

Purchase Card Module One

Introduction

Head of Activity (HA) Certification Course



**DON Consolidated Card Program Management Division
(DON CCPMD)
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This is the Department of the Navy Purchase Card Head of Activity Course.

This course consists of four modules.



Module One Topics



- Purchase Card Program Purpose
- Micro Purchase Threshold (MPT)
- General Purchase Card Use
- Program Participants

This first module is an introduction to the Purchase Card Program.

It provides a general overview of the purpose of the program and defines the term Micro Purchase Threshold.

We will cover the appropriate general use of the Purchase Card and identify the program participants.



GCPC Program Purpose



- Purchase Card Program is intended to:
 - ❑ Simplify small purchase methods
 - ❑ Eliminate the Imprest Fund (petty cash)
 - ❑ Streamline payment processing
- Developed to provide a **fast and convenient** method to pay for all requirements **within the Micro Purchase Threshold**

The Purchase Card Program is intended to simplify small purchase methods, eliminate the Imprest Fund also known as petty cash, and streamline the payment process.

It was developed to provide a fast and convenient method to pay for all requirements within the Micro Purchase Threshold.

The Program is intended to provide Department of the Navy civilian employees and military personnel a convenient and commercially available payment method to make necessary small purchases.



Micro Purchase Threshold



- **\$3,500 limit for supplies and services, except for:**
 - ❑ Services – subject to Service Contract Labor Standards Statute (In the U.S.)
 - ❑ Construction – subject to Construction Wage Rate Requirements Statute (In the U.S.)
 - ❑ Contingency Operations
 - ❑ DFARS 213.301 Open Market Purchases outside the U.S.

So what is the Micro Purchase Threshold?

It's defined by the Federal Acquisition Regulation (FAR) and is a dollar limitation for micro purchases made with the Government Commercial Purchase Card.

The current Micro Purchase Threshold is \$3,500 with some exceptions.

Next, we will cover what those exceptions are.



Micro Purchase Threshold



- \$3,500 limit for supplies and services, **except for:**
 - ❑ Services **\$2,500** – subject to Service Contract Labor Standards Statute (In the U.S.)
 - ❑ Construction – subject to Construction Wage Rate Requirements Statute (In the U.S.)
 - ❑ Contingency Operations
 - ❑ DFARS 213.301 Open Market Purchases outside the U.S.

To obtain services in the United States using micro purchase procedures there is a \$2,500 exception for services that are subject to the Service Contract Labor Standards Statute.

This statute is generally referred to as blue collar type services because the statute applies to what is generally considered trade services and not professional services.

Federal Acquisition Regulation lists an extensive example of services subject to the statute.

To make a definitive determination, reference the type of service in the listing of type of services applicable to the statute that is maintained by the U.S. Department of Labor.



Micro Purchase Threshold



- \$3,500 limit for supplies and services, **except for:**
 - ❑ Services \$2,500 – subject to Service Contract Labor Standards Statute (In the U.S.)
 - ❑ Construction **\$2,000** – subject to Construction Wage Rate Requirements Statute (In the U.S.)
 - ❑ Contingency Operations
 - ❑ DFARS 213.301 Open Market Purchases outside the U.S.

The Micro Purchase Threshold has a \$2,000 exception for construction.

Any construction costing more than \$2,000 is subject to the Construction Wage Rate requirements Statute, formerly known as the Davis-Bacon Act.

Construction is defined as alteration or repair of buildings, structures, or other real property. This includes dredging, excavating, and painting.

For the purpose of this definition, the terms “buildings, structures, or other real property” includes but are not limited to, improvements of all types, such as bridges, dams, highways, streets, subways, tunnels, sewers, power lines, cemeteries, railways, airport facilities, docks, and piers just to name a few.

Construction does not include the manufacture, production, furnishing, alteration, repair, processing, or assembling of vessels, aircraft, or other kinds of personal property.



Micro Purchase Threshold



- **\$3,500 limit for supplies and services, except for:**
 - ❑ Services \$2,500 – subject to Service Contract Labor Standards Statute (In the U.S.)
 - ❑ Construction \$2,000 – subject to Construction Wage Rate Requirements Statute (In the U.S.)
 - ❑ Contingency Ops – **\$20K** inside U.S. and **\$30K** outside U.S.
 - ❑ DFARS 213.301 Open Market Purchases outside the U.S.

For acquisitions of supplies or services that, as determined by the head of agency, are to be used to support a contingency operation or to facilitate defense against or recovery from nuclear, biological, chemical or radiological attack as described in the Federal Acquisition Regulation, except for construction subject to the Construction Wage Rate Requirements Statute.

When using the Purchase Card for supplies or services that, as determined by the Department of Defense, are to be used to support a contingency operation or to facilitate against or recovery from nuclear, biological, chemical or radiological attack as described by the FAR, the Micro Purchase Threshold exception is \$20,000 in the case of any purchase to be made, inside the United States; and \$30,000 in the case of any purchase to be made outside the United States.

It is important to note that these Contingency Operation thresholds do not supersede the \$2,000 threshold for construction subject to the Construction Wage Rate Requirements Statute.



Micro Purchase Threshold



- **\$3,500 limit for supplies and services, except for:**
 - ❑ Services \$2,500 – subject to Service Contract Labor Standards Statute (In the U.S.)
 - ❑ Construction \$2,000 – subject to Construction Wage Rate Requirements Statute (In the U.S.)
 - ❑ Contingency Ops – \$20K inside U.S. / \$30K outside U.S.
 - ❑ **DFARS 213.301 Open Market Purchases outside the U.S. - \$25,000**

The DOD supplement to the Federal Acquisition Regulation, referred to as the DFARS, provides authorization to utilize the government Purchase Card for open market purchases outside the United States up to \$25,000 under some very specific conditions.

If authorized by the Head of Contracting Authority and delegated in their Letter of Delegation and appointed with an SF-1402, a Cardholder may use their GCPC for Open Market Purchases using the GCPC outside the United States up to \$25,000. Cardholders must note the distinction of “United States” versus “OCONUS”.

This authority is only for Cardholders located outside of the United States, making purchases from vendors located outside the United States, for products or services to be used outside of the United States.

The DFARS authority provides very specific conditions of both the purchase and the individual making the purchase, both which must be adhered to. Cardholders must reference DFARS 213.301 for the specific conditions required for this authority.

The United States, as used by DFARS, is defined as the 50 states and the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, the Commonwealth of the Northern Mariana Islands, Guam, American Samoa, Wake Island, Johnston Island, Canton Island, the outer Continental Shelf Islands, and any other place subject to the jurisdiction of the United States, but does not include leased bases.



Purchase Card Use



- The Purchase Card **must** used to purchase supplies and services for official government business valued at or below the Micro Purchase Threshold
- Also may be used as a **Method of Payment** in conjunction with other contracting vehicles for amounts significantly above the Micro Purchase Threshold

DOD and DON policy both state that the Purchase Card must be used to purchase supplies and services for official government business values at or below the Micro Purchase Threshold.

Using the Government Commercial Purchase Card to make payments for orders placed on established contracting vehicles, or to make payment to Federal government sources or for DOD miscellaneous payments is referred to as Method of Payment.



Program Participants



- Head of Contracting Activity (HCA)
- Program Manager (CCPMD)
- Head of Activity (HA)
- Agency/Organization Program Coordinator (A/OPC)
- Approving Official/Certifying Officer (AO/CO)
- Cardholder (CH)
- Servicing Bank

There are seven types of people and organizations that play a key role in the Purchase Card Program.

The program participants are

- Head of Contracting Activity (HCA)
- Program Manager (CCPMD)
- Head of Activity (HA)
- Agency/Organization Program Coordinator (A/OPC)
- Approving Official/Certifying Officer (AO/CO)
- Cardholder (CH)
- Servicing Bank

Let's briefly discuss each of these participants and explain their responsibilities.



Head of Contracting Activity



- Issue GCPC contract authority to DON component commands and activities
- Ensure compliance with authority issued
- Ten Head of Contracting Activities (HCAs) within the DON that delegate GCPC program authority

Head of Contracting Activity is responsible for oversight of activities to which they delegate contracting authority, including those under their cognizance that manage and operate local Purchase Card programs.

There are 10 echelon two contracting activities within the DON who delegate Purchase Card program authority.



CCPMD Program Manager



- CCPMD (Card Consolidated Program Management Division) responsibilities include:
 - ❑ Issue and maintain the DON GCPC task order under the GSA SmartPay2[®] contract
 - ❑ Interface with DOD Purchase Card Policy Office on GCPC policies and issues
 - ❑ Manage DON GCPC program

The Navy Marine Corps Acquisition Regulation Supplement (NMCARS) Subpart 5201.6 appoints Naval Supply Systems Command (NAVSUP) as the DON Executive Agent for GCPC policy.

In coordination with Deputy Assistant Secretary of the Navy Acquisition and Procurement, NAVSUP publishes all-encompassing GCPC policy.

NAVSUP assigns GCPC program management responsibilities to the CCPMD within NAVSUP.

CCPMD:

- ❑ Issues and maintains the DON GCPC task order under the GSA SmartPay2[®] contract
- ❑ They interface with DOD Purchase Card Policy Office on GCPC policies and issues
- ❑ And they Manage DON GCPC program



CCPMD Program Manager



- CCPMD responsibilities: *(continued)*
 - ❑ Establish and update DON GCPC policy, training and communication with all DON GCPC program participants
 - ❑ Assist and ensure subordinate A/OPCs and other program participants understand and perform their duties

CCPMD also

- ❑ Establishes and updates DON GCPC policy, training, and communication with all DON GCPC program participants
- ❑ And they assist and ensure subordinate A/OPCs and other program participants understand and perform their duties



Head of Activity



- Military officer in command or the civilian in charge of the mission
 - ❑ Accountable for Activity GCPC program
 - ❑ Establish a command climate to prevent undue influence
 - ❑ Ensure management controls and resources are in place
 - ❑ Oversee program oversight and disciplinary action
 - ❑ Selection and delegation of Agency/Organization Program Coordinator

The Head of Activity is accountable for the performance of their command or Activity's Purchase Card program.

The HA may delegate responsibilities within their chain of command to a qualified individual other than the command or Activity A/OPC.

As the HA, you have a number of program responsibilities outlined in NAVSUPINST 4200.99, some of which are presented in this slide.



A/OPC



Agency/Organization Program Coordinator

- Provide management and oversight of program
- Establish internal policy, communications, program hierarchy, and training
- Assist program personnel understand and perform duties
- Point of contact with bank and higher levels of hierarchy
- Retain Program administrative documentation

Agency/Organization Program Coordinators manage the GCPC program at the component level they are assigned on behalf of the Head of Activity.

In coordination with the HA, the A/OPC is responsible for the management and oversight of the program, They develop an Internal Operating Procedure or IOP that defines the requirements for establishing local policy, communications, program hierarchies, and training of personnel.

The A/OPC is the Activity's Purchase Card Program manager. A/OPCs are assigned to one of three hierarchal levels. These levels are at the major command level, the intermediary level, and the Activity level.

A/OPCs, regardless of the hierarchy level, are the managers of their Activity's Purchase Card Program and the main liaison to the DON CCPMD Program Management Office.

The A/OPC must ensure that all participants in their program are properly trained and that the training is documented.

The A/OPC is the individual who establishes the charge card accounts in the bank's system and ensures that the account information is accurate.

Bottom line, the A/OPC provides the general oversight of their Activity's charge card program.



AO/CO



Approving Official/Certifying Officer

- Minimize abuse and misuse
- Ideally the Supervisor for the Cardholder
- Seek advance decisions for questionable requests
- Validate legality of purchases
- Manage billing account and retain financial documents
- Review all purchase documentation
- Perform oversight function in DON Audit Tool
- Certify GCPC invoices for payment

The Approving Official/Certifying Officer is the first line of defense to minimize abuse and or fraudulent use of the Government Commercial Purchase Card.

AO/COs should be, to the greatest extent possible, the Cardholder's supervisor or be in direct line of authority of the Cardholder.

In order to maintain a system of checks and balances the AO/CO should not supervise their Agency/Organization Program Coordinator.

It is the AO/COs responsibility to conduct monthly reviews of the Cardholder's Purchase Card transactions,

In addition they need to review and approve the Cardholder's monthly bank statements and certify the billing statement as correct and ready for payment by the government.

The basic responsibilities of the AO/CO and are expanded in detail in NAVSUPINST 4200.99.



Cardholder



- Make purchases in accordance with delegated authority
- Maintain a Purchase Log and supporting documentation
- Ensure Receipt of Goods and Services
- Review and Reconcile the Monthly Bank Statement

The Cardholder uses the Government Commercial Purchase Card to acquire authorized supplies or services per their delegated authority.

When making a purchase, the Cardholder must comply with statutory, contractual, administrative, and locally applicable requirements.

The Cardholder makes the purchase and then records the transaction in a Purchase Log.

They also arrange for the proper receipt of the goods and services, and review and reconcile their monthly statement against their purchase log before forwarding the statement to their AO/CO for payment.

The Cardholder must abide by the limitations of their delegated authority.



Card Issuing Bank



- Provide Purchase Card services under GSA contract
- Issue GCPC (Government Commercial Purchase Card)
- Process charges, disputes, and invoices
- Provide Electronic Access System (EAS)
- Provide training on EAS
- Monitor for external fraud
- Pay DON quarterly rebates on spend volume and payment timelines

The General Services Administration issues and manages a Federal Government wide contract for GCPC services under the SmartPay® contacts.

CCPMD manages the DON task order under this contract for GCPC services and has direct communication with the bank.

The card issuing bank provides the Purchase Cards, processes charges, credits, disputes, and invoice payments.

The card issuing bank also provides an Electronic Access System which is a web based portal for program participants to manage aspects of their responsibilities

Including account setup and maintenance, program oversight and training in the bank Electronic Access System.

The bank also pays the Department of the Navy financial rebates on a quarterly basis.

These rebates are based on the spend volume as well as the promptness in which activities pay their invoices.

This is one of the reasons DON measures delinquency rates.



Module One Topic Review



- Purchase Card Program Purpose
- Micro Purchase Threshold (MPT)
- General Purchase Card Use
- Program Participants

In summary, the Purchase Card Program is designed to provide a mechanism to affect the micro purchases of supplies and services.

It is a form of simplified acquisition with various exceptions to the Micro Purchase Threshold.

The program is designed with a number of program personnel with varying roles that creates a system of check and balances.

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This concludes Module One of the Purchase Card Head of Activity Certification course.

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