

Purchase Card Module Two

Program Establishment

Head of Activity (HA) Certification Course



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This is Module Two of the Purchase Card Head of Activity Course.

In this module we will discuss Program Establishment.



Module Two Topics



- Establish a Purchase Card Program
- Contracting Authority Overview
- Select an Agency/Organization Program Coordinator (A/OPC)
- A/OPC, Approving Official /Certifying Officer (AO/CO) and Cardholder (CH) Appointments

Whether you are a new Head of Activity walking into an established program or your Activity is in need of establishing a program, this module will provide an overview of how to get your program up and running.

The keys to this process are working with your higher level A/OPC who will provide valuable assistance and overview and selecting the right person to be your Activity A/OPC.

Before you get started, an Activity must be formally granted Purchase Card Program authority from the Head of Contracting Authority for that Activity.

Then you must select an individual to be the Activity's Agency/Organization Program Coordinator, also referred to as the A/OPC.

This position requires the applicant possess specific knowledge and skills to be successful.

Both the A/OPC and all other program participants must complete required training prior to appointment.

And finally, all program participants must be formally appointed to their positions.



Establish a Card Program



Head of Activity

- Determine need for a Purchase Card Program
- Request authority from the Head of Contracting Activity (HCA) to establish a Purchase Card Program

Let's assume an Activity does not have a Purchase Card Program.

If the Head of Activity makes the determination that a Purchase Card Program is needed to support the organization's mission.

They must request authority from the Head of Contracting Activity to establish a local program.



Establish a Card Program



- Head of Contracting Activity Approval
 - ❑ Provide written delegation acknowledgement
 - ❑ Outline limitations of delegated authority

If the Head of Contracting Activity approves the request, they will provide the Head of Activity with written delegation acknowledgement and describe any limitations associated with the request.

This is the authorization to move forward to establish a local Government Purchase Card Program.



Contracting Authority Overview



Echelon 2 HCAs

- 1) Office of Naval Research (ONR)
- 2) Naval Air Systems Command (NAVAIR)
- 3) Naval Sea Systems Command (NAVSAE)
- 4) Naval Facilities Engineering Command (NAVFAC)
- 5) United States Marine Corps System Command (MARCORSYSOM)

These are the 11 Echelon 2 contracting activities within the Department of the Navy.

- 1) Office of Naval Research (ONR)
- 2) Naval Air Systems Command (NAVAIR)
- 3) Naval Sea Systems Command (NAVSAE)
- 4) Naval Facilities Engineering Command (NAVFAC)
- 5) United States Marine Corps System Command (MARCORSYSOM)



Contracting Authority Overview



Echelon 2 HCAs *(continued)*

- 6) Installations and Logistics, Headquarters, U.S. Marine Corps (HQMC, I&L)
- 7) Strategic Systems Program (SSP)
- 8) Military Sealift Command (MSC)
- 9) Space and Naval Warfare Systems Command (SPAWAR)
- 10) Naval Supply Systems Command (NAVSUP)
- 11) Navy Systems Management Activity (NMSA)

- 6) Installations and Logistics, Headquarters, U.S. Marine Corps (HQMC, I&L)
- 7) Strategic Systems Program (SSP)
- 8) Military Sealift Command (MSC)
- 9) Space and Naval Warfare Systems Command (SPAWAR)
- 10) Naval Supply Systems Command (NAVSUP)
- 11) And finally Navy Systems Management Activity (NMSA)

In addition, the NAVSUP HCA also supports an additional 10 component activities.



Contracting Authority Overview



NAVSUP HCA Supports Ten Component Activities

- 1) Field Support Activity (FSA)
- 2) DON Assistant for Administration (DON/AA)
- 3) Office of Naval Intelligence (ONI)
- 4) Bureau of Medicine and Surgery (BUMED)
- 5) Navy Personnel Command (NAVPERS)

Contracting authority is required prior to the establishment of a Purchase Card Program.

An Activity is required to obtain contracting authority through the appropriate HCA.

The NAVSUP Head of Contracting Authority supports the ten component activities listed here.

- 1) Field Support Activity (FSA)
- 2) DON Assistant for Administration (DON/AA)
- 3) Office of Naval Intelligence (ONI)
- 4) Bureau of Medicine and Surgery (BUMED)
- 5) Navy Personnel Command (NAVPERS)



Contracting Authority Overview



NAVSUP HCA Supports Ten Component Activities

- 6) Commander Navy Installations Command (CNIC)
- 7) U.S. Fleet Forces Command (USFFC)
- 8) U.S. Pacific Fleet (PACFLT)
- 9) Commander Navy Reserve Force (CNRF)
- 10) Naval Special Warfare Command (NAVSPECWAR)

Continuing the list of component activities supported by NAVSUP HCA

- 6) At #6 - Commander Navy Installations Command (CNIC)
- 7) U.S. Fleet Forces Command (USFFC)
- 8) U.S. Pacific Fleet (PACFLT)
- 9) Commander Navy Reserve Force (CNRF)
- 10) And Finally - Naval Special Warfare Command (NAVSPECWAR)



Selecting an A/OPC



- Position Elements
 - ❑ Span of Control
 - ❑ Recommended grade
- Position Knowledge, Skills and Abilities

Next we will discuss the position elements for selecting an A/OPC; these include Span of Control and Recommended Grade.

We will also look at the required knowledge, skills and abilities needed to fill the position.



Selecting an A/OPC



Span of Control

- No more than 300 accounts (AO/COs, Cardholder & Convenience Checks) per A/OPC
- Recommend an Alternate A/OPC
- Span of Control based on the individual providing oversight

There are 3 major factors regarding the A/OPC position elements that must be considered when choosing an appointee. This slide addresses the first of these three, the Span of Control.

You need to consider the number of Purchase Card accounts and transactions that will be involved in the program. As a rule, one A/OPC should be responsible for no more than 300 Cardholder and AO/CO Billing Accounts. This ratio also includes convenience check accounts.

A/OPCs will comply with Span of Control ratios across multiple hierarchies. The volume of transactions should also be evaluated, as 300 accounts is a maximum policy ratio.

For an Activity with a large or complex transaction volume, 300 accounts may be too high for the appointed individual to properly perform their required tasks and the Activity may need to institute more stringent controls such as a lower Span of Control ratio. Since the A/OPC role is vital for the smooth operation of the program, it is recommended that an alternate A/OPC be appointed at each level.

The Alternate A/OPC can assist with the normal workload and provide backup at times when the primary A/OPC is unavailable. One item to keep in mind is that any one individual providing oversight, such as an A/OPC or an Alternate A/OPC must comply with Span of Control ratios across multiple hierarchies.



Selecting an A/OPC



Recommended Grade

- GS-9 through GS-13 depending on program size and complexity
- GS-11 at a minimum for primary A/OPC
- GS-9 at a minimum if an alternate A/OPC is needed

A second consideration when making an A/OPC appointment is the grade level associated with the position.

Given the responsibilities of the primary A/OPC position, it is recommended that it should be staffed with a minimum of a GS-11 or military equivalent.

If more than one A/OPC is necessary, a GS-9 or military equivalent is adequate, with the primary A/OPC being the team leader.

For an A/OPC, a range of GS-9 to GS-13 is appropriate, commensurate with the size of the program.



Selecting an A/OPC



The A/OPC must possess certain knowledge and skills to successfully manage the Purchase Card Program

The third consideration is the required knowledge and skills.

While a particular job series is not mandated for the A/OPC position, there are a number of skills that are necessary to manage a successful program.

The next two slides highlight ten knowledge areas and skill sets that you should consider in the A/OPC selection process.



Selecting an A/OPC



- 1) Contracting policy/procedures including FAR
- 2) Financial policy/procedures including FMR
- 3) Strong verbal/written communication skills
- 4) Strong analytical skills
- 5) Ability to provide classroom training

At a minimum, your A/OPC candidate should have the following Knowledge, Skills and Abilities:

1. They should know and understand contracting policies and procedures, including the Federal Acquisition Regulation and related supplements
2. The candidate should have knowledge of financial policies and procedures, including DoD Financial Management Regulation
3. They need strong verbal and written communication skills with the ability to resolve conflicts, issue policies, and provide guidance as well as
4. Strong analytical skills to resolve complex issues
5. The candidate should have the ability to provide initial and refresher classroom training for account holders



Selecting an A/OPC



- 6) Strong computer skills
- 7) Ability to understand Government Commercial Purchase Card policy and practices
- 8) Ability to organize and work independently
- 9) Ability to interact with a wide variety of personnel
- 10) Strong leadership skills

Continuing with our list of the Knowledge, Skills and Abilities:

6. Your A/OPC must possess strong computer skills to electronically manage the program, generate reports, and provide upper management with required information
7. The ability to understand commercial Purchase Card practices and to correctly interpret policy
8. The need to be able to organize and work independently
9. And interact with a wide range of personnel, including Commanders, managers, AO/COs, Cardholders of varying grades and ranks, and bank personnel
10. It is important for the A/OPC to have strong leadership skills for the team leader role

All ten of these knowledge and skill set areas should be given consideration when you select an A/OPC to lead your Purchase Card Program.



Nomination/Appointment Procedures for A/OPC



Local nomination and appointment procedures to include furnishing HL5 A/OPCs with a *Letter of Delegation*

Activities should establish local procedures for nominating and appointing A/OPCs.

At a minimum, the procedures should include furnishing each A/OPC with a Letter of Delegation outlining their duties and responsibilities.

A sample of the Letter of Delegation is available in the CCPMD website.

Other program participants including Cardholders and AO/COs must also be selected and formally appointed.



Nomination/Appointment Procedures for AO/CO



- Appoint AO/COs in writing
- Letter of Appointment should state limitations to include:
 - ❑ Billing Cycle Limits
 - ❑ Required documentation retention
 - ❑ Termination or revocation criteria
- DD Form 577 notifying the AO/CO
 - ❑ Pecuniary Liability
 - ❑ AO/CO MUST sign the DD Form 577

Now let's take a look at the process to nominate and appoint the Approving Official and Certifying Officer also known as the AO CO.

Because this position carries a fiduciary obligation to ensure proper use of the GCPC, the Approving Official (AO) will also be the Certifying Officer (CO).

The local Head of Activity, or their designated individual, must appoint AO/COs and designate the appointment in writing.

The letter of appointment should state the AO/COs responsibilities and limitations including; billing cycle limits, required documentation retention, and criteria to revoke or terminate.

Pecuniary liability must be documented and acknowledged using the most current version of the DD Form 577 for all AO/COs and retained by the A/OPC.

All AO/COs must acknowledge, confirm, and accept their fiduciary responsibilities by signing the DD Form 577.



Pecuniary Liability



- Appointed to duties by the completion of a DD Form 577
- Acknowledgement of Pecuniary Liability
- Submitted to DFAS-IN

DD Form 577

In accordance with the Financial Management Regulation, all AO/COs must be appointed and terminated using the DD Form 577.

The AO/CO acknowledges and accepts the position responsibilities and understanding of their pecuniary liability to the United States for payment certification under their control.

Original DD Form 577s for the AO/CO must be submitted to DFAS-IN via a secure e-mail.

If the AO/CO requires certifying an invoice manually, they must submit a wet-signature manually signed DD Form 577.

Sample copies of DD Form 577 with required narratives can be found in the CCPMD website.



Nomination/Appointment Procedures for Cardholder



- Appoint Cardholders in writing with Letter of Delegation (LOD)
- The LOD should state micro purchase limitations to include:
 - ❑ Billing Cycle and single purchase limits
 - ❑ Required documentation retention
 - ❑ Criteria used to revoke or terminate

Cardholder authority to use the GCPC up to the micro purchase threshold shall be documented in a Letter of Delegation specifying any limitations to supplies or services authorized to purchase and spending limits to meet mission requirements.

- It should also state micro purchase limitations to:
 - ❑ Billing Cycle and Single Purchase limits
 - ❑ Required documentation retention
 - ❑ Criteria used to revoke or terminate

Cardholder authority in the Letter of Delegation may not exceed authority delegated to the Activity by the HCA.



Nomination/Appointment Procedures for Cardholder



- LOD should also state limitations above the micro purchase limit such as:
 - ❑ Miscellaneous Payment for training
 - ❑ Intra-governmental payments
 - ❑ Method of Payment for contracts

The Letter of Delegation must also document authorized use and dollar limits for using the GCPC above the micro purchase threshold such as:

- ❑ A Miscellaneous Payment of Training, Education and Professional Development services
- ❑ Intra-governmental payments including DLA Document Services
- ❑ Method of Payment to pay for orders placed on a contract by a warranted Contracting Officer or Ordering Officer up to their delegated authority

Sample Letters of Delegation are available in the CCPMD website.



Pecuniary Liability



- Appointed to duties by the completion of a DD Form 577
- Acknowledgement of Pecuniary Liability
- Submitted to DFAS-IN

DD Form 577

In accordance with the Financial Management Regulation, all AO/COs and Cardholders must be appointed and terminated using the DD Form 577.

Cardholders are responsible in the performance of their duties for providing to their AO/CO, any information, data and documentation that the AO/CO directly relies upon in the certification of payment for the Billing Statement.

This makes the Cardholder a Department Accountable Official pecuniarily liable for erroneous payments resulting from their negligent actions.

Cardholder DD Form 577s are retained by the A/OPC.

Sample copies of DD Form 577 with required narratives can be found in the CCPMD website.



Standard Form 1402 Appointment



- These Cardholders have an additional SF-1402 appointment:
 - ❑ Contracting Officer
 - ❑ Ordering Officer authority
 - ❑ DFARS 213.301 OCONUS Open Market Purchase authority

Any other Cardholder purchase authority to use the GCPC above the micro purchase threshold, must be documented in a Certification of Appointment, SF-1402, and issued per Head of Contracting.

This requirement includes use by Cardholder for open market purchases outside the continental United States up to \$25,000, in accordance with DFARS 213.301, for supplies and services acquired and performed outside the continental United States.

Purchase actions above the micro purchase threshold can be made by the Cardholder when they have been appointed an Ordering Officer.

This appointment provides a restricted authority to place orders on established contracts.

In some cases warranted contracting officers are also issued a GCPC.

Their authority is also granted in a SF-1402.

Both the Letter of Delegation and the SF-1402 contain details about the purchase authority being granted, to include any additional training requirements.



Module Two Topics Review



- Establish a Purchase Card Program
- Contracting Authority Overview
- Select an Agency/Organization Program Coordinator (A/OPC)
- A/OPC, Approving Official /Certifying Officer (AO/CO) and Cardholder (CH) Appointments

In this lesson we covered what is required to establish a Purchase Card Program, where the authority comes from and how to select and appoint your program participants.

Purchase Card Module Two

Head of Activity Certification Course

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