



Defense Logistics Agency **INSTRUCTION**

DLAI 2106
Effective July 18, 2012

J73

Government Purchase Card

References: See [Enclosure 1](#).

1. **PURPOSE.** This Instruction establishes:

a. Policy and responsibilities regarding the Defense Logistics Agency (DLA) use of the Government-wide Purchase Card (GPC). The GPC was developed to provide a fast and convenient method to procure and/or pay for all requirements under the micro-purchase threshold (\$3,000 for supplies, \$2,500 for services, \$2,000 for construction, and in the case of contingency operations or operations to recover from nuclear, biological or chemical attack, \$15,000 for Cardholders (CHs) inside of the United States, and \$30,000 for CHs outside of the United States). See Federal Acquisition Regulation (FAR) 2.101 and 13.201 for specific requirements.

b. Policy and responsibilities regarding use of the GPC as the method of payment for applicable DLA commercial contracts.

c. Policy and responsibilities regarding the use of the GPC as the method of payment for training up to \$25,000.

d. DLA restrictions on GPC use and disciplinary actions for potential offenses and remedies or penalties for such offenses.

2. **APPLICABILITY.** This Instruction applies to DLA Headquarters and (HQ) all DLA Primary Level Field Activities (PLFAs) and non-DLA activities with DLA-administered purchase card programs.

3. **DEFINITIONS.** See [Glossary](#).

4. POLICY. It is DLA policy that:

a. The GPC may be used to purchase authorized supplies, equipment, and nonpersonal services. However, the use of the GPC constitutes expenditure of funds and is limited to CHs who are appointed in writing. All authorized purchases up to the micro-purchase threshold shall be made using the GPC unless the vendor will not accept the purchase card and no other vendors are available. The Deputy Secretary of Defense has approved an exception for purchases processed through an electronic commerce/electronic data interchange system that results in a more cost-effective payment process. DLA Pre-Award Contracting System (DPACS) and Electronic Procurement (eProcurement) are considered to be cost-effective. Therefore, any purchase awarded via these systems is exempt from the mandatory usage rules in accordance with the Under Secretary of Defense Memo, October 2, 1998, "Streamlined Payment Practices for Awards/Orders Valued at or below the Micro-Purchase Threshold," (Reference (a)).

b. Overseas CHs may be authorized to use the GPC to make purchases for supplies and services up to \$30,000 if the purchase is made outside the United States for use outside the United States. CHs must ensure the final price includes all costs associated with the mode of transportation and packaging selected to the destination country, customs import duties, and any other charges that may accrue. According to FAR Part 13 (Reference (b)), competition requirements apply to all purchases exceeding the micro-purchase threshold.

c. The GPC may be used as a method of payment in conjunction with other contracting methods above the micro-purchase threshold as prescribed by FAR Part 13 and 32.1108 (Reference (b)), provided that appropriate authority has been granted by the Head of Activity (HA) or delegated official and is stated within the delegation letter. If the GPC is used as a method of payment:

(1) All pertinent procurement and financial rules, policies, and laws associated with the dollar value of the purchase apply.

(2) When it is contemplated that the GPC will be used as the method of payment, and the contract or order is above the micro-purchase threshold, contracting officers are required to verify (by looking in the Central Contractor Registration (CCR)) whether the contractor has any delinquent debt subject to collection under the Treasury Offset Program (TOP) at contract award and order placement. Information on TOP is available at <http://fms.treas.gov/debt/index.html>.

(3) The contracting officer shall not authorize the GPC as a method of payment during any period the CCR indicates that the contractor has delinquent debt subject to collection under the TOP. In such cases, payments under the contract shall be made in accordance with the clause at [52.232-33](#), Payment by Electronic Funds Transfer—Central Contractor Registration, or [52.232-34](#), Payment by Electronic Funds Transfer—Other Than Central; Contractor Registration, as appropriate (see FAR [32.1110\(b\)](#)).

d. The GPC for training may be used to pay for government or nongovernment provided training, regularly scheduled, commercial off-the-shelf courses, training conferences, or instructional services that are available to the general public and priced the same for everyone.

The total price of training authorized by the use of a single SF 182 may not exceed \$25,000. A separate account must be established to segregate training accounts from supply accounts. See [Enclosure 2](#).

e. The use of the GPC for personal purchases is strictly prohibited. Use of the purchase card for other than official United States (U.S.) Government business is misconduct, which will result in the immediate cancellation of an individual's GPC and the possibility of disciplinary action up to and including removal from Federal service. Reference (e) and (t).

f. A mandatory internal control is the separation of duties. Key duties such as making purchases (CH), authorizing payments (Billing Officials), certifying funding (Resource Managers), and reviewing and auditing functions (Agency Program Coordinators and Property Book Officers) will be assigned to different individuals to minimize the risk of loss to the Government to the greatest extent possible. For example, Billing Officials (BO) will not be CHs within the same billing account; Property Book Officers or equivalents will not be CHs with authority to purchase accountable items; and Resource Managers (RM) will not be CHs or BOs with responsibility for executing their own funds.

g. Convenience Check Accounts will be managed as follows:

(1) The number of convenience check account will be kept to a minimum and should, in most cases, be limited to no more than one checkbook. The CPM may authorize creation of an additional convenience check account upon receipt of written justification (Reference (h), Section 230504(B)).

(2) Activities may only appoint one convenience check writer to sign and issue checks for the Command/Activity for each account. Activities are not authorized to appoint alternate convenience check account holders.

(3) Individual convenience checks shall not be issued in excess of the micro-purchase threshold.

(4) Convenience check account holders are responsible for the safeguarding and security of their checks and account information and must ensure funds are available prior to issuing checks.

(5) Account holders must submit information electronically via email (cco.checks@dfas.mil) and maintain information on the checks issued for services to meet the statutory reporting requirements for the Internal Revenue Service (IRS) (Reference (h), Section 230503). Submissions shall utilize the IRS Form 1099, Miscellaneous, and Statement for Recipients of Miscellaneous Income. The deadline for all data input is December 31st.

(6) An officer or equivalent Department of Defense (DoD) civilian who is independent of the office maintaining the account must audit convenience check accounts yearly on an unannounced basis. Prior to audit, inspector will review this instruction, reference (d) and (h).

(7) Closing a Convenience Check account. Convenience checks will not be posted to closed accounts. Checks presented after an account has been closed will be returned to the merchant with an account closed reason code.

(8) Check Disposal Procedures. Prepare a Certificate of Destruction. The certificate shall be prepared in an original and one copy and shall include: (a) the complete mailing address of the Command; (b) date and method of destruction; (c) serial number of each check; (d) typed name, title, grade or rank, and signature of the witness; and (e) typed name, title, grade or rank, and signature of the Check Writer. When blocks of checks are destroyed, the beginning and ending serial numbers of the block may be shown. Otherwise, each check shall be listed in numerical sequence.

(9) Verification. The convenience check account holder and at least one witness shall: (a) examine the checks to verify that they are the actual checks to be destroyed; (b) verify the check numbers with information on the certificate of destruction; and (c) sign the certificate of destruction only after witnessing the actual destruction of the checks.

h. The Annual GSA SmartPay 2 Conference is recommended for all A/OPCs.

i. Proper separation of function will be observed. Activities shall ensure the same person does not initiate the requirement, award the purchase action or receive the materials.

(1) Controls shall be established at each activity exercising procurement authority to ensure that there is a three-way separation of function to prevent personal conflicts of interest, and fraud, waste and abuse.

(2) A single individual may perform only one of the following functions:

(a) Initiation of the requirement;

(b) Award of contract or placement of order; and

(c) Receipt, inspection, and acceptance of supplies or services.

(3) If circumstances preclude an individual from performing a single function, at a minimum, a two-way separation of function for all purchase card transactions must occur to protect the integrity of the procurement process. The individual responsible for the award of a contract or placement of an order shall not perform the receipt, inspection and acceptance function.

(4) In cases where the CH is picking up the material at the vendor's location, the end user or other designated receiving personnel shall legibly print his/her name and title, then sign and date the receipt confirming independent receipt and acceptance of the material or services.

(5) In cases where the material is not received by the CH, the CH shall obtain an email acknowledging the date receipt and condition of the material to show proper separation of function and receipt.

(6) In the event the CH is the end user, the CH may sign the vendor receipt. However, the CH shall ensure another person within the command co-signs and dates the receipt with his/her printed name and title.

(7) An audit trail documenting who initiated the requirement, what was ordered, what was received and who received it is required to show separation of function. This may be accomplished by using either an electronic material management system, email, or by having readable hand-signed documentation. Purchase card program participants shall follow the procedures outlined in their activity's local GPC guidance.

5. RESPONSIBILITIES. See Enclosure 3. For the "List of Prohibited Purchases," refer to Enclosure 4.

6. EFFECTIVE DATE. This Instruction is effective immediately.

Director, Strategic Plans and Policy

Enclosures

1. References
2. Purchasing Training
3. Responsibilities
4. List of Prohibited Purchases

Glossary

ENCLOSURE 1

REFERENCES

- (a) [Under Secretary of Defense Memo, October 2, 1998, "Streamlined Payment Practices for Awards/Orders Valued at or below the Micro-Purchase Threshold."](#)
- (b) [Parts 2, 3, 8, 13, 32 and 52, Federal Acquisition Regulation \(current edition\).](#)
- (c) [Parts 208, 213 and 232, DoD Federal Acquisition Regulation Supplement \(current edition\).](#)
- (d) [DoD "Government Charge Card Guidebook for Establishing and Managing Purchase, Travel, and Fuel Card Programs," December 21, 2011.](#)
- (e) [Under Secretary of Defense for Personnel and Readiness Memorandum, "Government Charge Card Disciplinary Guide for Civilian Employees," December 29, 2003](#)
- (f) [Office of Management and Budget, "Circular No. A-123, Appendix B Revised," January 15, 2009](#)
- (g) [Department of Defense Purchase Card Program Management Office Memo September 17, 1999, "Purchase Card Delinquency Policies"](#)
- (h) [DoD Financial Management Regulation \(FMR\), Volume 10, Chapter 23 "Purchase Card Payments" September 2010](#)
- (i) [DLA Instruction 4202, "Accountability of DLA Property, Plant & Equipment," December 10, 2009](#)
- (j) [United States Code Title 31 Section 3324\(d\)\(2\)](#)
- (k) [United States Code Title 10 Section 2396 \(a\)\(3\)](#)
- (l) [DLA Memorandum, "Policy on Agency Coins" August 4, 2011](#)
- (m) [Government Accountability Office B-302993 \(25 Jun 04\), "Use of Appropriated Funds to Purchase Kitchen Appliances"](#)
- (n) [DOD Directive Number 1348.19: "Award of Trophies and Similar Devices in Recognition of Accomplishments." May 12, 1989, Certified Current as of November 21, 2003](#)
- (o) [29 Code of Federal Regulations \(CFR\) 1910.1200 "Occupational Safety and Health Standards, Hazard Communication."](#)
- (p) [5 U.S.C. 4110, "Expenses of Attendance at Meetings."](#)
- (q) [Public Law \(PL 102-392\) Section 207](#)
- (r) [Under Secretary of Defense Memorandum September 25, 1998, "Use of Government-Wide Purchase Cards"](#)
- (s) [DoD Financial Management Regulation, Volume 10, Chapter 12 "Miscellaneous Payments" July 2010](#)
- (t) [DLA Instruction 7106, "Maintaining Discipline," September 15, 2009](#)

ENCLOSURE 2

PURCHASING TRAINING

1. Training is broken down into three types: up to \$3,000; over \$3,000 but not more than \$25,000; and over \$25,000.
2. Training that will cost \$3,000 or less does not have to be commercial. It can be training that is available only to government workers. It can be substantially modified from that which is available outside of the government. Additionally, it can be conducted at DLA. Note that it should be purchased with a training card, but if a training card is not readily available, it may be purchased with a regular purchase card.
3. Training that costs over \$3,000 but not more than \$25,000 with no contract must meet all the following criteria:
 - a. It must be educational or instructional and assist in achieving the Agency's mission.
 - b. It must be a "commercial item." This means that it must be of a type offered and sold competitively in substantial quantities in the commercial marketplace, for a price in a published catalog or established by the market.
 - c. It must be "regularly scheduled." This means the vendor has a published schedule of classes which anyone can see (e.g., in a brochure, a catalog, or on the Internet). The term "regularly scheduled" does not include anything the Agency must schedule or provide space for.
 - d. It must be available to the general public. It cannot be available only to government employees.
 - e. It must be priced the same for everyone in the same category (e.g., per student, per course, per program, per service, and per training space).

Note: if the training does not meet ALL of the above criteria, only a contracting officer can purchase it by contract.

4. Training that costs over \$25,000 must be sent to the supporting contracting office for negotiation and execution of a contract. The supporting contracting office will compete the requirement, or if competition is unavailable, request discounted prices. In addition, if training involves a large number of personnel, it may be cost effective to request the instructor provide training at the base rather than pay travel and per diem for each individual to attend the training at the merchant's location. In those cases, the contracting office will negotiate total price and any related terms and conditions, such as providing government facilities for the training, and include them in the contractual agreement.

5. Miscellaneous Rules:

a. The “necessary expense” rule always applies: the Government may only pay for goods and services it actually needs.

b. The training card may only be used to pay for the training itself; it may not be used to pay for a conference room, food, or any other supplies or services. However, for non-commercial training (which must be under \$3,000 if using the training card), the training card may be used to pay for the vendor’s reasonable costs to provide the training, such as the vendor’s travel and per diem, and books and other materials that the vendor provides for the class. Please advise vendors to include all such costs in their invoices for the training itself; if they invoice those expenses separately, it will be difficult, if not impossible, to pay.

c. Never use the training card to pay for a contractor employee to receive training. On the rare occasions that DLA pays for a contractor employee to receive training, it must be done through a contracting office.

d. A conference may be considered “training” if the announced purpose is educational, not as an awards ceremony, or as general business of the association putting on the conference.

e. The requirements of FAR Subpart 13.3 apply to the procurement of training from non-government sources that is estimated to cost more than the micro-purchase threshold. Among other things, FAR Subpart 13.3 requires use of maximum practicable competition, and absent unusual circumstances, eligible competitors should be limited to small businesses. Consult with local contracting officials or counsel for guidance in implementing these requirements. The local contracting office will be used to procure the training if there is any aspect that is required to meet specific government requirements.

f. Known requirements for commercial training events that are greater than \$25,000 shall not be broken down into multiple actions to avoid the \$25,000 SF 182 threshold. A training event is defined as an individual command’s total student training requirement for a specific training class in accordance with Under Secretary of Defense Memorandum Use of Government-Wide Purchase Cards and DoD FMR, Volume 10, Chapter 12 Miscellaneous Payments (References (r), (s)).

ENCLOSURE 3

RESPONSIBILITIES

1. Director, DLA Acquisition. The Director, DLA Acquisition, as the Senior Procurement Executive for DLA, shall:

a. Exercise authority, direction, and control over the DLA Government Purchase Card Program.

b. Appoint a Component Program Manager (CPM).

2. Head of Activity (HA). The HA is the military officer in command or the civilian executive in charge of the mission of a command or activity, such as DLA Aviation, DLA Distribution, DLA Energy, etc. The HA has overall responsibility for managing the delegation and use of the purchase card program in his/her command or activity and appoints Agency/Organization Program Coordinators (A/OPC) through an official letter of delegation. The HA has disciplinary authority over CHs and BOs. At DLA PLFAs with an Acquisition Executive (AE), the AE is delegated the HA authority and responsibilities listed in this Instruction. The HA shall:

a. Determine the need for a card program and make the request to the appropriate functional activity (e.g., contracting, financial/resource management, and information technology).

b. Ensure program personnel, A/OPCs, BOs, and CHs are properly appointed in writing.

c. Ensure effective internal controls are in place.

d. Ensure proper separation of duties among personnel.

e. Order investigations when appropriate.

f. Ensure all A/OPCs, BOs, and CHs list their GPC duties in a performance objective and fulfill his/her responsibilities.

3. Component Program Manager. Under the authority, direction and control of the Director, DLA Acquisition, the CPM shall:

a. Serve as the A/OPC Level 3 for the Agency.

b. Develop the overall GPC Program policy.

c. Maintain oversight and management of the DLA GPC Program to include working as a liaison between the purchase card provider, DoD Purchase Card Program Office, DLA Headquarters RMs (J8), and the DLA and component A/OPCs to ensure program consistency.

d. Serve as DLA's functional representative with the DoD Purchase Card Program Office.

e. Prepare, maintain, and distribute GPC guidelines. The guidelines explain the policy and procedures for the GPC Program as prescribed in DoD Guidebook (Reference (d)), Office of Management and Budget Circular A-123 Appendix B (Reference (f)), and Under Secretary of Defense for Personnel and Readiness Memorandum (Reference (e)). This includes addressing purchase log use, prohibited purchases (see [Enclosure 4](#)), records retention, and purchase card limits.

4. Level 4 Agency/Organization Program Coordinator. The Level 4 A/OPC shall:

a. Maintain oversight and management of the GPC Program with regard to the area of responsibility delegated in writing; to include working with the purchase card provider, RMs, BOs, and CHs, to ensure program consistency.

b. Appoint trained BOs and CHs via the Department of Defense (DD) Form 577 and letter of appointment. These documents describe the types of purchases to be made, purchase card limits, use (purchase or method of payment), and contain the appointees' signature establishing accountability and in the case of BOs, knowledge of pecuniary liability.

c. Ensure that the number of CH accounts assigned to each BO does not exceed a ratio of seven to one. Written justification must be maintained on file for BOs who have more than seven assigned CH accounts. A/OPC to BO and CH account ratio should not exceed 1:300.

d. Establish appropriate authority. It is the responsibility of the A/OPC to ensure that each BO and CH has an appropriate grant of authority to satisfy mission requirements. CH accounts should be established to recognize applications for the card other than for micro-purchases (i.e., printing requests, training, and method of payment). In addition, to ensure proper spending limits are adhered to, A/OPCs shall ensure that the purchase card account profile (in the bank's online card management system) does not exceed the limits in the delegation document.

e. Establish an individual hard copy file for each BO and CH. The file shall contain copies of appointment letters, training certificates, DD Form 577s, and audits, and these must be retained for the duration the employee serves in this capacity and for three years beyond.

f. Ensure all BOs and CHs receive initial training on purchase card policy as well as refresher training every two years. Sections 6a, 6b, and 8a of [Enclosure 3](#) delineate specific training requirements for BOs and CHs.

g. Utilize the DoD-mandated Purchase Card Online System (PCOLS) to provision BO supervisors, provide coordination between PCOLS and the bank, approve all account requests prior to bank submittal, and monitor risk management and GPC transactions. Coordinate with RM to initiate RM nominations in PCOLS.

h. Ensure separation of duties. The duties include making purchases, authorizing payments, certifying funding, and reviewing and auditing. Each of these duties will be assigned to different individuals to minimize the risk of loss to the Government to the greatest extent possible.

i. Provide business advice to BOs and CHs.

j. Ensure that accounts are updated or closed when BOs and CHs separate from DLA or move to another part of the organization.

k. Serve as the bank's primary point of contact.

l. Implement the bank's Electronic Access System (EAS) for GPC transactions.

m. Manage and ensure the integrity of the card program.

n. Ensure the proper oversight/management controls are in place and working.

o. Review program metrics, including but not limited to, unusual spending activities, declined authorizations, delinquent accounts, account suspensions, account transaction summaries, and underutilized credit limits.

p. Complete independent A/OPC-level review of high risk transactions flagged through the PCOLS data mining application.

q. Deem accounts delinquent 30 days from the statement date if the bank has not received payment. Unpaid balances 60 days from the statement date are considered 30 days past due and shall not exceed one percent (1%) of the activity's current balance. Accounts that have become 30 days delinquent will be suspended until payment has been made. All level A/OPCs should monitor their delinquencies, at a minimum, on a weekly basis by verifying that payments have posted at the bank and resolving any unpaid suspended invoices. CHs are required to review, reconcile, and approve all valid transactions and forward to the BO within five business days of cycle close. BOs are then required to approve and certify for payment bank invoices within five (5) business days after receipt from the CH. The A/OPC shall then conduct a review to ensure that all accounts have been certified within this specified time period. Any accounts found not to be certified shall be suspended until certification has occurred. The bank will automatically suspend accounts with a 60 day past due amount, the suspension will only be removed when payment is received in full. The bank will suspend the entire A/OPC Level 4 if one account remains delinquent for more than 180 days (Reference (g)).

r. Conduct reviews of each management account at a minimum annually. The reviews shall include a statistically significant random sampling of associated card transactions, to ensure conformance to established GPC policy, guidance, and procedures.

s. Maintain a master list of all training and audits performed.

t. Identify, correct, minimize, and report GPC fraud, waste, and abuse.

u. Prepare reports on the program, including but not limited to, quarterly Office of Management and Budget (OMB) reports documenting review of GPC accounts. Quarterly reports will be submitted to the DLA CPM in J73 one week following the end of the quarter. The DLA CPM will review and provide the quarterly reports to the OSD Purchase Card Program Management Office.

v. A/OPCs may only appoint one convenience check account holder to sign and issue checks for the Command/Activity. Activities are not authorized to appoint alternate convenience check account holders. The CPM may authorize creation of an additional convenience check account upon receipt of written justification in accordance with Financial Management Regulation (FMR) Volume 5 Chapter 23 Purchase Card Payments (Reference (h), Section 230504(B)). When closing an account with convenience checks, the A/OPC should always: Collect and destroy any unused convenience checks and ensure that all checks have cleared before closing the account.

w. The A/OPC or an officer or equivalent DoD civilian who is independent of the office maintaining the account must audit convenience check accounts yearly on an unannounced basis. The A/OPC must ensure that the audit is conducted. Prior to audit, inspector will review this instruction, reference (d) and (h).

x. Complete required PCOLS training (Defense Acquisition University (DAU) Continuous Learning Government Purchase Card Training (CLG) 005), initial training (DAU CLG 001), and refresher training (DAU CLG 004) every two years. A/OPCs must retain copies of training certificates for reviews and audits.

y. Provide semiannual reports (due 20 January and 20 July) to the DLA CPM in J73, providing details of oversight for their prospective organization. The report will list the number of billing official and cardholder accounts that were inspected in the 2 previous fiscal year quarters, the total number of transactions reviewed, a summary of significant findings, as well as a summary of adverse actions taken against individuals responsible for the significant findings and any corrective actions taken. This review should also consider the continuing need for purchase cards and a review of the single purchase and monthly purchase levels of cardholders and billing officials to ensure that the limits are reflective of the actual need.

5. Billing Official Supervisors. BO supervisors shall:

a. Nominate the primary and alternate BOs in writing to their respective A/OPC and utilize PCOLS to provision the members of the BO pool. It is recommended that an alternate BO be appointed.

b. Utilize PCOLS to initiate requests to establish managing accounts, maintain managing accounts, and approve CH nomination requests.

c. Ensure the BO includes GPC duties in a performance objective and fulfills his/her responsibilities.

6. Billing Officials. The BO is the program's first line of defense against misuse, abuse and fraud. The BO is responsible for ensuring proper use of the purchase card through approval of purchases and certification of monthly invoices for payment. (Billing Officials are also known as Approving Official, Accountable Official, and Certifying Officer.) BOs shall:

a. Complete required PCOLS training (DAU CLG 005), initial training (DAU CLG 001), and refresher training (DAU CLG 004) every two years. Recommend BOs complete DAU Contracting (CON) 237, "Simplified Acquisition Procedures," it is offered via distance learning at no cost at www.dau.mil. BOs must retain copies of training certificates for reviews and audits.

b. Be appointed as Certifying Officers and Accountable Officials, and complete Certifying Officer Training in accordance with the DoD FMR Volume 5 Chapter 330302. Certifying Officers have pecuniary liability for erroneous payments they certify. A DD Form 577 and delegation letter indicating dollar limits from the Level 4 A/OPC are required and must be retained by the BO for reviews and audits.

c. Maintain a copy of the GPC appointment letter specifying purchase limitations, DD Form 577, and copies of training certificates.

d. Nominate the CH in writing by submitting an application to their respective A/OPC and utilize PCOLS to provision CH supervisors.

e. Utilize PCOLS to accept managing account nominations, initiate CH account requests, and maintain managing accounts.

f. Ensure the CHs fulfill their responsibilities.

g. Review and approve all CH purchases either manually or electronically prior to purchase. BO review and approval is not necessary for GPC purchases conducted in Enterprise Business Systems (EBS) or similar automated systems because the requisitions are pre-validated.

h. Ensure all CH transactions are legal, proper, mission-essential, and correct in accordance with government rules and regulations.

i. Ensure that a CH follows the prescribed steps when accountable and/or sensitive items are purchased to make sure that accountable property records are updated. DLA Installation Support (DS) is the office of primary responsibility for property accountability policy in accordance with DLA Instruction 4202, Accountability of DLA Property, Plant & Equipment (Reference (i)).

j. Ensure the accuracy and completeness of the reconciled monthly statement of account, monthly purchase card log, and purchase documentation of their assigned CHs. BOs may be financially liable for erroneous payments resulting from negligence in the performance of their duties.

k. Verify payments to be legal, proper, and correct. Approve and certify for payment bank invoices within five business days after receipt from the CH, maximizing rebates, avoiding late-

payment interest according to the Prompt Payment Act, and avoiding suspension of the GPC card.

- l. Review and approve CH statements, reconciling where the CH fails to do so in a timely manner.
- m. Sign and date the monthly billing statement to signify accuracy and maintain a signed copy of monthly certified statements of accounts for six years and three months.
- n. Review transactions flagged through the PCOLS data mining application.
- o. Ensure CHs with convenience check-writing privileges safeguard the convenience checks.
- p. Identify and report fraud, waste, and abuse of the GPC to the A/OPC and/or appropriate authorities for investigation.
- q. Reimburse the government for any unauthorized or erroneous purchase card transactions that were not disputed.
- r. Identify any accounts that have failed to pay and provide follow-up supporting documentation to Defense Finance and Accounting Services (DFAS) to ensure payment is made.

7. Cardholder Supervisors. CH Supervisors shall:

- a. Utilize PCOLS to nominate CHs, approve CH account requests, maintain CH accounts, and ensure CHs have completed training.
- b. Ensure the CH includes GPC duties in a performance objective and fulfills his/her responsibilities.

8. Cardholders. CHs shall:

- a. Complete required PCOLS training (DAU CLG 005), initial training (DAU CLG 001) and refresher training (DAU CLG 004) every two years. CHs are recommended to complete DAU CON 237, "Simplified Acquisition Procedures," offered via distance learning at no cost at <https://learn.dau.mil/>.
- b. Maintain a copy of the GPC appointment letter specifying purchase limitations, DD Form 577, and copies of training certificates.
- c. Accept their role in PCOLS.
- d. Maintain the physical security of the card and account number, and if the card or account number is lost or stolen, notify the bank, BO, and A/OPC immediately.

e. Ensure that items on the AbilityOne Procurement List of supplies and services published by the Committee for Purchase from People Who Are Blind or Severely Disabled (available at http://www.abilityone.gov/procurement_list/index.html) are purchased: (1) at prices established by the Committee; (2) participating nonprofit agencies; and (3) if they are available within the period required (see Reference (b), Subpart 8.7, Acquisition from Nonprofit Agencies Employing People Who Are Blind or Severely Disabled, and Reference (c), Subpart 208.7). Exceptions to this requirement are listed at section 8.706 of Reference (b). For purchases of items not on the Procurement List totaling under \$3,000, consider other required sources of supply listed in Part 8 of Reference (b) before an open-market purchase is made, and rotate sources. For purchases of supply items on Federal Prison Industries' (FPI) Schedule (available at http://www.unicor.gov/prodservices/prod_dir_schedule/) totaling above \$3,000, follow the guidance in Reference (b), Subpart 8.6, Acquisition from Federal Prison Industries, Inc., and in Reference (c), Subpart 208.6. Consult with local counsel concerning questions about this guidance.

f. Ensure that the policies in Reference (b), Subpart 23.1, Sustainable Acquisition Policy, Subpart 23.2, Energy and Water Efficiency and Renewable Energy, Subpart 23.4, Use of Recovered Materials and Biobased Products, and Subpart 23.7, Contracting for Environmentally Preferable Products and Services, are followed. The CH will purchase "environmentally preferable" products and services. Many commercial sources have labeled their products with icons that identify items as "environmentally friendly" products. In addition, the Environmental Protection Agency (EPA) and General Services Administration (GSA) have issued the following guides to assist purchasing personnel who are responsible for procuring activity requirements:

(1) EPA. The EPA guide, entitled "Guidance on the Acquisition of Environmentally Preferable Products," identifies EPA-preferable items and is on the Internet at the EPA website: <http://www.epa.gov/epawaste/consERVE/tools/cpg/index.htm>.

(2) GSA. The GSA offers a variety of environmental products and services to its federal customers to assist them in their efforts to comply with procurement responsibilities outlined in federal environmental laws and regulations. These products and services can be found at the GSA Environmental Products Overview web site: <http://www.gsa.gov/portal/content/104543>.

(3) DoD's Green Procurement Program assigns green procurement responsibilities to every person involved in the procurement process including purchase CHs. All personnel involved in the Department's procurement process are encouraged to take a DAU-developed online course, Continuous Learning Contracts (CLC) 046, which can be accessed at <https://learn.dau.mil/>.

g. Utilize the bank's EAS for entering orders in the purchase log, reconciling orders to merchant transactions and approving CH statements.

h. Use, if authorized, the GPC as a payment instrument for payments/orders made against Blanket Purchase Agreements or contracts that contain a provision authorizing payment by purchase card.

i. Ensure all transactions are legal, proper, reasonable, satisfy a bona fide need, funds are available, and made in accordance with government rules and regulations. For purchases not subject to the above, take action to verify price reasonableness if:

(1) there is reason to suspect or information to indicate that the price may not be reasonable (e.g., comparison to the previous price paid or personal knowledge of the supply or service); or

(2) purchasing a supply or service for which no comparable pricing information is readily available (e.g., a supply or service that is not the same as, or is not similar to, other supplies or services that have recently been purchased on a competitive basis). (Reference (b), Section 13.202(a)(3)).

j. Follow the prescribed steps when accountable and/or sensitive items are purchased to make sure that property records are updated in accordance with DLA Instruction 4202, Accountability of DLA Property, Plant & Equipment (Reference (i)).

k. Maintain either a manual or automated purchase log that documents individual transactions. The purchase card log and supporting documentation should provide an audit trail supporting the decision to use the card and any required special approvals that were obtained. The purchase log should include an item description or general commodity code (e.g., office supplies), the merchant name, the date purchased, the name of the recipient of the item, the dollar amount of the transaction, and the steps taken to verify price reasonableness if required by paragraph (i) above. Maintain receipts, billing statements and other purchase documentation for three years.

l. Review, reconcile, and approve all valid transactions and forward to the BO within five business days of cycle close, maximizing rebates, avoiding late-payment interest according to the Prompt Payment Act, and avoiding suspension of the GPC card. Notify the BO of any discrepancies.

m. Resolve disputes on the following actions with the bank (with notification to their respective A/OPC): duplicate billing, non-receipt of merchandise, returned merchandise, canceled merchandise or services, invoice amount discrepancies and/or the transaction was paid by other means. It is required that the CH try resolving the dispute with the vendor first, then, if appropriate, file a dispute if the credit is not received on the next billing cycle.

n. Identify and report suspected fraud, waste, and abuse of the purchase card to CH supervisor and BO.

o. May be required to reimburse the Government for any unauthorized or erroneous payment card transactions that were not disputed.

p. Make purchases in accordance with the bona fide need and necessary expense rules. When faced with questions regarding whether items can or cannot be purchased, the general

rules are the “Bona Fide Need Rule” and the "Necessary Expense Rule." Purchases can generally be justified if they meet each of the following tests.

- (1) The purchase must be for a current fiscal year requirement.
- (2) The requirement must make a direct contribution to carrying out an authorized agency function.
- (3) The requirement must meet the Government’s minimum mission need.

Note. Because application of these rules may vary depending on the exact facts and circumstances, and because there are some exceptions to these rules, seek guidance from servicing counsel.

9. Training Cardholder Accounts. CHs buying training shall:

- a. Purchase government and commercial training and materials up to \$25,000 per single Standard Form (SF) 182.
- b. Ensure that all training requests are submitted on a SF 182 and appropriately signed.
- c. Conform to all regulations that govern CHs.
- d. See [Enclosure 2](#) for guidance.

10. Resource Manager Supervisors. RM supervisors shall utilize PCOLS to provision the members of the RM pool.

11. Resource Managers. RMs shall use PCOLS to accept RM nominations in managing account issuance processes, assist in assigning and reducing funding limits, default/alternate lines of accounting (LOAs), establish electronic data interchange capabilities, determine the correct payment office, and authorize CHs to reallocate LOAs.

ENCLOSURE 4

LIST OF PROHIBITED AND SPECIAL ATTENTION ITEMS

1. The following list, which is **not all-inclusive**, identifies situations where questions regarding use of the GPC have arisen. BOs and CHs should consult servicing counsel for guidance. Because the rules/guidelines often change and the exact facts and circumstances of a proposed purchase will determine whether it is proper, approval granted in one situation may not apply to another.

a. Advance Payments. General Rule. Except for requirements such as subscriptions for publications and post office box rentals advance payments are generally prohibited. Subscriptions must be held to a minimum consistent with operational requirements. (Reference (j)).

Exception: Tuition. 10 U.S.C. 2396 (a)(3) states, "An advance under an appropriation to the Department of Defense may be made to pay for tuition" (Reference (k)).

b. Agency Coins (Challenge). Agency coins may be used as honorary awards to recognize civilian and military employees for acts of special service and contributions to DLA and government service, achievement, or special recognition of a job well done, and may be purchased using organization's awards program funds. The DLA Policy on agency coins (Reference (l)) outlines the: (1) legal authority and ensures proper accountability for agency coins; (2) DLA officials/ positions authorized to procure and present coins; (3) prescribed maximum cost of agency coins; and (4) procedures for presentation and documentation.

c. Appliances in the Workplace. This includes coffee pots, microwaves, refrigerators and other related items. General Rule: The acquisition of kitchen equipment purchased for the purpose of supporting civilian and military employees in the workplace is generally allowable. Note, however, that the equipment must be for general office use and normally cannot properly be purchased for an individual employee. Government Accountability Office B-302993 (25 Jun 04) (Reference (m)).

d. Awards to Military Personnel. Appropriated funds should only be used to purchase items that will be given in recognition of excellence in accomplishment or competition (excluding sports and welfare activities). The end of a tour of duty alone is not sufficient justification for presentation of a plaque unless superior professional performance is being recognized concurrently. (Reference (n)).

e. Awards to Civilian Personnel. Appropriated funds may be used to purchase plaques to be given to civilian employees as authorized awards for recognition of special contributions or in conjunction with employee recognition programs. (Reference (n)).

2. The GPC is normally inappropriate for use to purchase any of the following, except as stated below. Any requests for items that are on this list or similar to items on this list when a stated exception does not clearly apply should be coordinated with local counsel.

a. Cash Advances. Money orders, travelers' checks, gift cards, and gift certificates are considered to be cash advances and are not authorized for purchase even to obtain items from merchants who do not accept the GPC. Under no circumstance will the CHs retain gift checks, vendor rebates, or other purchase incentives that can be converted to personal use. If received, these items generally are to be turned over to the U.S. Treasury.

b. Entertainment. Purchase of party supplies, serving material, food and drink are considered entertainment and are prohibited except under certain limited circumstances. Consult with the A/OPC and the servicing legal office before purchasing food or drink for official functions, training, or conferences.

c. Fuel. Use of the GPC to purchase fuel and oil for aircraft and vehicles is prohibited. Vehicle-related expenses are to be paid with the travel or fleet cards (as appropriate). Exception: if fuel is unavailable through Fleet Services (e.g., overseas), fuel or fuel coupons may be purchased with the GPC.

d. Businesses owned by Government Employees. General Rule: Purchases from government employees (military or civilian) or from business organizations substantially-owned or -controlled by government employees are prohibited. Reference: FAR 3.601 (Reference (b)).

e. Hazardous/Dangerous Materials. CHs are not authorized to purchase hazardous materials except for common use (Reference (o)).

f. Luggage. General Rule. The purchase of luggage for employees or service members for carrying personal belongings while on official travel orders is not authorized except in highly unusual circumstances.

g. Personal Memberships. Appropriated funds should normally not be used to pay for individual membership fees in non-federal entities (Reference (p)).

h. Personal Use Items. Seek guidance from the A/OPC or local counsel before purchasing any item which may be questionable as to the proper use of taxpayer's dollars.

i. Pesticides. Pesticides may not be purchased unless prior approvals are obtained from cognizant pest management local authorities.

j. Printing. The only authorized source of printing is DLA Document Services (Reference (q)). Exceptions are:

(1) "Off the shelf" publications produced by commercial concerns and regularly carried as stock items or commercial use are not considered "printing" and are not governed by the above provisions.

(2) Commercial manuals (such as manuals accompanying commercially available forklifts) are also excluded from the above provisions.

k. Recurring Services Over \$2,500 Per Year. The GPC may not be used for regularly-scheduled payments if the amount exceeds \$2,500 per year. Examples are custodial services and copier maintenance.

l. Repair of Leased Vehicles. The GPC may not be used to pay for repairs on leased vehicles.

m. Split Requirements. CHs shall not break down requirements aggregating more than the simplified acquisition threshold or the micro-purchase threshold into several purchases that are less than the applicable threshold merely to permit use of simplified acquisition procedures, or avoid any requirement that applies to purchases exceeding the micro-purchase threshold.

(1) Splitting requirements in that manner is a prohibited use of the purchase card and may be violating statutory requirements for small business participation, competition, Service Contract Act (SCA) or Davis Bacon Act requirements.

(2) The "requirement" is the quantity known at the time of the purchase. If an individual makes purchases as he/she becomes aware of a requirement, each purchase is a separate instance. If the requirements are consolidated and purchases are made once a day, the requirement becomes what was received during the day. If an individual has historically made purchases as they were requested, even if they ordered the same thing twice in one day from the same vendor, it may not necessarily be considered splitting. Splitting is the intentional breaking down of a known requirement to stay within a threshold (i.e., the \$3,000 micro-purchase threshold for supplies, \$2,500 for services, and \$2,000 for construction, or single purchase limit) or to avoid having to send the requirement to a contracting officer.

n. Third Party Payment. When the use of a third party payment merchant is indicated for a transaction, the CH should make every attempt to find and use another vendor. If it is still necessary to use the third party payment merchant, the CH must document the file. The BO must ensure that a detailed review of the transaction supports the use of the third party payment merchant.

o. Travel Related Purchases. General Rule. The purchase card cannot be used to pay for government employee travel or travel related expenses.

p. Utilities. Utilities include electric, gas, water, waste removal, and cable/dish television. These expenses are typically consolidated and purchased through contracts that generally exceed \$2,500 per year. In locations where there is no consolidated contract, agencies may pay their cell phone bills using the GPC if the annual bill does not exceed \$2,500. CHs shall not enter into agreements with cell phone companies that obligate the Government to pay cancellation fees if the service is discontinued.

GLOSSARY

PART I. ABBREVIATIONS AND ACRONYMS

AO	Accountable Official/Certifying Official
A/OPC	Agency/Organization Program Coordinator
BO	Billing Official
CH	Cardholder
CPM	Component Program Manager
DFARS	Defense Federal Acquisition Regulation Supplement
DoD	Department of Defense
DLA	Defense Logistics Agency
EAS	Electronic Access System
FAR	Federal Acquisition Regulation
GPC	Government-wide Purchase Card
HA	Head of Activity
LOA	Line of Accounting
OMB	Office of Management and Budget
PCOLS	Purchase Card Online System
RM	Resource Manager

PART II. DEFINITIONS

Abusive/Excessive Purchases. Purchases of authorized supplies or services, at terms (e.g., price, quantity, etc.) that exceed minimum government need, are not for a necessary government expense, or both. Examples of such transactions include purchases of items such as a day planner costing \$300 rather than one costing \$45; cultural awareness food samples at an excessive cost; and year-end and other bulk purchases of computer and electronic equipment for a questionable government need.

Accountable Property. Property recorded in a formal property management or accounting system. Accountable property is defined by a dollar threshold and/or the type of item (e.g., sensitive or pilferable). Accountable property includes all property purchased, leased (capital leases), or otherwise obtained, having a unit acquisition cost of \$5,000 or more (DLA does not have the authority to purchase or lease land, regardless of cost) and designated sensitive (weapons) and/or pilferable (cameras) and government furnished equipment at any dollar value.

Agency/Organization Program Coordinator. The A/OPC is designated by the Head of Activity or authorized designee through an official letter of delegation and is the individual responsible for day-to-day oversight and audit management of the program. Primary responsibilities include administration, implementation, and monitoring of the GPC program and serving as a liaison between the BOs, CHs, and the issuing bank.

Alternate Billing Official. The individual who is authorized to assume the responsibilities of a BO when the BO is not available to approve purchases, certify CHs' monthly statements, and verify all transactions. An alternate BO is strongly encouraged for each managing account.

Billing Official. (This includes the accountable official, approving official and certifying officer.) The individual responsible for approving and reviewing CH transactions to ensure proper use of the GPC. The BO has pecuniary liability for purchases. The BO has under his/her purview a number of CHs, and is responsible for reviewing his/her CHs' monthly statements and verifying that all transactions made were necessary government purchases and in accordance with the FAR, Defense FAR Supplement, DoD Government Charge Card Guidebook, and all other governing agency policies and procedures. It is recommended that the BO should be the CH's supervisor. The BO is also responsible for certifying the monthly invoice resulting from the purchase/transactions of the CHs. An alternate BO is strongly encouraged for each managing account.

Billing Statement. The statement reviewed and certified for payment by the BO.

Cardholder. The individual designated by an agency to be issued a GPC. The GPC bears the individual's name and can only be used by that individual to pay for authorized U.S. Government purchases. The CH must be trustworthy and have a bona fide need to make purchases on behalf of the Government. This also applies to convenience check account holders. CHs are

accountable officials and have pecuniary liability for purchases. CHs may face disciplinary measures to include discharge and/or criminal charges in accordance with Under Secretary of Defense for Personnel and Readiness Memorandum, Government Charge Card Disciplinary Guide for Civilian Employees (Reference (e)).

CH Statement of Account. The statement of transactions provided to a CH by the bank detailing all of the transactions posted to his/her account during a billing cycle. The CH reviews the statement of account.

Convenience Checks. Third-party drafts issued using the GPC account. Third-party drafts may be used to acquire and pay for supplies or services when the merchant does not accept the purchase card and is the only available merchant.

Electronic Access System (EAS). The bank's online system for entering and reviewing transaction data and electronic payment. Electronic Data Interchange via the EAS is mandatory for all DLA activities unless a waiver is obtained from the CPM.

Foreign Drafts. Checks written in foreign currencies payable on a bank in the country where the vendor is located. Foreign drafts can only be issued when the vendor does not accept the GPC. The amount of a foreign draft cannot exceed the equivalent of \$3,000 U.S. Dollars at the daily rate.

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

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

Government Purchase Card for Training. This purchase card is the authorized method of payment for all government and commercial training using the SF 182 (Authorization, Agreement and Certification of Training). The total price of the training and materials may not exceed \$25,000. It does not include training specifically developed, designed, and produced to meet requirements unique to an organization and/or program.

Improper Purchase. An improper purchase is any purchase that should not have been made or that was made in an incorrect amount under statutory, contractual, administrative, or other legally applicable requirements. Incorrect amounts include overcharges and undercharges. An improper purchase can be one of two types: (1) unauthorized, or (2) incorrect. Unauthorized purchases consist of items that are intentionally purchased and are outside of the CH's purchasing authority. Incorrect purchases are mistakes that are the result of an unintentional error during the purchase process. For example, when a CH is asked to buy one filing cabinet but purchases three cabinets, this is an incorrect purchase. A series of seemingly incorrect

purchases may require investigation to determine whether these purchases are actually unauthorized purchases.

Micro-purchase. An acquisition of supplies or services using simplified acquisition procedures, the aggregate amount which does not exceed the micro-purchase threshold. The micro-purchase threshold is defined in Section 2.101 of Reference (b). 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 (it requires adequate distribution of purchases among qualified vendors). Price must be determined reasonable in accordance with FAR requirements.

Misuse. Use of a GPC for other than the official government purpose(s) for which it is intended.

Nonpersonal Services. Services in which the personnel rendering the services are not subject to the supervision and control usually prevailing in relationships between the Government and its employees.

Payment Cardholder. The individual designated by an agency to make payments against a contract that contains FAR clause 52.232-36, Payment by Third Party (Reference (b)). The account must bear the individual's name and can be used by that individual to make payments on invoices submitted by vendors in compliance with agency procedures.

Personal Services. Services in which the personnel rendering the services are subject to the supervision and control usually prevailing in relationships between the Government and its employees.

Purchase Card Log. A manual or automated log on which the CH must document his/her individual transactions and screening for mandatory sources when using the purchase card and/or convenience checks. Entries in the purchase log must be supported by internal agency documentation (e.g., request for procurement document or e-mail request). The purchase card documentation must provide an audit trail supporting the decision to use the card and any required special approvals that were obtained. The log will contain the date on which the item or service was ordered, the merchant's name, the dollar amount of the transaction, a description of the item or service ordered, and the date the item was received.

Purchase Card Online System. A DoD-wide, DoD-operated electronic system that GPC users utilize to improve the management and accountability of the GPC program. It is comprised of five web-enabled automated tools: Enterprise Monitoring and Management of Accounts; Authorization, Issuance and Maintenance; PCOLS Reporting; Data Mining; and Risk Assessment. Use of PCOLS is mandatory for all DLA activities unless a waiver has been obtained from the CPM.

Reconciliation. The process in the bank's EAS by which the designated CH and the BO review the monthly statements, reconcile against available vendor receipts and purchase card logs, and authorize payment of those charges provided on the monthly invoice.

Required or Mandatory Sources of Supply. The priority of sources is dictated by FAR Part 8, Required Sources of Supplies and Services (Reference (b)), and Section 8.002, Priorities for Use of Government Supply Sources (Reference (b)); and Defense Federal Acquisition Regulation Supplement (DFARS) Part 208 (Reference (c)). Mandatory sources must be considered before an open-market purchase can be made.

Sensitive Property. All property, regardless of value, that requires special control and accountability due to unusual rates of loss, theft or misuses, or national security or export control considerations. Such property includes: weapons, ammunition, explosives, information technology equipment with memory capability, cameras, and communications equipment (Reference (i)).

Services. An identifiable task performed by a merchant that directly engages the time and effort of the merchant rather than the furnishing of an end item of supply. A service may be either a nonpersonal or personal service. It can also cover services performed by either professional or nonprofessional personnel whether on an individual or organizational basis. Examples of services are: (1) maintenance, overhaul, repair, servicing, rehabilitation, salvage, modernization, or modification of supplies, systems, or equipment; (2) routine recurring maintenance of real property; (3) housekeeping and base services; (4) advisory and assistance services; (5) operation of government-owned equipment, real property, and systems; (6) communications services; (7) architect-engineering; (8) transportation and related services; and (9) research and development. Services can be either recurring or nonrecurring. Recurring services are those services performed at regular intervals and that have a demand that can be accurately predicted on an annual basis. Recurring services requirements estimated to exceed \$2,500 per fiscal year shall be acquired by a warranted contracting officer. Nonrecurring services involve one-time, unpredictable, or occasional requirements.

Strategic Sourcing. The collaborative and structured process of critically analyzing an organization's spending, and using this information to make business decisions about acquiring commodities and services, more effectively and efficiently.

Waste. Any action taken with respect to a GPC that fosters, or results in, unnecessary costs or other program inefficiencies.