



ADMINISTRATION AND  
MANAGEMENT

OFFICE OF THE SECRETARY OF DEFENSE  
1950 DEFENSE PENTAGON  
WASHINGTON, DC 20301-1950

June 17, 2004

MEMORANDUM FOR: OFFICE OF THE SECRETARY OF DEFENSE/WASHINGTON  
HEADQUARTERS SERVICES (OSD/WHS) PURCHASE CARD  
PROGRAM PARTICIPANTS

SUBJECT: OSD/WHS Standing Operating Procedure (SOP) for the Government-Wide  
Commercial Purchase Card

Washington Headquarters Services has recognized a long-standing need to consolidate into a single document existing guidance and policy covering the use and management of the OSD/WHS Purchase Card. This SOP satisfies that need. The SOP is a comprehensive document that identifies processes and procedures, establishes standards, and strengthens controls over the OSD/WHS Purchase Card Program.

The SOP is a further step in strengthening managerial control over the OSD/WHS Purchase Card Program. Compliance with the SOP is mandatory. It is interim guidance pending publication of a formal WHS Administrative Instruction (AI).

During the next several months, you will be given the opportunity to comment and make recommendations on a proposed WHS AI. Your comments and recommendations for further improvement will be evaluated for incorporation into the formal WHS AI covering the OSD/WHS Purchase Card Program.

**Please do not comment on the attached SOP at this time. Your comments on the WHS AI will be requested in the near future.**

The SOP is posted on the Purchase Card Program web page at  
<http://www.bfd.whs.mil/referencelib/cardholders/PCP.htm>.

My point of contact for this action is Ms. Claudia Colvin, OSD/WHS Purchase Card Program Manager on (703) 614-5382. Her e-mail address is [ccolvin@bfd.whs.mil](mailto:ccolvin@bfd.whs.mil).

Howard Becker  
Director

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HEADQUARTERS SERVICES (OSD/WHS)  
GOVERNMENT-WIDE COMMERCIAL PURCHASE CARD PROGRAM  
STANDING OPERATING PROCEDURES**

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**1. INTRODUCTION**

The Federal Government has used various methods to accomplish the purchase of supplies and services. These methods have sometimes proven to be costly, and occasionally have not been universally accepted by merchants. The General Services Administration (GSA) developed the current Government Purchase Card Program in 1989 for the purpose of extending purchase card services to all Government agencies.

The Government-wide Commercial Purchase Card has been designed exclusively for the Government Purchase Card Program. It is internationally accepted and allows a designated cardholder to make micro-purchases under an established Delegation of Authority. The card bears the Great Seal of the United States and the restricted use designation "For Official Government Use Only".

Several acquisition controls have been developed for the Government Purchase Card Program that do not exist in the traditional commercial purchase card environment. These controls ensure that the card is to be used only for specific purposes and within specific dollar limits. This Standing Operating Procedure (SOP) provides the necessary framework for implementing the Government Purchase Card Program within these established guidelines.

Questions regarding the OSD/WHs Purchase Card Program should be directed to one of the following:

Tracy Williams  
Agency Program Coordinator  
Financial Management Directorate  
1155 Defense Pentagon, Room 3B287  
Washington, DC 20301-1155  
Telephone: 703-695-6343  
e-mail: [twilliams@bfd.whs.mil](mailto:twilliams@bfd.whs.mil)

The secondary point of contact is:

Claudia Colvin  
Program Manager/Agency Program Coordinator  
Financial Management Directorate  
1155 Defense Pentagon, Room 3B287  
Washington, DC 20301-1155  
Telephone: 703-614-5382  
e-mail: [ccolvin@bfd.whs.mil](mailto:ccolvin@bfd.whs.mil)

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For information on the OSD/WHS Purchase Card Program, please visit the website at:

<http://www.bfd.whs.mil/referencelib/cardholders/PCP.htm>

## **2. DEFINITION OF TERMS**

**Accountable Officials.** DoD military members and civilian personnel with established lines of responsibility, decision making authority, and resource control (such as receiving officials or cardholders) who are designated in writing but not otherwise accountable under applicable law and who provide source information, data, or services to a certifying or disbursing officer in support of the payment process. They have pecuniary liability for erroneous payments resulting from their negligent actions. See the definitions of “Pecuniary liability” and “Purchase Card Fraud” below.

**Agency Program Coordinator (APC).** Responsible for overall management, oversight and administration of the Office of the Secretary of Defense/Washington Headquarters Services (OSD/WHS) Purchase Card Program including account setup, maintenance, and training of Cardholders and Approving Officials. The APC serves as the liaison between WHS, US Bank, the Department of Defense Joint Purchase Card Program Management Office, and the GSA Contracting Officer.

**NOTE: An Agency Program Coordinator cannot also serve as an Approving Official or a cardholder. These duties must be kept completely separate at all times.**

**Approving Official.** The person responsible for (1) reviewing the Cardholder’s Monthly Statement of Account to ensure purchases are made in accordance with the Federal Acquisition Regulation (FAR) and agency regulations; (2) enforcing the provisions of this SOP; (3) advising the APC of suspected or confirmed instances of misuse of the card and initiating disciplinary action as appropriate and (4) certifying the Monthly Invoice (billing statement) for payment. Unless otherwise waived by USD(C), the Approving Official must also be the Purchase Card Certifying Officer (see the definition of “Purchase Card Certifying Officer” below) for his/her cardholder(s) and in that capacity must certify transactions in the monthly invoice as legal, proper and correct (see the definition of “Pecuniary Liability” below).

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**NOTE: An individual may not be the Approving Official for his/her supervisor. Whenever possible, the Approving Official shall be the Cardholder's first-line supervisor. In any event, the Approving Official must, at a minimum, be in the Cardholder's chain of command, or have input into the Cardholder's performance appraisal.**

**Billing Cycle.** The billing cycle consists of approximately a 30-day billing period. Each monthly bill will be comprised of transactions (debits and credits) that post to the bank's system during this period. The billing cycle begins on the 6<sup>th</sup> of the month and ends on the 5<sup>th</sup> of the subsequent month. The 5<sup>th</sup> of the month is known as the "cycle date".

**Blanket Purchase Agreement (BPA).** A simplified method of filling anticipated repetitive needs for supplies or services by establishing "charge accounts" with qualified sources of supply. BPAs can be used for a wide variety of items in a broad class of supplies or services (e.g., hardware) that are generally purchased, but the exact items, quantities, and delivery requirements are not known in advance and may vary considerably. BPAs are designed to accomplish simplified acquisitions by eliminating the need for numerous individual purchases. (See FAR 13.303). Requirements that are candidates for purchase under a BPA should be coordinated with the servicing contracting office.

**Cardholder.** The individual designated by the activity to receive the purchase card. The cardholder must be trustworthy and have a bona fide need to make purchases on behalf of the government. The card bears this person's name and **may be used ONLY by this person to pay for authorized U S Government purchases.**

**NOTE: A cardholder cannot be his/her own Approving Official. These duties must be kept completely separate at all times. The responsibilities of the Agency Program Coordinators, Approving Officials, and Cardholders, must not overlap to ensure that management controls are not circumvented.**

**Cardholder Statement of Account.** The statement of charges provided to a cardholder by US Bank detailing all the transactions posted to the account during a billing cycle. The Cardholder must reconcile and forward the original, certified (signed and dated on the reverse of each page) Cardholder Monthly Statement of Account to the Approving Official within three (3) working days of receipt.

**Monthly Cardholder Statements of Account are sometimes delayed due to mail screening at the Pentagon. If the Cardholder is experiencing difficulty in receiving the Cardholder Statement of Account, it is the responsibility of the Cardholder to contact US Bank for a copy of the statement. US Bank will not send duplicate**

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**Cardholder Statements of Account until the 10<sup>th</sup> business day after the monthly billing cycle date. (The monthly billing cycle date is the 5<sup>th</sup> of each month). If a Cardholder Statement of Account copy is requested before the 10<sup>th</sup> business day, US Bank will tell the Cardholder to call back on the 10<sup>th</sup> business day after the monthly cycle date. However, if the Cardholder's Statement of Account is going to be unduly delayed, the Approving Official must not impede the payment process by waiting for the Cardholder's Statement of Account. The Approving Official's invoice should be forwarded to the payment office and disputed items settled in arrears. See the definitions of "Delinquencies" and "Rebates" in this "Definition of Terms" section.**

**SUGGESTION: If the Cardholder is not receiving the Cardholder Statement of Account in a timely fashion, the option is available to have the statement sent to the Cardholder's home address. The Cardholder should contact in writing the APC to change the Cardholder Statement of Account delivery address.**

**Delegation of Authority.** A memorandum, signed by the Purchase Card Program Manger, specifies the authority being delegated to the Approving Officials and Cardholders. The Delegation of Authority (DOA) delineates the single and monthly purchase spending limits for each cardholder.

**NOTE: Appointments to the duties of Approving Official and Cardholder change in the course of business activity. Additionally, spending limits are adjusted according to mission needs. A new DOA is issued in each instance of change. The DOAs provide a historical paper trail that is to be retained as a permanent part of the purchase card files, available upon request by the APC.**

**Delinquencies.** Accounts 30 days past due for payment are considered delinquent. If an account becomes 90 days delinquent, it will be suspended by US Bank. The APC cannot lift this suspension. If an account is suspended by the bank twice in a one-year period, the account will be permanently closed by the bank and cannot be reopened. This is a primary reason why it is imperative that the Approving Official forward the Monthly Invoice (billing statement) to the paying office in a timely fashion each month. See also the definition of "Rebates" under this "Definition of Terms" section, below.

**Information Technology Directorate (ITMD) Centralized Purchases.** All Information Technology (IT) equipment and software must be purchased by ITMD and requested by the component's IT Manager via a DD Form 562, Request for IT Goods and Services. Computers and other IT hardware and software that are part of the computer system or connected to an IT network (i.e., printers, video cameras, digital cameras, palm

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pilots, keyboards, monitors, etc.) are considered IT equipment and must be purchased by ITMD. Please contact your component's IT Manager to see if the item(s) meets the definition of IT equipment and to initiate the DD Form 562. The individual purchase cardholders shall not purchase IT equipment with the purchase card regardless of the cost, even if the amount is below the single purchase limit. The individual Cardholders are allowed to purchase consumable items such as printer cartridges, toner, blank CD's, DVD's, and floppy disks. The Pentagon Force Protection Agency (PFPA) and the Pentagon Renovation Office (PenRen) are the only exceptions to this policy under the OSD/WHS Purchase Card Program.

**Ghost Accounts/Shoppers.** The Approving Official's organization has the option of establishing ghost accounts under which individuals are designated as ghost shoppers. Ghost shoppers can make purchases at the Virginia Institute for the Blind (VIB) stores in the Pentagon only, with no exceptions. Establishing ghost shoppers allows the flexibility of multiple employees having authority to make purchase at the VIB Stores while minimizing the number of purchase cards issued under the purchase card program. The cardholder is the account custodian and is responsible for maintaining the transaction log for all purchases made by the ghost shoppers under his/her purview. The cardholder reconciles the monthly cardholder statement before submitting it to the Approving Official. The Approving Official and Cardholder are required to sign a Certification/Acknowledgement form prior to Ghost accounts being established. The form will be provided by the APC at the time of account set up.

**Head of the Contracting Activity.** The Director, Washington Headquarters Services is the Head of the Contracting Activity (HCA). The HCA or designee will issue the required delegation of authority to cardholders. The delegation will specify the authority being delegated and any single and monthly purchase spending limits. As the HCA, s[he] (or designee) has the authority to raise or lower such dollar limits and may rescind the delegation at any time.

**Micro-purchase.** An acquisition of supplies or services using simplified acquisition procedures, the aggregate amount of which does not exceed the micro-purchase threshold. The micro-purchase threshold is currently \$2,500 per order for supplies or services (\$2,000 for construction). A micro-purchase is not governed by small business participation or requirements of the Buy American Act, and does not require full and open competition (but, rather, adequate distribution of purchases among qualified vendors). See FAR 13.201 for further information on using the purchase card to make micro-purchases.

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**Monthly Invoice (billing statement).** A combined summary of all purchases made by all Cardholders under a given Approving Official during a specified billing cycle. The Monthly Invoice is also referred to as the monthly billing statement and is used by the Approving Official to reconcile the purchases made by his/her cardholder(s) during the billing cycle. The monthly invoice (billing statement) is provided to the Approving Official by US Bank. The Approving Official must sign and date the reverse of all pages of the monthly invoice as certification that the charges accurately reflect the account activity for the cardholders under his/her purview. The Approving Official must also sign the front of the Cardholder's monthly statement on the "Approved By" line.

The certified monthly invoice should then be forwarded (within two (2) working days of receipt of the cardholder's statement) to the paying office by the Approving Official.

**NOTES:**

- (1) Monthly invoices/billing statements are sometimes delayed due to mail screening at the Pentagon. If the Approving Official is experiencing difficulty in receiving the monthly invoice, it is the responsibility of the Approving Official to contact US Bank for a copy of the invoice. US Bank will not send duplicate invoices until the 10<sup>th</sup> business day after the monthly billing cycle date (The monthly billing cycle date is the 5<sup>th</sup> of the month). If an invoice copy is requested before the 10<sup>th</sup> business day after the 5<sup>th</sup> of the month, US Bank will tell the Approving Official to call back on the 10<sup>th</sup> business day after the 5<sup>th</sup> of the month.**
- (2) If the Cardholder's Statement of Account is unduly delayed, the Approving Official must not delay the overall payment process by waiting for the Cardholder's Statement of Account. The original Monthly Invoice (billing statement) should be forwarded to the payment office and disputed items settled in arrears. See the definitions of "Delinquencies" and "Rebates" in this "Definition of Terms" section.**
- (3) Under the OSD/WHS Purchase Card Program, the Approving Official also serves as the Certifying Officer. The Approving Official must sign and date each page of the reverse side of the Monthly Invoice (billing statement) under the first signature area as "Purchase Card Certifying Officer".**

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**SUGGESTION: If the Approving Official is experiencing difficulty in receiving the Monthly Invoice (billing statement) in a timely fashion, the option is available to have the invoice sent to the Approving Official's home address. The Approving Official should contact in writing the APC to change the monthly invoice mailing address. The Cardholder can likewise request that the monthly statement be sent to the home address.**

**Paying Office.** The Washington Headquarters Services, Financial Management Directorate (FMD) is the designated paying office. Approving Officials must sign and date the reverse of each page of the invoice in the first signature block as the Purchase Card Certifying Officer and forward the certified invoice to the FMD for payment to U S Bank.

The Paying Office address is:

WHS/FMD  
1155 Defense Pentagon, Room 3B287  
Washington, DC 20301-1155  
Telephone: (703) 614-0990

**Pecuniary Liability.** A personal financial obligation to make good any loss to the Government caused by fraud or neglect that results in fiscal irregularities of disbursement. Both Certifying and Accountable Officials are subject to this liability as an incentive to guard against errors, to discourage dishonesty and to protect the Government against theft.

**Purchase Card Alerts.** Sequentially numbered e-mail alerts issued to Approving Officials and Cardholders by the Purchase Card Program Manager. The purpose of the alerts is to immediately broadcast information and guidance pertinent to the purchase card. The alerts will also be used to disseminate reminders of existing policies and procedures. The alerts are posted on the OSD/WHs Purchase Card Program Web Page at <http://www.bfd.whs.mil/referencelib/cardholders/PCP.htm>. Purchase Card Alerts will remain in effect until cancelled, superseded, or incorporated into this SOP.

**Purchase Card Certifying Officer.** Heads of DoD Components (or their designees) are responsible for the appointment of certifying officials. Certifying officials should be in the cardholders' supervisory chain and have knowledge of the office requirements, appropriations and account classifications and the payment process. Certifying officers are responsible for: a) the accuracy of information stated in a voucher, supporting documents and records; b) computation of a certified voucher under sections 3528 and 3325 of title 31, United States Code; c) legality of proposed payment under the appropriation or fund involved; d) providing advice to accountable officials; e) seeking

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advance fiscal decisions from legal counsel; and f) repaying a payment that is determined (1) illegal, improper, or incorrect because of an inaccurate or misleading certificate; (2) to be prohibited by law; (3) to not represent a legal obligation under the appropriation or fund involved.

**Purchase Card Fraud.** Fraud is any felonious act of corruption or attempt to deliberately cheat the Government or corrupt the Government's agents. More specifically, fraud is an act of deceit, misrepresentation, or an intentional perversion of truth in order to induce another to part with something of value or to surrender a legal right. See 10 U.S.C. 932 for further definitions of fraud against the United States. Cardholders have a responsibility to use the Government Purchase Card to procure supplies and services at the direction of the agency under official purchase authorization. All Government employees have a duty to report all suspected fraud to the appropriate authorities.

**NOTE: Purchase Card misuse or fraud may have the following potential consequences for the cardholder:**

- 1) Counseling**
- 2) Notation in employee performance evaluation**
- 3) Cancellation of the purchase card**
- 4) Reprimand**
- 5) Suspension of employment**
- 6) Termination of employment**
- 7) Criminal prosecution**

It is recommended that each Cardholder and Approving Official review the "Government Charge Card Disciplinary Guide for Civilian Employees" which is posted on the OSD/WHS Purchase Card Program Web Page under "Miscellaneous".

**OSD/WHS Purchase Card Program Web Page.** The OSD/WHS Purchase Card Program Web Page can be accessed at:

<http://www.bfd.whs.mil/referencelib/cardholders/PCP.htm>.

Approving Officials and Cardholders should access this page often. It contains useful and valuable information regarding the Purchase Card Program to include "Frequently Asked Questions", Purchase Card Alerts and this SOP.

**Rebates.** The Government receives rebates for prompt payment. The rebates are reflected as credits on both the Monthly Invoice (billing statement) and the Cardholder's Statement of Account. See also the definition of "Delinquencies" in this "Definition of Terms" section.

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**Span of Control.** The span of control of Approving Officials in the OSD/WHS Purchase Card Program is limited to a maximum of six Cardholders per Approving Official. This number may be lower at the discretion of the APC for those Cardholder accounts experiencing a high volume of spending activity. In no event will the Approving Official be given more cardholders than [s]he has the capability to review in a timely and efficient manner.

**Split Purchase/Split Requirement.** Split purchase (or split requirement) means intentionally breaking down a purchase or requirement to stay under the cardholder's single purchase limit. If the cardholder has a requirement that is over his/her single purchase limit, it cannot be split by quantity, vendor, time or cardholder. The cardholder should contact the APC if a requirement is over his/her single purchase limit but under \$2,500 (\$2,000 for construction). A one-time or permanent increase can be accomplished. Purchases over \$2,500 (\$2,000 for construction) shall be sent through the normal contracting channels.

**NOTE: Splitting a purchase/requirement is STRICTLY PROHIBITED and is punishable by disciplinary action. Any questions regarding split purchases/requirements should be directed to the APC.**

**Support Services Division (SSD) Centralized Purchases.** In accordance with the SSD Mission and Functions Statement, certain items of supply or service are to be purchased by SSD only and shall not be purchased by the individual cardholders, even if the cost of the item or service is within the cardholder's single purchase limit. Requests for these items, regardless of dollar value, must be initiated through SSD on an SD Form 474. The Centralized Purchase items are:

- a) Furniture and systems furniture (to include initial configuration);
- b) Reconfiguration/Repair of furniture;
- c) Installation and cleaning of Carpet and Drapes;
- d) Office machines such as copiers, fax machines, typewriters, etc.;
- e) Copier and Lectriever maintenance contracts;
- f) Printing to include letterhead;
- g) Copier paper;
- h) All subscriptions to include on-line subscriptions;
- i) US Flags, auto plates and miscellaneous other flags for Assistant Secretaries of Defense and above;
- j) Repair and replacement of equipment in OSD Messes;
- k) Telecommunications equipment and services to include pagers, cellular phones, cellular phone accessories and telephone calling cards
- l) Metro cards

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- m) Motorized “scooters”
- n) Interpretive Services and foreign language interpreters
- o) Transcribing Services
- p) Toner cartridges over \$2,500 (see note below)
- q) Microwaves and Refrigerators
- r) Courier Services

**NOTE: If the Cardholder has a toner requirement that exceeds his/her single purchase limit but is less than \$2,500, the requirement should not be forwarded to SSD. Instead, contact the APC for a one-time (or possibly permanent) single purchase limit increase.**

**U S Bank.** The bank under contract with GSA that maintains all accounts, issues cards to cardholders, sends monthly Cardholder Statements of Account to cardholders, sends monthly invoices (billing Statements) to Approving Officials, and provides various reports to the Agency Program Coordinator.

### **3. USE OF THE PURCHASE CARD**

The purchase card shall be used to purchase official supplies and services in accordance with the Federal Acquisition Regulation (FAR). Purchase card use as the procurement and payment tool for micro-purchases is defined in FAR 13.2. The FAR can be accessed at <http://www.arnet.gov/far/>. The card can be used to purchase supplies or services acquired telephonically, on the internet, or over the counter. The purchase card may be used to pay for supplies or services (method of payment) that are acquired through a purchase order or written contract (additional authority such as a Contracting Officer’s warrant is required. See the “NOTE” at the end of Section 17 of this SOP). The Purchase Card can be used to pay for orders placed against established contracts or with established sources of supply when authorized as a method of payment by the contract or source (additional authority such as Ordering Officer authority is required). It can be used to pay for training, but only by the Human Resources Services Center (HRSC). ***Without exception, the card may only be used to purchase and pay for authorized, official U. S. Government supplies and services.***

### **4. ESTABLISHING THE ACCOUNT**

The requesting activity must provide a written justification to the APC, in order to establish an account. The justification is to be included on the Account Application form that will be provided to the requesting activity by the APC. All justifications must:

- (A) Establish that a requirement exists for the purchase of supplies and services;

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- (B) Define the types of purchases to be made and explain how they support the mission of the requesting activity;
- (C) Identify proposed Cardholder(s) and Approving Official(s).
- (D) Ensure Approving Officials are either the Cardholder's immediate supervisor, in the Cardholder's chain of command or have input into the Cardholder's performance appraisal.
- (E) Suggest and justify both single and monthly purchase limits for each cardholder.
- (F) Ensure that no Approving Official is responsible for more than a maximum of six Cardholders.

Upon receipt of the completed Account Application form, the APC will schedule mandatory training (See paragraph 5, below for details on required Training). The APC will then establish the account(s) with U S Bank.

**NOTE: Accounts that are inactive for six months will be terminated.**

## **5. TRAINING**

Prior to account set up, prospective Cardholders and Approving Officials shall receive the following training/orientation:

- i) A four-hour, on-line Defense Acquisition University (DAU) tutorial;
- ii) A basic instruction class presented by the APC on how to use the purchase card and familiarization with the requirements of this SOP;
- iii) Annual ethics training (see paragraph 7 below);
- iv) Other training (such as refresher training) as mandated by the Purchase Card Program Manager.

**NOTE: For both new and seasoned Cardholders wishing to learn more about the purchase card, a self-paced on-line tutorial presented by GSA is available at the following web site:**

[http://www.gsa.gov/Portal/gsa/ep/contentView.do?P=2FMB&contentId=13034&contentType=GSA\\_BASIC](http://www.gsa.gov/Portal/gsa/ep/contentView.do?P=2FMB&contentId=13034&contentType=GSA_BASIC)

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**6. DELEGATION OF CONTRACTING AUTHORITY**

The Director, Washington Headquarters Services, as the Head of the Contracting Activity (HCA), may delegate the authority to appoint Cardholders and Approving Officials and establish spending limits under the OSD/WHS Purchase Card Program. This authority is delegable no lower than the level of Contracting Officer. Via memorandum dated 17 July 2003, the HCA delegated this authority to the OSD/WHS Purchase Card Program Manager, a warranted Contracting Officer.

**NOTE: The Cardholder and Approving Official must retain copies (both current and historical) of their Delegation of Authority (DOA) memo(s) and have it readily available at all times for review by the APC. The DOA establishes the Cardholder's single and monthly purchase limits.**

**7. STANDARDS OF CONDUCT AND PROCUREMENT INTEGRITY**

Employees of DoD hold a public trust. Their conduct must meet the highest ethical standards. All agency employees shall use their card to purchase only items authorized within the policy and procedural guides established for this program. Making false statements on purchase card records may be the basis for removal from Federal service. The government may penalize wrong doers by fine, imprisonment, or both, as stated in applicable federal law. Unauthorized use shall have the meaning as set forth in footnote 22, Section 226.12, Title 12 Code of Federal Regulations. "Unauthorized use means the use of the purchase card by [any] person, [including] the cardholder, who does not have actual implied or apparent authority for such use and from which the [Government] received no benefit."

Individuals delegated procurement authority are procurement officials, as defined under Section 27 of the Office of Federal Procurement Policy Act, and must receive procurement ethics training. As procurement officials, the cardholders and billing officials are subject to administrative actions or remedies as well as civil and criminal penalties for violations of the Procurement Integrity Act.

**NOTE: Cardholders and Approving Officials shall attend or take on-line) DoD Ethics Training and/or review the written training materials annually. Verification that DoD Ethics training was completed shall be provided to the APC annually. The APC will send out instructions annually regarding completing the Ethics training.**

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**8. DOLLAR LIMITS ASSOCIATED WITH THE CARD**

Use of the purchase card by a Cardholder is subject to a single purchase limit and a monthly purchase limit. The Approving Official is subject to a monthly billing cycle limit. Each organizational component is also subject to an annual (fiscal year) limitation.

- A) Single Purchase Limit.** The total of a single purchase card transaction may be comprised of multiple items, however, the aggregate amount of the transaction cannot exceed the authorized single purchase limit. This limitation is determined by the Head of the Contracting Activity, or designee, and is specified in the delegation of authority memorandum issued to the Cardholder. It is established based on mission needs and shall not exceed the micro-purchase limit without additional contracting authority (Contracting Officer warrant, Ordering Officer appointment, payment for training by specifically designated individuals).

**NOTE: This limitation does not restrict the number of items that may be obtained under a single transaction, only the aggregate cost of that transaction.**

- B) Cardholder Billing Cycle Purchase Card Limit (also referred to as the Cardholder's Monthly Purchase Limit).** The maximum dollar amount that may be charged to the purchase card account for all transactions reported against that account within any given 30-day billing cycle. This limitation is determined by the Head of the Contracting Activity, or designee, and is specified in the delegation of authority memorandum to the cardholder. It is established based on mission needs.
- C) Approving Official Billing Cycle Limit.** The maximum dollar amount that may be charged to all purchase card accounts assigned to a specific Approving Official for all transactions reported against those accounts within any given 30-day billing cycle. This limitation is established by the Head of the Contracting Activity or designee and is based upon mission needs.
- D) Annual (Fiscal Year) Limitation.** The maximum dollar amount that may be charged to all purchase card accounts assigned to a specific organizational component for all transactions reported against those accounts within a given fiscal year (Oct 1 through Sep 30). This limitation is established by the Head of the Contracting Activity.

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**Note: The annual (Fiscal Year) limitation is NOT necessarily a multiple of the Approving Official Billing Cycle limitation. It is established based on historical annual spending, analysis of fluctuations in mission needs, and annual budget limitations. The monthly amount spent by cardholders shall be monitored by the Approving Official to ensure all cardholders stay within the Annual (Fiscal Year) Limitation. Documentation showing that the Annual limitation is tracked by the Approving Official shall be available for inspection by the APC at all times. An Excel spreadsheet that shows the original annual budget limitation and subtractions of cardholders' monthly expenditures is the recommended means of tracking this data.**

## **9. VENDOR AUTHORIZATION**

When issuing the purchase card to a cardholder, authorization codes will be established and encoded by the APC. Under normal circumstances, merchants are required to obtain authorization from U S Bank for purchases over \$50. However, many merchants now use electronic authorization methods allowing them to obtain authorization for all purchases, regardless of amount. When authorization is sought for a purchase by the merchant, the U S Bank will restrict purchases through the authorization system and will check the following before granting authorization for a transaction:

- (A) The Cardholder's single purchase limit;
- (B) The Cardholder's billing cycle (monthly) limit;
- (C) The Approving Official's billing cycle limit;
- (D) The type of merchant (designated by the Merchant Category Code (MCC)) utilized by the Cardholder to make a purchase.

The below listed MCC's are blocked DoD wide and purchases are prohibited from merchants registered under these category codes.

<b>4829--Wire Transfer-Money Orders</b>	<b>6211--Security Brokers/Dealers</b>
<b>5932--Antique Shops</b>	<b>6760--Savings Bonds</b>
<b>5933--Pawn Shops</b>	<b>7012--Timeshares</b>
<b>5937--Antique Reproductions</b>	<b>7273--Dating &amp; Escort Services</b>
<b>5044--Jewelry Stores</b>	<b>7995--Betting, Casino Gaming Chips, Off-Track Betting</b>
<b>5960--Direct Marketing Insurance</b>	<b>8651--Political Organizations</b>
<b>6010--Financial Institutions Manual Cash Advance</b>	<b>9211--Court Costs, Alimony, Child Support</b>
<b>6011--Financial Institutions Automatic Cash Advance</b>	<b>9222--Fines</b>
<b>6051--Non-Financial Institutions-Foreign Currency, Money Orders, Travelers Checks</b>	<b>9223--Bail and Bond Payments</b>
	<b>9311--Tax Payments</b>
	<b>9700--Automated Referral Service</b>

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In addition to the above-listed codes, cardholder authority is tailored by the APC, based on mission needs. Specific MCC's have been blocked in the US Bank System and specific purchases under these MCC's will be blocked. For example, car washes are prohibited purchases under the OSD/WHS Purchase Card Program; therefore, all car wash vendors are blocked. The Cardholders will not be able to purchase from "blocked" merchants. This process ensures that purchases are made only from authorized categories of merchants.

**NOTE: If you experience a decline on your card, have the merchant check with the bank to make sure their MCC has been input correctly. If everything is correct between the merchant and the bank, then call the APC and request either a one-time approval for the current purchase, or permanent approval in order to make purchases from this MCC in the future. When contacting the APC for approval, be prepared to justify the mission need for the purchase.**

## **10. CONDITIONS FOR USE**

Use of the purchase card must meet the following conditions:

- A) A single transaction may be comprised of multiple items; however, the total amount of the transaction cannot exceed the cardholder's established single purchase limit. A transaction will be denied if the authorized single purchase limit is exceeded. If the requirement exceeds the Cardholder's single purchase limit, but is less than \$2,500 (\$2,000 for construction) contact the APC for a one-time (or possibly permanent) single purchase limit increase. In most cases (See Section 18 for exceptions), if the requirement exceeds \$2,500 (\$2,000 for construction) it must be met through normal contracting channels.
- B) All items purchased over the counter must be immediately available. No back ordering is allowed.
- C) All items purchased by telephone or internet order should be delivered within the 30-day billing cycle. The order should not be placed without this assurance.

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- D) When purchasing items by phone or over the counter, the Cardholder should inform the merchant that the purchase is for Official Government purposes and therefore is not subject to state or local taxes. Tax-exempt letters for every state are available at <http://fss.gsa.gov/services/gsa-smartpay/taxletter/>. In addition, the following is embossed on the face of all Government Purchase Cards, “U.S. GOVERNMENT TAX EXEMPT”. If the merchant asks for a tax exempt number, give him the first four digits of the purchase card account number.

**NOTE: Deliveries to the Pentagon must be made in accordance with the Pentagon Dockmaster Program. Questions regarding the Pentagon Dockmaster Program should be directed to the Pentagon Dockmaster, on 703-692-8000.**

## **11. ACCOUNTABLE PROPERTY PURCHASES:**

When acquiring accountable property using the purchase card, all applicable property regulations must be followed.

Accountable property for the purposes of this SOP is defined as property of any kind (except real property and government records) that retains its original identity and characteristics, has a useful life of more than one year, and an acquisition cost of \$500 or more. Accountable property also includes P1 furniture and all serialized equipment such as calculators, typewriters and copiers. P1 furniture is furniture issued to officials at the Senior Executive Service (SES) level and above, regardless of dollar amount.

In accordance with Administrative Instruction (AI) Number 94, the property accountability function is the responsibility of the Office of the Secretary of Defense (OSD) Accountable Property Officer (APO) and the Property Management Branch (PMB), Support Services Division (SSD), Defense Facilities Directorate (DFD), Washington Headquarters Services (WHS). All items of accountable property must be accounted for and recorded in the property book records in accordance with AI Number 94, except as spelled out in Note 3, below.

AI Number 94 is available at the following web address:

<http://www.dtic.mil/whs/directives/corres/html/ai94.htm>

### **NOTES:**

**(1) Proper recording/tracking of accountable property is absolutely mandatory. This is one area that will be reviewed during all purchase card inspections by the APC. Make sure you have evidence that accountable**

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**property is being handled in accordance with AI 94 or the accountable property regulation governing your organization.**

**(2) The Cardholder shall not be the receiver or the property book custodian. There must be a separation of duties maintained between the Cardholder, the receiver of the item, and the property book custodian.**

**(3) The Pentagon Renovation office has its own property management system governed by “PenRen” Property Accountability Requirements”.**

**12. PROHIBITED PURCHASES:**

Even if a proposed purchase is within the Cardholder’s limits, it shall **NOT** be consummated for the following:

- A) Cash advances.
- B) Rental or lease of land or buildings.
- C) Vehicle Rental, Lease or Repair.
- D) Gasoline or oil unless authorized by the HCA or APC.
- E) Purchase of meals, drinks and lodging or other subsistence costs to include purchases from restaurants, caterers and bars.
- F) Entertainment, amusement and recreational services.
- G) Airline, train, bus or other travel related expenses.
- H) Professional Services for medical, legal, design/engineering or consulting services (unless in support of the mission of the activity).
- I) Telecommunications services, equipment and calls.
- J) Rental and Maintenance Agreements above \$2,500/year.
- K) Membership in Organizations including Charitable and Social Organizations.
- L) IT purchases (equipment, services and software) unless authorized by

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the HCA or APC. See Paragraph 2 of this SOP, “Definition of Terms”, ITMD Centralized Purchases.

- M) Hazardous/dangerous items unless authorized by the HCA.
- N) Personal clothing, footwear, equipment or supplies required for the performance of duties for which the employee is eligible for compensation via a uniform/clothing allowance or other means of direct reimbursement.
- O) Purchase of furniture, including, but not limited to such items as chairs, desks, tables, shelving, storage units and modular workstations and/or a major component(s) of a modular workstation.
- P) Building maintenance and space alterations unless otherwise authorized by the HCA or APC. (This does not apply to specifically authorized individuals in the Federal Facilities Division, Leased Facilities Division, and the Engineering and Technical Services Division of the Defense Facilities Directorate).
- Q) Personal services.
- R) Emergency provisions for the personal use of government/contractor employees in the event of an emergency (i.e. flashlights, food, water, blankets).
- S) Items identified as Support Services Division (SSD) Centralized Purchases. See the Paragraph 2 of this SOP, Definition of Terms under Support Services Division Centralized purchases.
- T) Training (HRSC shall process and pay all DD Forms 1556).
- U) Any item or service that is **not** in support of the mission of the organization or is for the personal use of employees such as space heaters, fans, dehumidifiers, etc.
- V) Items or services that, per the mission of another activity, are to be provided by that activity. Examples are processing DD Forms 1556 for training which is the responsibility of the Human Resources Services Center (HRSC), and space planning and management, the responsibility of the Space Policy Acquisition Division (SPAD).

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**NOTE: An initiative is underway to accomplish the removal of personal electric heaters and electric fans from the Pentagon VIB Stores. The fans are prohibited purchases under the OSD/WHS Purchase Card Program because they are “personal comfort items”, the purchase of which is prohibited by appropriations law. The electric heaters are prohibited by Pentagon Building Circular PBM-03-06 dated 10 February 2003. The rule of thumb for Pentagon VIB Supply Store shopping is -- *Even though an item is available in the VIB Supply Store, it does NOT automatically qualify as an authorized purchase with the purchase card. If you have any doubt whatsoever as to whether or not an item is an authorized purchase, ask your APC.***

### **13. ACQUISITION PROCEDURES**

**A. General.** It is recommended that internal policy be established within each Approving Official’s organization that mandates pre-approval by the Approving Official of all purchases made by the Cardholder. When making purchases using the purchase card, all applicable acquisition regulations apply. Regardless of whether the purchase is made using the purchase card as a method of purchase or as a method of payment (Contracting Officer/Ordering Officers), the Cardholder must:

- (1) Determine if mandatory sources of supplies and services are available. If not, then purchase on the open market. In accordance with FAR, Part 8, the mandatory sources for supplies, in descending order of priority, are:

- Agency inventories
- Excess from other agencies
- NIB/NISH also known as JWOD
- Wholesale supply sources such as GSA
- Mandatory Federal Supply Schedules
- Optional use Federal Supply Schedules
- Commercial Sources

The mandatory sources for services, in descending order of priority, are:

- NIB/NISH also known as JWOD
- Mandatory Federal Supply Schedules
- Optional use Federal Supply Schedules

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Commercial Sources

**NOTE: When placing an order, ensure that the price includes delivery at free on board (f.o.b.) destination. All transportation costs shall be included in the purchase price.**

- (2) The Federal Acquisition Regulation (FAR) requires Cardholders to distribute purchases equitably among qualified vendors and to obtain competition when required. For micro-purchases (\$2,500 and below, or \$2,000 and below for construction), the FAR requires that the Cardholder rotate vendors. For actions above the micro-purchase threshold for which the purchase card is used as the method of payment, the competition requirements of FAR must be followed.

**NOTE: If you're having difficulty locating vendors for purchase distribution, the phone book and internet are good sources in which to find qualified vendors/merchants. If you cannot locate vendors through this method, contact the Defense Facilities Contracting Office or your servicing contracting office for assistance in locating suppliers. Contracting Offices have several options available such as publishing a "Sources Sought" synopsis in the FedBizOps or establishing a Blanket Purchase Agreement (BPA) for repetitive buys to the same or a few vendor(s).**

- (3) Verify that the quality and quantity of the items/services furnished are in accordance with the agreement (verbal or written) with the vendor.
- (4) Ensure that the fee paid by merchants for using VISA is not charged to the Cardholder.
- (5) Document all purchases using a monthly transaction log. A log must be maintained in order to provide a comprehensive and accurate record of all purchase card transactions initiated by the Cardholder during the monthly billing cycle. A separate log will be maintained by each Cardholder. This log can be manual or automated, such as an Excel spreadsheet. It should include the vendor's name, a description of the item/service purchased, whether an over the counter, internet or telephone purchase, the dollar amount of the purchase, and the date of the purchase. Also include the cardholder's monthly limit with subtractions from that limit as purchases are made. Additional information may be kept on the transaction log based on internal needs. A sample transaction log, containing the minimum required information, is available on the Purchase Card Program Web page or from the APC upon request.

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The Cardholder will forward to the Approving Official applicable portions of the completed transaction log for the current month (billing cycle), and for previous periods, as appropriate. Cutting and pasting the relevant portions of the log is fine. The log is to be forwarded along with applicable receipts for the month/billing cycle. The transaction log must be filed in separate increments by the Cardholder to reflect only the purchases and receipts pertinent to that billing cycle.

**NOTES:**

**It must be clearly documented that the item/service was received in good condition and in accordance with the quality and quantity ordered. A column on the transaction log can be used to document the inspection and receipt of the item. It is recommended that receipt be documented (signed for) by someone other than the Approving Official or Cardholder.**

**For standardization and to streamline the audit process, the Cardholder's records for each billing cycle must contain:**

- (1) An excerpt from the transaction log containing transactions relevant to a particular billing cycle only.
- (2) Supporting invoices, receipts, file memorandums, etc. for the items on the transaction log relating to the particular billing cycle.

**B. Telephonic/Internet Purchase Procedures.** When placing a telephone or internet order using the purchase card, the Cardholder will:

- (1) Notify the vendor that the purchase is tax exempt.
- (2) Confirm that the vendor agrees to charge the purchase card when shipment is made so that delivery of the merchandise will coincide with the Cardholder's receipt and will reconcile with the statement of account for that billing period. This is a very important step in the oral/internet purchase procedure process.
- (3) Instruct the vendor to include the following information on the shipping document or package slip:
  - a. Cardholder name and office symbol
  - b. Building number, room number, street address, city and state
  - c. Cardholder telephone number

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- (4) Orders placed telephonically or over the internet must be fully documented in the Cardholder's transaction log (see paragraph 13(5), above). This log must be attached to the Cardholder's monthly statement of account when it is submitted to the Approving Official.

**NOTE:** When placing internet orders, it may be necessary to contact the vendor by telephone to comply with the above requirements.

**C. Written Order or Contract.** If the purchase card is used as a method of payment for a transaction where a commitment has already been established under a DD Form 1262 (Administrative Service Request), or by other means of commitment documentation, the Contracting Officer shall:

- (1) Annotate the commitment document to indicate that the transaction was accomplished with the purchase card transaction;
- (2) Write "CANCELLED" on the face of the commitment document, and
- (3) Return the commitment document to the applicable Resources Management Office.
- (4) Fully document the transaction log in accordance with paragraph 13(5), above.

**14. DOCUMENTATION, RECONCILIATION, AND PAYMENT PROCEDURES**

**A. Documentation.** Any time a purchase is made using the card, whether over the counter, the internet, or by telephone, documentation of the transaction should be retained as proof of purchase. These documents will be used later to verify the purchases shown on the Cardholder statement of account.

- (1) When a purchase is made "over the counter," the Cardholder shall obtain the customer copy of the purchase card charge slip, which will become the accountable document (make sure all carbons, if any, are destroyed). The purchase must be documented on the transaction log (see paragraph 13(5), above).

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- (2) When making purchases by phone or the internet, the Cardholder must document the transaction on the transaction log (see paragraph 13(5), above) and attach shipping documents associated with the order.

**B. Reconciliation.**

- (1) Cardholder. At the end of each billing cycle, the Cardholder should reconcile the information on his/her Cardholder Statement of Account with the transaction log and supporting documentation. Within three (3) working days of receipt of the Cardholder Statement of Account, the Cardholder shall:
  - (a) Reconcile each transaction appearing on the Cardholder Statement of Account with the corresponding transaction recorded on the transaction log and its supporting documentation:
    - 1- The log will include a description of each transaction and show an appropriate accounting classification code (if applicable) for the transaction if the code is not the same as the parent fund citation under which the card was set up.
    - 2- If an item was returned and a credit voucher received during the billing cycle covered by the Cardholder Statement of Account, the Cardholder will determine if the credit is reflected on the Cardholder Statement of Account.
    - 3- If a given transaction and/or credit that occurred during the specified billing period is not on the Cardholder Statement of Account, the transaction documentation will be retained by the Cardholder until the credit/purchase transaction appears on the next Cardholder Statement of Account for the next billing period. If the purchase or credit does not appear on the next monthly Cardholder Statement of Account, the Cardholder or Approving Official should contact the vendor for an explanation. If attempts fail to resolve and reconcile with the vendor, contact the APC for assistance.
  - (b) Annotate the transaction log to indicate each cleared/reconciled transaction and the date of the Cardholder Statement of Account on which the reconciled transaction appeared;
  - (c) Sign and date the Cardholder Statement of Account on the reverse of each page certifying its accuracy and validity;

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(d) Forward the following to the Approving Official:

1. The certified, original Cardholder Statement of Account, signed and dated by the cardholder;
2. Purchase Card receipt and/or cash register tape for each transaction. If these items are not available, a statement indicating why receipts and/or cash register tape are not available – i.e., telephone/internet orders.
3. Copies of portions of the transaction log for that billing period and, for previous periods (cut and paste is fine), if necessary, showing entries for transactions reflected on the Cardholder Statement of Account for the current billing period; and,
4. All supporting documentation, including a summary cost distribution worksheet, where applicable.
5. Credit vouchers where applicable.

**NOTE: If the Cardholder does not have supporting documentation for a given transaction appearing on the Cardholder Statement of Account and transaction log, attach an explanation of the nature of the transaction and why supporting documentation is not available.**

(2) Approving Official. Within two (2) working days of receipt of the certified Cardholder's Statement of Account and supporting documentation, the Approving Official shall:

- (a) Review the receipts against the certified Cardholder's Statement of Account;
- (b) As required, prepare a consolidated cost distribution worksheet for all Cardholders for whom the Approving Official is responsible;

**NOTE: A summary cost distribution worksheet is applicable to DFD accounts only and is not required in most cases. If you are in doubt as to whether or not you need to prepare a summary cost distribution worksheet, contact the DFD Resources Management Office (RMO).**

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- (c) Maintain a running balance of the annual budget amount remaining for use by the Cardholders under his/her purview;
- (d) Forward the summary cost distribution worksheet (if required) to the DFD RMO.
- (e) Forward the original invoice to the payment office for payment (See C., below).

**NOTE: The Cardholder's receipt of the monthly statement starts the clock for the Approving Official's deadline to forward the invoice to the paying office for payment. The time between the Cardholder receiving the monthly statement and the Approving Official sending the certified invoice to the payment office shall not exceed five working days. However, if the Cardholder's Statement of Account is going to be unduly delayed, the Approving Official must not impede the payment process by waiting for the Cardholder's Statement of Account to arrive. The invoice should be forwarded to the payment office and disputed items settled in arrears. See the definitions of "Delinquencies" and "Rebates" in the "Definition of Terms" section.**

The Approving Official shall ensure that Cardholders maintain the originals of their Cardholder Statements of Account, original supporting documentation and copies of their transaction logs for three (3) years. The Approving Official's records must be maintained for six (6) years and three (3) months.

- (3) DFD RMO. Upon receipt of cost distribution data, RMO shall forward data to the Financial Management Directorate for processing.

**C. Payment.** The Approving Official shall sign and date the Invoice (monthly billing statement) to certify it as the "Purchase Card Certifying Officer", within two (2) days of receipt of the original, certified Cardholder's Statement of Account and forward the invoice ONLY to the WHS Financial Management Directorate (FMD). However, since FMD pays all invoices up front in full, **the Approving Official shall not delay the payment process by holding the invoice until the Cardholder's Statement of Account is received or until disputed or questioned transactions are resolved. If the Cardholder's Statement of Account will be unduly delayed, the Approving Official must forward the invoice for payment to the FMD and disputed/questioned transactions will be settled in arrears.** As the designated paying office, FMD shall authorize payment to U S Bank upon receipt of the Approving Official's

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certified Invoice (monthly billing statement). Cost distributions, billing errors, and/or disputes will be accomplished and resolved in arrears.

**NOTE: The Financial Management Directorate does not retain the backup for the monthly invoices. The original invoice only (no cover memo necessary) should be forwarded for payment. FMD will maintain files of original invoices and Approving Official signatures only. All Cardholder Statements of Account, receipts, internal control logs, etc, should be held and managed by the Cardholder as their official supporting documentation. Any extra documentation received by FMD (over and above the Monthly Invoice/Cost Distribution) will be shredded.**

## **15. DISPUTES**

In the event the Government is billed for (1) defective items, (2) merchandise that was not received or that was returned, or (3) unauthorized/incorrect charges, or if the Cardholder's Statement of Account does not include credits for which the cardholder has been issued a credit slip, the following action should be taken:

- A) The Cardholder will contact the vendor to resolve the problem. If the vendor agrees that an error has been made, the vendor will take action to adjust the account. The cardholder should annotate the transaction in question on the transaction log as a reminder that the item is still pending resolution;
- B) If the vendor does not agree that an error has been made, the Cardholder must advise the APC. The APC will assist in the completion and processing of the "Statement of Questioned Item" (SQI) to U S Bank.

**NOTE: Disputed transactions must be submitted in writing to US Bank within 60 days of the date of the Cardholder's Statement of Account for the billing period during which the disputed transaction occurred. A merchant is required to respond to a disputed charge within 21 to 45 days after receipt of the request. If the merchant does not respond within 45 days, the disputed charge will be resolved in favor of the cardholder and the merchant will be charged back for the particular goods or services. If the disputed charge is resolved in favor of the merchant, a letter will be sent to the cardholder explaining that the charge will appear on the next Cardholder's Statement of Account.**

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**16. PURCHASE CARD SECURITY**

It is the Cardholder's personal responsibility to safeguard the purchase card and account number at all times. **The Cardholder must NOT allow anyone to use her/his card or account number and/or make unauthorized transactions with the purchase card. The internal policies of the Cardholder's activity shall NOT dictate that all cards be kept in a central location and handed out by a designated individual to the cardholders as needed.** The cardholder shall keep the card locked in a secure place to which only the cardholder has access. The cardholder must not store the purchase card on his/her person (such as in a wallet). (One exception to this rule is cardholders on call for twenty-four hours, seven days per week such as Pentagon Force Protection Agency (PFPA) and the Pentagon Renovation Office (PenRen)). The only individuals authorized to have access to the purchase card account number are the Cardholder, the Approving Official, the APC and the paying office. If internal procedures require that another individual in the Cardholder's activity be granted access to the Cardholder Statements of Account or the Approving Official's Monthly Invoices, the account numbers shall be removed from the documents before they are forwarded.

Any violation will result in the purchase card being withdrawn from the Cardholder with the possibility of disciplinary action and the Cardholder being held financially liable for all unauthorized purchases.

- A. Lost or Stolen Purchase cards.** Immediately notify your Approving Official or APC and U S Bank in the event a purchase card is lost or stolen. U S Bank can be reached at:

**1-888-994-6722**

Upon notification, further use of the card will be blocked. Prompt action in these circumstances can reduce the potential for unauthorized charges.

- B. Unauthorized Use.** Use of the purchase card by a person other than the Cardholder, who does not have actual, implied, or recognizable authority for such use, and/or for which the government receives no benefit, is unauthorized.

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**17. PROGRAM EVALUATION AND OVERSIGHT**

The OSD/WHS Purchase Card Program Manager will conduct periodic on-site reviews of the Purchase Card Program to evaluate program effectiveness and compliance with prescribed policies and procedures. Random (possibly unannounced and unscheduled) inspections will be conducted of purchase card accounts to ensure compliance with prescribed policies and procedures. Items to be evaluated include but may not be limited to the following:

- 1) Has the Cardholder stayed within the single purchase limit?
- 2) Have persons other than the Cardholder made purchases with the card?
- 3) Were items purchased over the counter immediately available and not placed on backorder?
- 4) Were telephone purchases delivered within the 30-day billing period?
- 5) Were items purchased that are identified in the SOP as unauthorized?
- 6) Have mandatory sources of supply been explored prior to purchase?
- 7) Is the Cardholder rotating vendors and equitably distributing purchases among qualified vendors?
- 8) Does the cardholder inform the vendors that the purchase is tax exempt?
- 9) Has the Cardholder split requirements to stay under the single purchase limit?
- 10) When making purchases by telephone or the internet, does the Cardholder document the transaction and attach shipping documents associated with the transaction?
- 11) Does the Approving Official review each certified monthly Cardholder's Statement of Account?
- 12) Is accountable property handled in accordance with AI Number 94?

The APC will also review historical transaction reports generated by the US Bank System. Some purchases will be flagged for closer examination. The Approving Official will be provided a "Questionable Government Purchase Card Purchases" form by the

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APC. The Approving Official will provide all requested documentation along with the completed form to the APC within the timeframe specified. Receiving an inquiry does not necessarily mean that a flagged transaction is an indication that something has been done incorrectly. If any purchases turn out to be noncompliant with the rules, regulations and policies governing the purchase card, the APC will assist in identifying the cause of the problem and work with the Approving Official to ensure corrections are made and prevented in the future.

**18. PURCHASE CARD TRANSACTIONS EXCEEDING THE MICRO-PURCHASE THRESHOLD**

As a general rule, only Warranted Contracting Officers may use the purchase card as a method of payment (not a contracting mechanism) for supplies/services above the \$2,500 micro-purchase threshold (\$2,000 for construction) up to their assigned single and monthly purchase limits. When used as a payment mechanism, contractors will bill against the card. For example, an order is placed against a GSA Federal Supply Schedule for \$15,000. The award is made using the ordering procedures in the Schedule. Instead of issuing an invoice, the contractor agrees to accept payment via the purchase card. When the order is delivered, the contractor bills the purchase card account instead of issuing an invoice directly to the agency.

For these “method of payment” purchases over \$2,500 (\$2,000 for construction), all applicable requirements of the Competition in Contracting Act, other statutes and Executive Orders, the Federal Acquisition Regulation, as well as agency supplements, apply. The method of payment does not change the requirement for the Contracting Officer to adhere to the acquisition regulations and policies.

Another exception to the \$2,500 single purchase limit applies to individuals in HRSC delegated authority to pay for training up to \$25,000. This authority is contained in the DoD Financial Management Regulation (FMR), Volume 10, Chapter 12, page 87 and applies to payment for training only.

Certain individuals in the Pentagon Force Protection Agency (PFPA) have been delegated a single purchase limit of \$15,000 to be used ONLY in the event of a terrorist attack at the Pentagon. This authority is spelled out in the Federal Acquisition Regulation (FAR) Part 13.2. Under the OSD/WHS Purchase Card Program, designated PFPA personnel are the only account holders under the program authorized to use the higher single purchase limit under the conditions spelled out above.

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**NOTE: For purchases above \$2,500 accomplished by warranted Contracting Officers using the purchase card as a method of payment, the Purchase Card Program Office will ensure the purchase card account is set up properly and used correctly. The Purchase Card Program Office will not be responsible for policing contractual documents for compliance with the applicable acquisition rules and regulations such as competition, posting and reporting requirements. These “method of payment” acquisitions are no different from awards paid against an invoice. They will be reviewed for proper contracting procedures and methods by the applicable authorities such as the Procurement Management Review (PMR), (conducted by the Defense Procurement and Acquisition Policy Office), Internal Compliance Reviews, and the DoD Inspector General (DoD IG)).**

## **19. DEPARTURE OF AN APPROVING OFFICIAL OR CARDHOLDER**

Upon reassignment, retirement, dismissal or other separation action, the Cardholder must surrender the purchase card to his/her Approving Official or APC. The Approving Official will return the purchase card to the APC and request that the account be closed. To the extent practicable, the APC shall be advised of the separation of an Approving Official at least two weeks prior to the effective date of separation. The APC must immediately receive the name and contact information of the replacement Approving Official from the applicable organization. Once the replacement information is received, the APC will initiate the necessary action to accomplish the appointment of a new Approving Official. Non-compliant accounts risk temporary suspension until a new Approving Official has met the necessary requirements of the program.

## **20. REFERENCES**

- i. Federal Acquisition Regulation and Defense Federal Acquisition Regulation Supplement (DFARS) <http://farsite.hill.af.mil>.
- ii. Administrative Instruction 94  
<http://www.dtic.mil/whs/directives/corres/html/ai94.htm>
- iii. OSD/WHS Purchase Card Program Web Page at:  
<http://www.bfd.whs.mil/referencelib/cardholders/PCP.htm>
- iv. GSA Purchase Card Program for Cardholders (training tutorial)  
[http://www.gsa.gov/Portal/gsa/ep/contentView.do?P=2FMB&contentId=13034&contentType=GSA\\_BASIC](http://www.gsa.gov/Portal/gsa/ep/contentView.do?P=2FMB&contentId=13034&contentType=GSA_BASIC)
- v. GSA's ***Blue Print for Success: Purchase Card Oversight***  
[http://www.gsa.gov/gsa/cm\\_attachments/GSA\\_DOCUMENT/PurchaseCardOversight\\_R2FIM2\\_0Z5RDZ-i34K-pR.pdf](http://www.gsa.gov/gsa/cm_attachments/GSA_DOCUMENT/PurchaseCardOversight_R2FIM2_0Z5RDZ-i34K-pR.pdf)
- vii. Department of Defense Purchase Card Program Management Office web site at: <http://purchasecard.saalt.army.mil/>