve resources and reduce solid waste by developing markets for recycled products and encouraging manufacturers to produce quality recycled content products at competitive prices. Accordingly, the Contractor shall use products that meet or exceed the EPA guideline standards to the maximum practicable extent in the performance of the contract. See

<http://www.epa.gov/cpg/products.htm>

for a list of manufacturers and suppliers of EPA designated products.

Construction Products

Building insulation products

Carpet

Cement and concrete containing:

-Coal fly ash

-Ground granulated blast furnace slag

Consolidated and reprocessed latex paint

Floor tiles

Laminated paperboard

Patio blocks

Shower and restroom dividers/partitions

Structural fiberboard

Landscaping Products

Garden and soaker hoses

Hydraulic mulch

Lawn and garden edging

Yard trimmings compost

Non-Paper Office Products

Binders (paper, plastic covered)

Office recycling containers

Office waste receptacles

Plastic desktop accessories

Plastic envelopes

Plastic trash bags

Printer ribbons

Toner cartridges

Paper and Paper Products

Commercial/industrial sanitary tissue products

Miscellaneous papers

Newsprint

Paperboard and packaging products

Printing and writing papers

Park and Recreation Products

Plastic fencing

Playground surfaces

Running tracks

Transportation Products

Channelizers

Delineators

Flexible delineators

Parking stops

Traffic barricades

Traffic cones

Vehicular Products

Engine coolants

Re-refined lubricating oils

Retread tires

Miscellaneous Products

Pallets

Enclosure (4)