

U.S. ARMY NONAPPROPRIATED FUND INSTRUMENTALITIES

**STANDING OPERATING PROCEDURE**

**PURCHASE CARD  
AND  
CONVENIENCE CHECKS**

22 June 2004

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# CHAPTER 1

## U.S. ARMY NONAPPROPRIATED FUND INSTRUMENTALITIES

### ACQUISITION OF SUPPLIES AND SERVICES USING THE ARMY NAF GOVERNMENT PURCHASE CARD AND CONVENIENCE CHECKS

**1-1. PURPOSE:** To establish and prescribe procedures for acquiring supplies and services using the Army NAF Government Purchase Card (GPC) and convenience checks. The purchase card may be used as a method of purchase for goods and services up to \$100,000 and convenience checks may be used as a method of purchase for goods and services up to \$2,500.

**1-2. APPLICABILITY:** This Standing Operating Procedure (SOP) applies to all purchases being made with U.S. Army Nonappropriated Fund (NAF) dollars, and to those Level 4 individuals that participate in the GSA Smart Pay Purchase Card Program under the Army Level 3, 0021 hierarchy. (See Section 1-16, Responsibilities and Hierarchy Reporting Level 1 through Level 6).

**1-3. SUPPLEMENTATION:** This SOP may be supplemented at the local level to the extent that it does not give authority beyond the guidelines established by the General Services Administration (GSA), the Department of Defense (DoD), the DoD Purchase Card Joint Program Management Office (PMO), and this SOP.

#### **1-4. DEFINITIONS, ABBREVIATIONS AND ACROYMNS:**

Terms used in this SOP are defined in Appendix A. Abbreviations and Acronyms use in the SOP are set forth in Appendix B.

#### **1-5. MANAGEMENT OF THE ARMY NAF PURCHASE CARD PROGRAM:**

a. The Director, NAF Contracting, U. S. Army Community and Family Support Center, (USACFSC) or designee, has overall responsibility for the NAF Purchase Card Program. The Level 3, Agency Program Coordinator, NAF Contracting Policy Division, has day-to-day responsibility for the management and oversight of the NAF Purchase Card Program worldwide. The Level 3 also serves as a liaison with the Army Program Management Office and Army NAF Level 4, Agency/Organization Program Coordinators (A/OPC).

b. The responsibility for establishment and operation of this program is delegated to the IMA Regional MWR Chief. The Regional MWR Chief will designate Agency/Organization Program coordinators and alternates as appropriate in their regions. These individuals shall not redelegate their authority. The A/OPC and alternate A/OPC may be delegated to an appropriate authority without power of re-delegation. The Regional MWR Chiefs will ensure adequate resources are dedicated to the Army NAF Government Purchase Card Program to ensure successful management of the

program. The A/OPC and all alternates shall receive training in the purchase card program as well as in general contracting subjects. APC at all levels will be assigned to NAF 1102, contracting specialist and 1105, purchasing agent series.

c. Authority is further delegated to the Chiefs of Contracting Offices. They will ensure that adequate resources are dedicated to the purchase card program for their location to allow for adequate administration. They will also coordinate with the local personnel office(s) to ensure procedures are established that will require individuals involved in the purchase card program to process through the A/OPC when they out-process from the installation activity. Chiefs of Contracting Offices will ensure that the A/OPC receives training in the purchase card program as well as general contracting subjects.

d. Activity directors and division chiefs' or designees' shall nominate individuals from their organizations as billing officials and cardholders. The A/OPC shall issue the delegation of authority by formal appointments to the certifying officer for purposes of certifying payments to the payment office for purchase card invoices. A sample appointment letter for a certifying officer is at Appendix C. It is the activity directors, division chiefs or designees responsibility to ensure that procedures are in place so individuals who are retiring or departing the organization will notify the A/OPC to turn in their cards and close their accounts.

#### **1-6. PURCHASE CARD USE:**

a. Since 1989 the General Services Administration (GSA) has been contracting for purchase card services for Federal offices and agencies. The purchase card may be used to:

- (1) Make authorized NAF purchases
- (2) Place a task order or delivery order (if authorized in the basic contract, basic ordering agreement, or blanket purchase agreement)
- (3) Make payments against an existing contract when the contractor agrees to accept payment by the card
- (4) Fund training requirements

b. See paragraph 1-12, Utilizations of the Purchase Card and Convenience Checks for information on the requirements for using the card and check as a purchasing tool and method of payment.

## **1-7. ESTABLISHING THE ARMY NAF PURCHASE CARD PROGRAM:**

a. To establish the purchase card program, send the name, address, telephone, e-mail address, and fax number to the Level 3 A/OPC.

(1) The Level 3 A/OPC will set the hierarchy reporting levels and fax the account set-up forms to the U.S. Bank Relationship Manager for processing.

(2) Account setup forms with specific instructions will also be sent to U.S. Bank by the Level 3 A/OPC. Forms may be downloaded from the Training and Marketing Web site, <https://wbt.care.usbank.com>

b. After the NAF Purchase Card Program is established, the Level 4 A/OPC is responsible for the account set-up and/or account maintenance administration to U.S. Bank. For additional information on implementing and setting up purchase card and/or check accounts, contact the Regional or Installation Level 4 A/OPC or the Level 3 A/OPC for information. In addition, the U.S. Bank A/OPC guide provides additional information for setting up accounts. The A/OPC guide located on the U.S. Bank's C.A.R.E. web site is at <https://wbt.care.usbank.com>. A login is required and may be obtained thru the U. S. Bank's Army Account Coordinator. User password will change every 45-60 days.

**1-8. DELEGATION OF AUTHORITY:** Prior to receiving a purchase card account, the billing official will receive a written Delegation of Authority and cardholders will receive a written Letter of Appointment issued by the local A/OPC. The billing official's letter will outline the responsibilities and the monthly office limit. The "Cardholder Letter of Appointment" will outline responsibilities of the individual and indicate the maximum dollar amount allowed for each single purchase as well as the cardholder's monthly limit. (See samples at Appendices C and D).

## **1-9. TRAINING:**

a. Training is required, prior to the appointment for all cardholders and billing officials. All new cardholders and billing officials are required to take the Defense Acquisition University (DAU) web-based on-line course entitled "DOD Government Purchase CardTutorial" (DAU/GPC). The course can be accessed through the following web link at [http://clc.dau.mil/kc/no\\_login/portal.asp](http://clc.dau.mil/kc/no_login/portal.asp) Each A/OPC must ensure that cardholders and billing officials receive training. The DAU training course may be supplemented with training information germane to a particular location. As a minimum, training for cardholders and billing officials will cover the following areas:

- (1) Army NAF Government Purchase card program policies and procedures
- (2) Cardholder's and billing official's duties and responsibilities
- (3) Cardholder's and billing official's guides developed by U.S. Bank

- (4) Funding, billing, payment, and file documentation requirements
- (5) Procedures and techniques for utilization of C.A.R.E./EDI
- (6) Property accountability procedures
- (7) Ethics
- (8) Mandatory sources of supply
- (9) Requirements for records retention
- (10) Prohibited items and items that require pre-approvals
- (11) Disputes
- (12) Cancellation, lost or stolen card procedures

b. Refresher Training is mandatory for all cardholders and billing officials every year. This training will cover the changes that have taken place which affect the GPC program as well as special requests or needs of the group being trained. The DAU web-based training may be used for this training.

c. A/OPCs should notify all participants in the GPC program of changes as they occur through the most efficient means, email, newsletter, etc. Do not post C.A.R.E. security information on an unsecured web site.

d. Each cardholder, billing official and financial manager will receive a copy of this SOP. This SOP is located on the Army NAF Government Purchase Card web page at: <http://www.armymwr.com/corporate/operations/NAFContracting/updates.asp>

e. Attendance at the annual GSA Smart Pay Conference is recommended for all A/OPCs and alternates. For information pertaining to this conference, go to the GSA website at <http://www.gsa.gov>.

f. All Level 4 A/OPCs shall establish and maintain training records that capture all GPC-related training that has been successfully completed by cardholders and approving/billing officials. Training records should include the type and date of successful completion of training, the mandatory DAU/GPC course, as well as other GPC-related training as determined by the A/OPC.

#### **1-10. MANAGEMENT CONTROLS FOR SEPARATION OF DUTIES:**

a. Proper separation of duties shall be maintained for the NAF Purchase Card Program. Key duties such as making purchases (Cardholders), authorizing payments (Billing Officials), certification of funding (Financial Managers), reviewing and auditing

functions (A/OPC and Property Book Officers) will be assigned to different individuals to ensure proper management controls. If a cardholder is also a hand receipt holder, he/she should not be allowed to make purchases for him/herself.

b. The exception to the requirements in paragraph a, is when a valid long-standing separation of duties cannot be achieved. A written waiver is required for any deviation to the separation of duties described in Para 1-10a. The waiver should include justification for the unique conditions and shall specify effective oversight management controls that will be put in place. The billing official or the financial manager, thru the Level 4 A/OPC, must prepare requests for waiver to policy thru the Level 3 A/OPC to the Director of NAF Contracting, USACFSC (or designee), for final approval.

c. The A/OPC shall review, as part of his/her annual inspections, activities that are operating under a waiver for internal management controls.

d. The A/OPC shall ensure that the petty cash custodian is not a cardholder.

**1-11. SPAN OF CONTROL:** The Army, in accordance with DoD policy, has adopted a span of control related to Level 4 A/OPCs and Level 5 billing officials.

a. Level 4 A/OPC - The Army standard for the number of cardholders and billing officials that can be assigned to a Level 4 A/OPC is 300 accounts. In the event that there is a need to exceed the Army standard, approval is required by the Director of NAF Contracting, USACFSC or his designee. A formal written request must be submitted by the Level 4 A/OPC to the Level 3 A/OPC, stating the reasons for exceeding the Army standard and a detailed description of the oversight and management by the Level 4 to ensure adequate program administration and surveillance.

b. Level 5 Billing Official – The Army standard for the number of cardholders that can be assigned to one billing official is seven (7). Commanders, Directors, General Managers, and Contracting Chiefs will ensure the unit A/OPC function is adequately staffed to meet purchase card requirements and realign/cancel accounts to ensure billing officials are responsible for oversight of no more than seven (7) cardholders. Exceptions may be requested through the Level 3 A/OPC to DOD for approval.

c. A total number of transactions as well as the number of assigned cardholders must be considered when determining an acceptable cardholder to billing official ratio.

**1-12. UTILIZATION OF THE PURCHASE CARD AND CONVENIENCE CHECKS:**

a. Cardholders are authorized to use the purchase card to purchase authorized supplies, equipment and nonpersonal services for official use in support of the activity mission as follows:

- (1) \$5,000 for supplies, equipment and resale items

(2) \$2,500 for nonpersonal services

(3) \$2,000 for construction

b. When using the card as a purchasing tool, items purchased shall not require technical inspection, extended service warranties or maintenance agreements. Purchase cards may not be used to pay salaries, wages, and monetary awards for direct-hire personnel and personnel hired during off-duty hours under a contract such as sports officials.

c. Authorized overseas cardholders may use their cards as a purchasing method for commercial items up to \$25,000 when the purchase is made outside the United States for use outside the United States. These orders must be the result of competition. The supply or service must be immediately available with one delivery and one payment being made according to policy. Documentation requirements set forth in AR 215-4 must be accomplished.

d. When the purchase card is being used as a method of payment against a written contract or purchase order, all applicable clauses and provisions shall be included in the contract document. These contracts must be awarded and documented IAW the requirements of AR 215-4.

e. Contracting personnel and other designated personnel may use the purchase card in conjunction with a contractual instrument for payment up to their warrant limit or ordering officer appointment authority. Ordering officer authority for purchase cardholders outside the contracting office shall not exceed \$25,000. Purchases by ordering officers shall only be made in accordance with paragraph f below. When using the card in conjunction with another contractual instrument, the contract must specify the use of the card.

f. If authorized to make purchases above limits set forth in paragraph a. above, cardholders not in the contracting organization will use the purchase card only to obtain items from pre-priced, competitively awarded contracts and agreements (e.g., Federal Supply Schedules (FSS), Blanket Purchase Agreements (BPAs), Indefinite Delivery/Indefinite Quantity (IDIQ) contracts, etc.) Orders placed under this method shall be accomplished in the Standard NAF Contracting System (SNACS). A/OPC should ensure that cardholders using the card IAW this paragraph are set up in SNACS under the security group entitled "Purchase Cardholder". Orders placed against consolidated or IDIQ contracts issued by NAF contracting offices should, if possible, be furnished through SNACS to the Contracting Officer. Files for audit by the local A/OPC must be maintained by the cardholders on these actions.

g. Purchases shall not be split into smaller buys to avoid the competition threshold. Splitting is the "intentional" breaking down of a known requirement to stay within a threshold (e.g., the cardholder's single or monthly purchase limit) or to avoid having to send the requirement to the contracting officer. Cardholder shall not split a

