



DEPARTMENT OF THE NAVY
NAVAL AIR STATION OCEANA
1750 TOMCAT BOULEVARD
VIRGINIA BEACH, VIRGINIA 23460-2168

IN REPLY REFER TO:

NASOCEANAINST 4200.1

RSO

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NAS OCEANA INSTRUCTION 4200.1

Subj: GOVERNMENT-WIDE COMMERCIAL PURCHASE CARD PROGRAM

Ref: (a) EBUSOPSOFFINST 4200.1
(b) COMNAVREGMIDLANTINST 4200.1

Encl: (1) Internal Operating Procedures

1. Purpose. To establish procedures, responsibilities and guidance regarding the use of the Government-wide Commercial Purchase Card (GCPC) as a method of procurement for all supplies and services at or below \$2,500 by the Air Operations Program Manager and Installation Commander (IC/PM), Naval Air Station (NAS) Oceana.

2. Background. The GCPC Program was developed to provide a fast and convenient method to purchase and/or payment for all requirements under the micro-purchase threshold (\$2,500 for supplies and services; \$2,000 for construction). The program is intended to provide Department of the Navy (DoN) military and civilian employees a convenient and commercially available method to make low dollar value purchases.

3. Policy. The GCPC shall be used to purchase commercial supplies and services for official government business per references (a) and (b). Without exception, the purchase card shall only be used for authorized U.S. Government purchases. Readers are directed to the applicable desk guides and enclosure (1) for specific purchase card procedures.

a. The purchase card shall be used to buy and/or pay for all requirements valued at or below the micro-purchase threshold. The purchase card shall be used to purchase supplies and services not to exceed \$2,500 and construction not to exceed \$2,000.

b. The purchase card shall be used to pay for training requirements valued at \$25,000 and below using the DD 1556 (Certification of Training).

c. The purchase card may be used as a method of payment in conjunction with other contracting methods above the micro-purchase threshold, provided additional training is received for the following categories:

(1) DD 282 (DOD Printing Requisition/Order) valued at \$100,000 and below.

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(2) DD 1155 (Purchase Order) valued at \$100,000 and below or up to five million for commercial items.

(3) Blanket Purchase Agreement orders valued at \$100,000 and below or up to five million for commercial items.

(4) Delivery order against Federal Supply Schedules valued at \$9,999,999 and below.

(5) Basic Ordering Agreements and orders under Indefinite Delivery Type contracts valued at \$9,999,900 and below.

(6) Oral orders against Letters of Agreement for procurement of supplies only, valued between \$2,500 and \$25,000.

4. Unauthorized Use of the Purchase Card. The purchase card shall only be used for authorized U.S. Government purchases. 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 result in immediate cancellation of an individual's purchase card and potential disciplinary action. In the absence of specific statutory authority, purchase of items for the personal benefit of government employees, such as flowers, food, etc., are not permitted and therefore improper transactions.

a. The use of the purchase card for personal purchases for any reason is strictly prohibited. A cardholder (CH) who makes unauthorized purchases or uses the card in an inappropriate manner may be liable for the total amount of the unauthorized purchase made in connection with misuse or negligence.

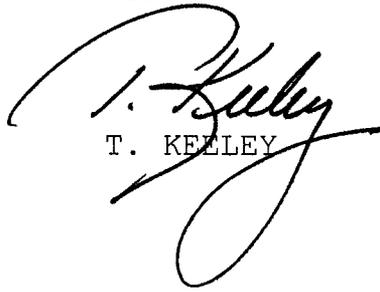
b. Unauthorized use of the card also includes the use of the card by anyone other than the CH identified on the front of the purchase card. It is the responsibility of the CH to safeguard the purchase card and account number at all times.

5. Purchase Card Issuance. The following categories of personnel may be issued a purchase card or be appointed an Approving Official (AO) to accomplish official duties:

a. Civilian Government employees

b. Members of the Armed Forces

c. Foreign nationals (both direct and indirect hires), subject to operational control and day-to-day management and supervision by U.S. military and civilian personnel, may be appointed as CH, but may not be appointed as an Agency Program Manager.



T. KEELLEY

Distribution:
NASOCEANAINST 5216.1X
List I

INTERNAL OPERATING PROCEDURES
FOR USE OF THE
GOVERNMENT-WIDE COMMERCIAL PURCHASE CARD PROGRAM

1. General. DoN has issued a Task Order (#0003) under the General Services Administration (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 NAS Oceana personnel. The purchase card shall be used for all supplies and services at or below micro-purchase threshold (\$2,500) as either a procurement method or method of payment. All purchases/payments must be accomplished per reference (a), FAR Part 13, DFARS 213, NAPS 5213, the GSA contract and this internal operating procedure.

2. Designation of Offices under the Purchase Card Program. This section provides guidance on the roles, responsibilities and accountability of command personnel involved in the GCPC Program.

a. Regional Agency Program Coordinator. The Supply Logistics Program Manager has overall responsibility for the management and oversight of the Commander, Navy Region, Mid-Atlantic (COMNAVREG MIDLANT) Purchase Card Program. In that capacity, the Supply Logistics PM has designated a Regional Agency Program Coordinator (APC) to manage the GCPC Program and ensure full compliance with procedures set forth. Other duties and responsibilities include:

(1) Serve as the liaison between COMNAVREG MIDLANT storefronts, CitiBank and the GSA Contracting Officer on issues within the Mid-Atlantic Region pertaining to the Purchase Card Program.

(2) Develop and distribute Regional Purchase Card Program policies and procedures.

(3) Provide program training support and guidance.

(4) Adjudicate questions of proper card usage within the Mid-Atlantic Region.

(5) Ensure semi-annual internal reviews are conducted by the Regional Purchase Card Coordinator (PCC) and the results forwarded to the Regional APC 10 days after completion of the review. Contact Jane Huggins, Regional Agency Program Coordinator, at (757) 443-2070 or DSN 646-2070.

Enclosure (1)

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b. PCC. A PCC is designated to assist the Regional APC in managing PM's Purchase Card Program. Duties and responsibilities include:

(1) Serve as the liaison between the Regional APC, Regional Resources Services Office, Defense Accounting Finance Office and their respective AOs.

(2) Delegate contracting authority to CHs and assist in appointment of AOs (for micro-purchases).

(3) Overall administrative management, training and internal oversight of the Purchase Card Program within the scope of the respective PM.

(4) Monitor purchase card transactions monthly, using at a minimum the automated adhoc reporting tools detailed on CitiDirect website and ensure procedures for questionable transactions are followed.

(5) Establish guidelines and distribute agency policies and procedures. Advise and counsel CHs and AOs. Ensure internal reviews are conducted.

(6) Make recommendations to the Regional APC on account suspension or cancellation based upon the results of CH account reviews where repeat discrepancies or serious infractions of purchase regulations are discovered.

(7) Assist AO in resolution of delinquent payments and any disputes the AO or CH may have with their billing statements.

(8) Ensure AOs and CHs are granted appropriate authority to satisfy local mission requirements. Perform regularly scheduled maintenance, no less than quarterly, on command AO and purchase card accounts to ensure the account profile information is current and accurate, examine frequency of use and ensure the AO/CH account remains within specified limits.

(9) Monitor and maintain CHs monthly purchase limits.

(10) PCC will not be designated as an AO or CH.

(11) Conduct semi-annual reviews of the purchase card records of each CH account within their level five hierarchy. This will include an evaluation of local operating procedures, internal management controls and a transactional review using

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ad-hoc reporting. Review results are to be submitted to the Regional APC no later than ten days after the end of the review period. The cover sheet for this report will include enclosures (1) and (2) of COMNAVREGMIDLANTINST 4200.2A and the following information:

- (a) Internal Operating Procedures
- (b) Any specific problem areas
- (c) Any disciplinary action taken
- (d) Total CHs/AOs
- (e) Copy of semi-annual reviews
- (f) Number of transactions for reporting period
- (g) Total spending this reporting period

(12) Provide quarterly briefings to the IC/PM regarding the status of the program. These briefings will include the number of cards, spending patterns, delinquency issues and instances of misuse, abuse or fraud. NAS Oceana's IC/PM PCC is David Capps, at (757) 433-2334.

c. AO. An AO will be designated to ensure proper use of the purchase card through approval of purchases and certification of monthly invoices for payment. Each AO will be responsible for no more than seven accounts. Specific duties and responsibilities include:

(1) Verify all transactions are in the interest of the government and orders are placed per current directives.

(2) Provide management and oversight for CHs under their account, approving all CHs' purchase requests. Verify supporting transaction documentation on all card accounts prior to submitting CHs' monthly statement of account. Ensure proper receipt, acceptance and inspection is accomplished on all items being certified for payment. Certify the monthly invoice in a timely manner, usually within five days, and forward the monthly certification to the PCC within five days after certification of the monthly invoice.

(3) Notify the PCC and Commanding Officer in the event of any suspected unauthorized purchase (purchases would indicate non-compliance, fraud, misuse and/or abuse).

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(4) Ensure all purchase cards are secured and not issued to CHs until they have received a delegation of authority. Individuals designated as AOs shall not be assigned as CHs.

(5) Complete all required training prior to being assigned as an AO. Complete all informal training as needed per paragraph 5 of the Internal Operating Procedures. Unless otherwise specified, AOs shall be the Certifying Officer for their CHs and in that capacity must certify the monthly billing statement and forward it for payment. AOs shall, to the greatest extent practicable, be the supervisor or be in the direct line of authority of CHs.

(6) Provide notification to the PCC within 30 days of a planned transfer, resignation or retirement, and arrange a final Purchase File Review.

d. CHs may use the GCPC for pre-authorized procurement of supplies with a single purchase limit of \$2,500 or less. CHs shall be E-5/GS-5/WG-9 or higher and any deviation must be approved in writing by the Commanding Officer. The CH Desk Guide details the responsibilities of the CH. Additional duties and responsibilities include:

(1) Contact the Regional Comptroller Office to ensure proper and adequate funding is available prior to any purchase card action.

(2) Purchase only mission essential requirements at fair and reasonable prices from responsible suppliers.

(3) Screen all requirements for availability from mandatory government sources of supply.

(4) Complete Credit Card Purchase Approval Sheet and have it approved prior to finalizing purchases.

(5) Maintain a manual or automated log that documents individual transactions and screens mandatory sources of supply. The Purchase Card Log and supporting documentation will provide an audit trail supporting the decision to use the card and any required special approvals that were obtained.

(6) Review monthly purchase card statement to ensure all charges are proper and accurate.

(7) Forward the monthly purchase card statement to the AO with appropriate supporting documentation, (i.e., Credit Card Approval Sheet, Purchase Card Log, documentation of receipt and acceptance, sale slips, etc.) in a timely manner to maximize

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rebates and minimize prompt payment penalties. All purchase card transaction documentation shall be maintained in an organized and complete package with all supporting documentation present to ease processing during internal reviews.

(8) Safeguard the purchase card and account number, to include not allowing anyone to use their purchase card or account number. The card shall only be carried when making an authorized purchase and shall be locked up at all other times. A violation of this requirement will require that the purchase card be withdrawn from the CH with the possibility of subsequent disciplinary action.

e. Reviewing Official (RO). The RO is appointed by the Commanding Officer or his/her designee. Responsibility for ensuring payments are legal, proper and correct for certifying pre and post payments by the Approving Official or Disbursing Officer, rest with the RO. The RO shall not concurrently serve as an accountable, certifying, disbursing official or APC.

f. Regional Comptroller Office (RCO). RCO financial personnel are responsible for managing regional funding and work together with the PCC to ensure the fund approval process is streamlined to the maximum extent practical. Additionally, RCO personnel and the PCC must coordinate efforts to establish account limits for AOs and CHs.

g. IC/PM. Responsibility for support and sponsorship of the Purchase Card Program rests with the NAS Oceana IC/PM. Other duties and responsibilities include:

(1) Periodically conduct Purchase Card Program management reviews.

(2) Ensure appropriate administrative and disciplinary action is taken when fraudulent, improper or abusive purchase card transactions are found. Disciplinary action could range from informal actions, such as written or verbal counseling detailing the concern and directing corrective action and greater oversight, to account suspension or cancellation, to official letters of reprimand, demotion, removal or potential criminal prosecution.

(3) Ensure that all program participants have received the required training.

(4) Follow the guidelines outlined in the DoN CH Desk Guide entitled Commanding Officers Top 10 Purchase Card Management Tips.

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(5) Establish internal operating procedures for the Purchase Card Program.

(6) Establish a process and criteria for designating personnel who will perform as AOs and CHs. The process at a minimum shall require a written request from the prospective AO's or CH's first line supervisor requesting that the PCC establish an account for the designated individual. The written request shall include a statement that assigning the individual as an AO or CH is essential to meet mission requirements. The request for the CH shall indicate the type and kinds of items that will normally be purchased, and the single and monthly limits. Additionally, the request shall state that the prospective AO or CH has the training and good judgment to act on behalf of the government. The criteria for choosing AOs and CHs can be found in the APC Desk Guide.

3. Establishing Local Accounts. The PCC, provides management and over-sight for the Purchase Card Program. Additionally, he/she is the command point of contact for establishing purchase card accounts.

a. Prior to establishing a purchase card account for local command personnel, the PCC shall ensure the prospective CH has received training in Standards of Conduct, DoN Purchase Card Training (classroom or CD-ROM) and Internal Operating Procedures.

b. Personnel wishing to become CHs shall provide a request to the PCC (identifying account limits), obtain a Letter of Delegation or Contracting Officer's Warrant (SF 1402) from the APC, and provide the PCC a training certificate verifying completion of formal training.

4. Delegation of Authority

a. Each CH will have a Delegation Letter that specifies the following: Single Purchase Limit, Monthly Purchase Limit and Transaction Type that are authorized. The CH may not delegate their authority to anyone else. The card may only be used by the person whose name is on the card.

b. An AO letter signed by the PCC shall be used to appoint the AO to certify bills for payment. The AO cannot delegate the duties involving certification to another individual without that person being properly appointed in writing by the PCC.

5. Training Requirements

a. Prior to issuance of a purchase card, prospective AOs and CHs must receive both formal training and orientation on policies and procedures. Formal training requires completion of one of the following required training programs:

(1) NAVSUP Commercial GCPO Course for Micro-Purchases.

(2) CON 101, Contracting Fundamentals or equivalent predecessor course.

(3) The Navy/Marine Corps Purchase Card Training and Interactive Customer Assistance CD ROM (web-based) on the DoN-ebusiness website. The GCPC Tutorial is located at www.don-ebusiness.navsop.navy.mil.

b. Purchase Card refresher training is required at least every two years for AOs and CHs to ensure compliance and understanding of contracting authority and policies.

c. AOs and CHs shall receive Ethics and Standards of Conduct training prior to assuming their duties within the Purchase Card Program, and annually thereafter. AOs and CHs hold a public trust; their conduct must meet the highest ethical standards. CHs shall only use their purchase cards to obtain supplies and services that are for official Government business.

6. Card Security. CHs are responsible for the security of their purchase cards. The card is embossed with the name of the employee who is the official Government representative to use the purchase card. Only that person shall use the card. The card was specifically designed showing the great seal of the United States and the words "United States of America" imprinted on it to avoid being mistaken for a personal credit card. It is the CH's responsibility to safeguard the purchase card and purchase card account number at all times. CHs must not allow anyone to use or gain access to their card or account number. A violation of this trust shall require that the card be withdrawn from the CH with the possibility of subsequent disciplinary action.

7. Prohibited and Special Attention Items. The purchase card can be used to purchase most items necessary to support an activity's day-to-day requirements. Items that are prohibited or require special attention are listed in enclosure (2) of reference (a).

8. Unauthorized Use of the Purchase Card

a. Employees of NAS Oceana may use the purchase card only to purchase supplies within the guidelines of this program. "Unauthorized Use" is defined as:

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(1) Use of a purchase card by any person other than the CH whose name appears on the purchase card.

(2) Use of a purchase card by a CH for prohibited, questionable or personal use items.

b. Penalties for unauthorized use and violations of this regulation may include immediate cancellation of an individual's purchase card, the full range of administrative and disciplinary actions up to and including termination of employment, civil and criminal sanctions for current employees. Military members are punishable under the Uniform Code of Military Justice. Additionally, CHs shall be personally liable to the government for the amount of any non-government transactions.

9. Purchase Card Violations. The following actions may be taken if AOs or CHs violate procedural purchase card procedures:

a. First Offense. Violators of purchase card procedures shall be required to attend one-on-one training until the PCC is satisfied they are knowledgeable in purchase card procedures.

b. Second Offense. A written warning shall be issued outlining purchase card policy violations and what steps need to be taken to correct inadequacies.

c. Third Offense. Repeat purchase card policy offenses will result in cancellation of card privileges.

10. The Purchase Card Process. When making transactions using the purchase card, CHs shall ensure all acquisition regulations are followed.

a. Identify the requirement.

b. Ensure sufficient funds are committed by the financial manager and available to meet the requirement of the purchase card action before the transaction is made.

c. Include a document/requisition number with the applicable appropriation or job order number on each requisition.

d. Screen all requirements for their availability from the statutory sources of supply. Those sources include Federal Prison Industries (UNICOR); National Institute for the Blind/Severely Handicapped for office furniture, office supplies, computer and communications equipment, hardware and industrial equipment, awards, signs, linens and clothing. The Defense Automated Printing Service shall be used for print requests, including invitations, and the Government Printing

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Office shall be used for publications. Screenings shall be completed before soliciting a commercial vendor. CHs shall document the Purchase Card Log with evidence that the screening was completed. Ensure appropriate waivers are documented in the purchase file when statutory sources are not utilized. The screening shall be documented on the log at the time the order is placed.

(1) Acquisitions from Federal Prison Industries (UNICOR). For acquisitions from UNICOR, CHs shall conduct market research on any item listed in the UNICOR schedule, located online at www.unicor.gov, prior to proceeding with any purchase card transaction. In cases where market research indicates that the UNICOR product is not comparable with the private sector product in terms of price, quality or time of delivery, the CH shall conduct competition among known suppliers, including UNICOR, in the competition. All timely offers from UNICOR must be considered. If UNICOR is comparable in all three areas (price, quality and time of delivery), the CH shall continue with the acquisition from UNICOR on a non-competitive basis. The UNICOR product shall be comparable to the private sector in all three areas in order to continue with the acquisition on a non-competitive basis. A waiver is required from UNICOR in all cases where their products are comparable in terms of price, quality and time of delivery and the CH does not acquire the supply or service from them. CHs shall retain all documentation of market research and competitions conducted where UNICOR products are available for purchase. A waiver from UNICOR is not required where the total order is \$250 or less or has a required delivery date of less than 10 days. This information is found in the DoN CH Desk Guide.

(2) Screening for Jarvis-Wagner O'Day (JWOD) sources. JWOD is a program that is administered by an independent federal agency that allows non profit agencies who employ personnel that are blind or severely disabled opportunities to provide products and services to the federal Government. CHs shall screen all requirements for their availability from JWOD sources. Screen requirements from <http://jwod.com>, local Servmarts and other distributors that can be found on the JWOD website. CHs may fill emergent needs through Servmarts within the following purchase thresholds:

(a) If the purchase order is solely for JWOD/UNICOR products, CHs may use their cards up to \$100,000.

(b) If the purchase is not JWOD/UNICOR, or if the purchase is mixed between commercial items and JWOD/UNICOR items, the threshold for purchases is \$2,500. Not all products sold in Servmarts are JWOD or UNICOR products.

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e. All micro-purchases shall be distributed equitably among qualified suppliers. CHs are authorized to use the purchase card either over-the-counter, over-the-phone or via the internet. Quotations of price and delivery shall be obtained from contractors and documented in the purchase file. CHs are responsible for ensuring the merchant's price is fair and reasonable.

(1) CHs shall remind merchants not to charge sales tax. Additionally, CHs shall ensure that any fee paid by the merchant is not added to the price of the items (except in overseas locations).

(2) CHs shall advise merchant that the purchase card account may not be charged until the material has been shipped. Back ordering or partial deliveries shall be avoided. However, if an item must be back ordered or a partial delivery is acceptable, the merchant must agree not to bill until the merchandise is shipped. CHs shall not accept FOB Origin delivery terms unless prior approval is obtained from the PCC or APC.

f. CHs shall provide the following to merchants when placing orders:

- (1) Name
- (2) Card number and expiration date
- (3) Document/Requisition number
- (4) Complete mailing address
- (5) Advise the merchant the order is tax exempt
- (6) Required delivery date
- (7) Itemized list of items required, including quantity
- (8) Advise the merchant not to include the card number on sales slips, etc.
- (9) If the order is being picked up, advise name of government employee authorized to pick up material.

g. File Documentation. When an order is placed, the following information shall be noted in the Purchase Card Log and maintained in the Purchase Card File:

- (1) Merchant to who award is made
- (2) Date of order

- (3) Date of expected delivery
- (4) Unit, extended and total price of supplies/services
- (5) Proof of order placement (i.e., charge slip, packing slip)
- (6) Proof of receipt and acceptance with legible signature and date (dealer's ticket, cash register receipt, etc.)

h. Shipping Documentation. CHs shall instruct merchants to include the following information on shipping documents or packing slips:

- (1) Name and address of merchant
- (2) CH's name, telephone number and office symbol
- (3) Building number, room number, street address, city and state
- (4) Date of order
- (5) Requisition number or order number
- (6) Date of delivery or shipment
- (7) Itemized list of supplies furnished, including quantity
- (8) The term "Purchase Card"

i. Receipt and Acceptance. CHs are responsible for verifying receipt of all transactions. Where the purchase card is billed, but material or services are not received at the time of the receipt of the official invoice, CHs shall fully certify the invoice with the anticipation that confirmation of receipt will occur within the next billing cycle. If supplies or services are not received within the next billing cycle, CHs shall dispute the item using established dispute procedures. Additionally, CHs shall certify that the quantity and quality of items furnished are per the agreement with the vendor. CHs shall 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, CHs shall contact the end user, central receiving department or other person 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.

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j. Missing documentation. If the CH does not have documentation of a transaction to send to the AO, he/she shall attach an explanation that includes a description of the item, date purchased, merchant's name and why there is no supporting documentation.

11. Reconciling Purchase Card Accounts

a. CHs shall at the end of each billing cycle (21st of the month) reconcile transactions appearing on monthly statements by verifying their accuracy against CH records. CHs shall review all information on monthly statements, verifying any changes, credits, outstanding disputes or refunds within five working days of receipt. If CHs fail to review the monthly statements, including annotating any discrepancies, disputing improper charges or signing and forwarding them to the AO or designated alternate within the five day period, AOs or designated alternates shall presume that all charges are proper and certify the monthly invoice for payment. CHs are ultimately responsible for purchase card transactions being proper and notifying AOs of any information they have 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, CHs shall retain applicable documentation until the transaction or credit appears and can be reconciled. CHs shall then sign the statement and forward the package to their AO or alternate. If the CH is unable to review their statement in a timely manner, the AO, alternate or PCC shall review and certify the CH's monthly statement. The CH, upon their return, shall review the monthly statement and resolve any discrepancies with the AO or PCC.

b. AOs, unless otherwise specified, shall be Certifying Officers for their CHs' monthly invoices. AOs/Certifying Officers are responsible for ensuring that all purchases made by CHs within their cognizance are appropriate and charges accurate. They shall resolve all questionable purchases with the CH. In the event an unauthorized purchase is detected, AOs shall notify the PCC and CH's chain of command. After review, AOs shall sign CHs' monthly statement of account and maintain the documentation in the purchase file. Additionally, AOs are responsible for certifying monthly invoices resulting from purchases/transactions of CHs within their account structure. AOs are responsible for reviewing and certifying monthly invoices within five days of receipt from CHs and forwarding them to the appropriate billing office. The AO is to presume that all transactions on the monthly statements are proper unless notified in writing by the CH within five days from the CH's receipt of the 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.

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12. Billing Errors and Disputes

a. Disputable Charges

(1) Disputes involving the following items shall be handled between the CH and bank (with notification to the APC): Duplicate billing, non-receipt of merchandise, returned merchandise, canceled merchandise or services, invoice amount discrepancies and if the transaction was paid by other means.

(2) Prior to submitting a formal dispute form, CHs shall initiate communication with the bank and notify the APC of the dispute. The Purchase Card Desk Guide provides the detailed process for communicating with the bank.

(3) Once a dispute has been filed, the bank will suspend the disputed charge from the outstanding balance due, issue a provisional credit and acknowledge initiation of the dispute to the CH. Based on the outcome of the dispute process, the charge will either be resolved in favor of the CH or the merchant. If the dispute is resolved in favor of the CH, the charge is removed from the account. If the dispute is resolved in favor of the merchant, a letter will be sent to the CH explaining the decision and the charge will appear in the balance due on the next invoice. All documentation shall be retained until final resolution of the dispute.

b. Non-Disputable Charges

(1) Charges on CHs' statements that involve misuse or abuse by the CH are not disputable with the bank. If the transaction was processed per the controls established (i.e., within the purchase limits, not from a vendor with a blocked Merchant Category Code) then the bank has fulfilled its responsibilities under the contract and the government is obligated to make payment for the transaction. The government must seek restitution from the employee for any losses as a result of their improper transaction.

(2) Transactions that are determined to be fraudulent (i.e., use of a lost or stolen card) or unauthorized by CHs shall not be certified for payment. A formal dispute shall be initiated with the bank and the invoice shall be "short paid" by the amount of the transaction in question, using the manual certification process.

13. CH(s) Contracting and Account Limitations

a. Single Transaction Limit. Each CH's purchase card account profile and delegation of authority document shall include a single purchase limit commensurate with the expected purchasing needs of the CH, usually less than \$2,500.

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b. Method of Payment. The purchase card may be used as a method of payment for delivery orders issued against indefinite delivery type contracts up to \$9,999,900. See the Purchase Card Desk Guide, for policies, procedures and specific threshold guidance for using the purchase card as a method of payment. Contact the APC prior to using the purchase card as a method of payment.

c. Split Purchases. A "single purchase" may include multiple items; however, no single purchase may exceed the authorized single purchase limit established for the CH nor shall a CH split requirements into smaller segments to circumvent the micro purchase limit of \$2,500. Requisitions for supplies over the \$2,500 micro purchase authority shall be forwarded to a contracting office. The only exception to the single purchase limit of \$2,500 is for training requests. CHs have delegated authority in writing to use the card as a method of payment for training up to \$25,000 per transaction as defined in the DoN CH Desk Guide.

d. CHs' single and billing cycle credit limits shall be established and requested by AOs in writing and approved/delegated to CHs by the PCC. AOs or supervisors shall set reasonable limits and ensure only personnel who require purchase cards for mission requirements are issued purchase cards. This limit cannot be exceeded unless a revised delegation is issued to the CH by the PCC and processed by the bank. Not every CH needs to have the maximum transaction or monthly limit.

e. The monthly office limit is the maximum (cumulative) amount authorized to be spent during the billing cycle by all CHs under a particular AO. In establishing CHs' single and billing cycle credit limits, AOs shall coordinate with the PCC and respective financial storefront personnel. Regional Resources financial personnel are responsible to ensure sufficient funds are available to cover all authorized expenditures for each CH.

14. Separation of Functions Involving Receipt and Acceptance of Supplies/Services. Receipt of material shall be performed by a person other than the CH. In order to protect the integrity of the process, a minimum of two-way separation of functions is required when using the purchase card. Strict accountability for receipt of material is required. Proof of receipt and acceptance, with dated, legible signatures shall be maintained in the purchase card records. In cases where the CH is receiving the material at the contractors location, the end user or designated receiving personnel shall sign for final receipt. In the event the CH is the end user, the CH may sign the contractor/store receipt; however, they must ensure that another government employee co-signs receipt/acceptance of the material.

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15. Separation of CH/Termination of Employment/Closing CH Accounts

a. CHs shall notify the PCC of their expected date of departure. Prior to final signing out of the command, CHs shall surrender their purchase cards to the PCC.

b. The PCC shall ensure that CH accounts for any expected personnel loss is suspended at least 30 days (one billing cycle) prior to the projected date of transfer, retirement or termination, to the extent practicable. Once the AO has verified that all transactions and payments have cleared for the account, the PCC shall close the account. Under no circumstances shall an account remain open past the official detachment date of a CH.

c. Inactive Accounts. The PCC shall ensure that any CH account that has not been used in the previous six months or is being used on average less than 3 times in 6 months is closed. Account activity shall be reviewed as part of the semi-annual process.

16. Lost or Stolen Card

a. If the purchase card is lost or stolen, the CH shall immediately notify CitiBank Customer Service at (800) 790-7206. Additionally, on the next working day, the CH shall notify the AO and PCC, in writing. CitiBank will Federal Express a new card and close the account of the stolen card. The CH shall provide the following information in the notification:

- (1) Card number
- (2) CH's complete name
- (3) Date and location of loss or thief
- (4) If stolen, the date reported to the police
- (5) Date and time CitiBank was notified
- (6) Any purchases made on the date the card was lost or stolen
- (7) Any other pertinent information

b. A purchase card that is subsequently found by the CH after being reported lost or stolen will be cut in half and given to the AO. The AO shall notify the PCC that the purchase card was destroyed.