

MEMORANDUM

COMMANDER, NAVY INSTALLATIONS COMMAND NONAPPROPRIATED FUNDS
PURCHASE CARD PROGRAM STANDARD OPERATING PROCEDURES


From: Director, Fleet & Family Readiness Support Services, (N94)

Subj: CNIC NAF PURCHASE CARD PROGRAM PROCEDURES

- Ref: (a) SECNAVINST 7043.7
(b) CNICINST 7043.1
(c) DoDI 1330.04 of 31 August 2010
(d) CNICINST 1710.3
(e) 18 U.S.C. §287
(f) UCMJ
(g) 31 USC §3528
(h) 5 CFR 2635
(i) CNICINST 5300.2
(j) CNICINST 7000.3
(k) 18 USC §4124
(l) 41 U.S.C. §46
(m) DoD 5500.07-R, DoD Joint Ethics Regulation of 30 August 1993
(n) 5 CFR 2638.705
(o) USD (P&R) memo, Government Charge Card Disciplinary Guide for Civilian Employees of 29 December 03
(p) USD (P&R) memo, Disciplinary Guidelines for Misuse of Government Charge Cards by Military Personnel of 10 June 03
- Encl: (1) Commander Navy Installations Command (CNIC) Nonappropriated Funds (NAF) Purchase Card Program (PCP) Standard Operating Procedure (SOP) of 06 Jan 2017
(2) CNI ltr 7510 Ser CNI N8/006 of 3 September 2004
(3) DON memo for distribution of 12 May 2006
(4) NAF Purchase Request (NPR)
(5) Sample Monthly Approval Memorandum
(6) Sample Capital Improvement Project Approval Memorandum

1. Purpose. Per references (a) and (b), enclosure (1) establishes prescribed procedures for purchasing supplies and services, resale items, and limited construction when using the Department of the Navy (DON) Commander, Navy Installations Command (CNIC) Non Appropriated Fund (NAF) government purchase card.

2. Cancellation. Commander, Navy Installations Command Nonappropriated Funds Purchase Card Program Procedures Standard Operating Procedures of 6 January 2017.
3. Scope and Applicability. This SOP applies to all CNIC Headquarters and Regions.
4. Background. All Nonappropriated Fund Instrumentalities (NAFIs) using the DON CNIC NAF purchase card must read and comply with this SOP. This SOP incorporates the Buy American Act training requirements.
5. Action. The provisions of this SOP must be supplemented with a Local SOP (LSOP) by local or regional activities to the extent required. The LSOP must not conflict or give authority beyond the guidelines established in this SOP. All LSOPs must be submitted to the Purchase Card Program Management Office (PCPMO). LSOPs may be reviewed at any time by a member of the PCPMO team and is subject to any type of audit performed on the PCP.
6. Records Management. Records created as a result of this instruction, regardless of media and format, shall be managed in accordance with SECNAV M-5210.1 of January 2012.
7. Review and Effective Date. CNIC is responsible for the administration and maintenance of this SOP. CNIC NAF PCPMO will review this instruction annually on the anniversary of its effective date to ensure applicability, currency, and consistency with Federal, DoD, and all Navy policies. If you find any errors, or have comments or suggestions, please contact the PCPMO Team at (901) 874-6869 or the Helpdesk at CNIC_NAF_GPC_Helpdesk@navy.mil.


DANIEL T. KONDZIELA
Director
Fleet & Family Support Services

Distribution: Electronic via email

ASN (M&RA)

NAF Regional APCs

Management Evaluation and Assistance Team (N9G)

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CHAPTER 1

STANDARD OPERATING PROCEDURE OVERVIEW

1-1. Purpose. The purpose of the Standard Operating Procedure (SOP) is to establish prescribed procedures for purchasing supplies and services, resale items, and minor construction requirements for official government business while spending Nonappropriated Funds (NAF) dollars using the Commander Navy Installation Command (CNIC) NAF purchase card.

1-2. NAF Purchase Card Issuance.

a. The following categories of employees or department may be issued a NAF purchase card or be appointed a role such as an Agency Program Coordinator (APC) or an Approving Official (AO) to accomplish official duties associated with the NAF Purchase Card Program (PCP):

(1) Civilian government employees.

(2) Members of the armed forces.

(3) Foreign nationals (both direct and indirect hires) subject to operational control and day-to-day management and supervision by U.S. civilian or military personnel.

(4) Region's Accounts Payable (AP) Department Card (DC).

b. Contractors may not be issued a NAF purchase card or be appointed a role to accomplish official duties associated with the NAF PCP.

c. Local and regional activities may not enter into any local purchase or credit card programs.

1-3. Required Roles. This SOP applies to individuals who are appointed and performing the following roles (refer to Chapter 3 for responsibilities):

a. Fleet and Family Readiness Support Services (FFRSS) director.

b. NAF Purchase Card Program Management Office (PCPMO), Navy NAF Program Coordinator (NNPC).

c. Fleet and Family Readiness (FFR) Regional Director (RD)(N9/J9)/Designee.

d. APC and Alternate APC

e. AO and Alternate AO, (AO, Certifying Official, and Transaction Approver are synonymous in the NAF PCP).

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f. Cardholder (CH).

g. Receiving Agent (RA).

1-4. CH Single Purchase Limits (SPL). There are two types of CHs who are differentiated by their SPL.

a. Non-Warranted CHs use the NAF purchase card for purchasing supplies, services, resale items and minor construction for official government business valued at or below the established micro-purchase thresholds:

(1) Up to \$10,000 for supplies and resale items.

(2) Up to \$2,500 for non-personal services.

(3) Up to \$2,000 for minor construction.

b. Warranted CHs use the NAF purchase card for purchasing supplies, services, resale items and minor construction for official government business valued above the established micro-purchase thresholds:

(1) Up to \$2,500 for non-personal services.

(2) Up to \$2,000 for minor construction.

(3) Up to \$10,000 supplies (\$50,000 resale) for CHs holding a contracting warrant. CHs with warrants greater than \$10,000 may make purchases up to their warrant authority but no greater than \$25,000. Competition procedures must be followed per reference (b).

1-5. Exceptions to SPL.

a. Information, Tickets and Travel (ITT). When the NAF purchase card is used for purchasing prepaid tickets for resale as outlined below, CHs are not limited to the micro-purchase threshold of \$10,000; therefore, the APC may set the SPL based on purchase history.

(1) The Contracting Officer or APC should set the CHs SPL in accordance with the average amount of payment at their location for the type of transaction in paragraph 1-5a. (4).

(2) The CH appointment letter must reflect the increased purchase limit and is required to be kept by the CH, AO and APC.

(3) A note must be placed on the CHs Account record (notes block) in the bank's online system to identify them as being designated to purchase for ITT stating the authorized limit as outlined in the appointment letter.

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(4) The limit exception is for the purchase of ITT tours and tickets only and does not convey to other supply and service requirements. Specifically, the limit exception applies to:

- (a) Prepaid tickets when a written contract is in place.
- (b) Tickets on consignment when a written consignment agreement is in place.
- (c) Cruise and vacation packages, including:
 - 1. All-inclusive resorts.
 - 2. Consolidator packages.
 - 3. Air and land vacations packaged by a vendor.
 - 4. Liberty vacation or trip packages.

5. Any packages purchased using Cruise Line International Association or International Airlines Travel Agent Network credentials for FFR patrons

b. Government Printing Office (GPO) and GPOExpress Issuance. Regions are encouraged to establish a Billing Address Code with GPO for printing services, copy, printer paper and supplies. GPO offers a wide range of printing services, to include any item that communicates a graphic message (i.e. t-shirts, banners, pens and pencils, and posters just to name a few). See GPO website at <http://www.gpo.gov> for a listing of products and services.

(1) GPO performs all necessary competition and contracting requirements for requests. Therefore, the purchase card may be used as a method of payment for purchases and is not limited to the micro-purchase threshold of \$10,000. Each region determines the number of required GPO representatives to designate for processing procurements through GPO. See the Navy NAF PCP webpage at <https://g2.cnice.navy.mil/TSCNICHQ/N9/N94/N944/default.aspx> for an example designation letter. The GPO representative will be required to complete all training and duties required of a CH. Submit requests to the PCPMO for purchase cards to be utilized for the purpose of GPO payments. Base the SPL on past printing requirements.

(2) GPO currently has a contract with FedEx Office that provides discounted rates from the standard commercial rates. GPOExpress is the contract name. GPOExpress may be used for printing services offered by FedEx Office not to exceed \$10,000 or the SPL of the CH, whichever is less, except for designated GPO representatives. GPOExpress offers free delivery to most locations and the location of the CH is not required to be the delivery location. Only one GPOExpress Card per purchase card is authorized. When completing a GPOExpress Participation Request Form 3001, designate the APC as the eView Administrator; the Business or Financial manager as the financial contact and have the financial contact sign as the Authorizing Signature. The Primary contact will be designated by the PCPMO. The PCPMO will maintain a listing of all GPOExpress CHs. The GPOExpress cards must be renewed

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annually and a copy of the renewal must be forwarded to the PCPMO for tracking GPOExpress cards.

c. Method of Payment. When processing recurring payments against existing Uniform Procurement Instrument Identification Number (PIIN) (A PIIN will be used for identifying NAF procurement instruments such as contracts, purchase orders, delivery orders, blanket purchase agreements, amendments, or modifications) contractual documents, the CH must indicate the PIIN in the bank's online transaction notes. The CH must also track the PIIN balance to ensure that the vendor is not overpaid (i.e., Reoccurring payment of \$100 for HDQMWR-12-M-0123 remaining balance of \$500). The supporting documentation must include copies of the PIIN pages that indicate the period of performance and total.

(1) Non-warranted CHs may be given a temporary SPL increase over the micro-purchase threshold of \$10,000 as a Method of Payment. However, vendors accepting credit cards for payments should be considered for the Single Use Account (SUA) Program.

d. Armed Forces Sports Program. Reference (c) authorizes military representation at Conseil International du Sport Militaire as well as national and international amateur sports competitions. The expenses are authorized and may include public transportation, rental cars, lodging and other related expenses listed in reference (c and d). Reference (d), Chapter 7 states members attending these sporting events are issued permissive Temporary Duty (TDY) orders which preclude reimbursement. These expenses are funded through other than travel order means.

(1) The NAF purchase card is the most efficient way to fund these expenses, therefore CHs for Fitness, Sports and Deployed Forces Support at CNIC Headquarters (N921) are not limited to the micro-purchase threshold of \$10,000, but they are limited to a maximum SPL of \$25,000 for these requirements.

(2) APCs may request from the PCPMO an exception for a CH to exceed the \$10,000 micro-purchase threshold for requirements related to the Armed Forces Sports Program when a CNIC Headquarters (N921) CH is not available to meet the requirements.

NOTE: For car insurance the CH must ensure that the Government Administrative Rate Supplement is charged and drivers are listed on the rental agreement.

e. International Interchange Fee. When executing purchases in other than U.S. currency, the local exchange rate applies, not allowing the CH to exceed their SPL at the time of purchase.

The international interchange fee is applied when the transaction posts in the bank's online system, therefore the CH may exceed the SPL by no more than one percent.

1-6. Authorized Use of NAF. All APCs, Alternate APCs, AOs, Alternate AOs, and CHs are entrusted with the responsibility for proper utilization of NAF.

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a. All program participants will comply with the complete listing of prohibited and regulated purchases listed in Chapter 4.

b. In the case of cruise and vacation packages when a patron pays an ITT office in advance for a tour or vacation package:

(1) The contract is between the patron and the vendor not between the Nonappropriated Funds Instrumentalities (NAFI) (e.g., ITT) and the vendor.

(2) NAF is not involved in the transaction.

(3) ITT may collect and deposit fees from patrons to a NAF account and then make either an individual or bulk payment to the vendor using the NAF purchase card.

c. The NAF purchase card may be used to place deposits for authorized program events. Questions should be directed to the NAF Program Manager. The total cost for the program event (including the deposit) may not exceed the CHs SPL as defined.

1-7. Financial Management Requirements.

a. Funding Requirements. All purchases must include an approval prior to initiating any order(s). A locally established mechanism must be in place. The following are examples of methods of prior approval:

(1) An Approved NAF Purchase Request (NPR), Enclosure (4).

(2) An electronic approval (i.e. an e-mail) from the AO or program manager/director that includes the merchant name, item(s) to be purchased and amount(s).

(3) The AO or program manager/director may issue a monthly approval memorandum, Enclosure (5), to pre-approve purchases within a specific dollar range for an individual cardholder.

(a) The memorandum must include the type of items that may be purchased (i.e. cleaning supplies for xxx facility or office supplies for xxx department), or items for a specific event (i.e. Easter egg hunt, Disney character breakfast, Holiday tree lighting, etc...)

(b) The memorandum shall not be used as a blanket approval for all purchases for a given month.

(4) Facilities Development Directors may issue a Capital Improvement Project (CIP) approval memorandum for each project indicating SPL and project total Enclosure (6).

(5) Prior approval is not required for GPO or Method of Payment since approval was received preceding the PIIN award.

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b. Pay and Confirm Procedures. Pay and confirm procedures are used in instances where CHs have been billed and have not received the items ordered.

(1) The CH will confirm with the vendor that items ordered are in transit.

(2) The CH will reconcile the monthly statement, in full anticipation that the items ordered will be received within the next billing cycle.

(3) If items ordered are not received within the next billing cycle or are damaged, the CH will coordinate with the vendor to receive credit or item replacement, repair, or modification; and, if the vendor will not issue a credit, initiate a dispute. Excluding overseas shipments.

1-8. Disputable and Non-Disputable Charges

a. Disputable Charges. When the following issues cannot be resolved with the vendor, these disputes must be handled between the CH and the Bank (with notification to the AO):

(1) Duplicate billing.

(2) Non-receipt of merchandise.

(3) Returned merchandise.

(4) Cancelled orders.

(5) Services and invoice amount discrepancies.

b. Non-disputable Charges. Charges that involve sales tax, misuse or abuse by the CH cannot be disputed with the bank. If the transaction was processed in accordance with the controls established (i.e., within the purchase limits, not from a vendor with a blocked Merchant Category Code (MCC), the bank has fulfilled their responsibilities under the contract and the NAFI is obligated to make payment for the transaction. The NAFI must seek restitution from the employee for any losses as a result of their improper transaction. Credits related to fraud do not need to be disputed.

1-9. Developing LSOP. FFR RDs, (N9/J9) participating in the NAF PCP will issue a LSOP as a supplement to this SOP to incorporate local or regional policies and procedures.

a. A written or electronic copy of the LSOP will be given to each NAF PCP participant and to the PCPMO.

b. The LSOP must be certified on the Semi-Annual Report.

c. LSOPs are subject to review at any time by the PCPMO Team or during audit and/or assist visits.

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d. The LSOP may contain a timeframe in which the Statement of Account (SOA) is due to the APC.

e. The LSOP may further enhance the PCPMO's SOP but may not conflict with policies and procedures herein.

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CHAPTER 2

PROGRAM MANAGEMENT

2-1. Establishing a Navy NAF PCP. The RD, or his/her designee will review this SOP prior to any determination that a PCP is needed to support the mission of the activity. The RD will ensure they have sufficient resources to maintain the required separation of duties to properly manage and monitor the program.

2-2. Delegation of Contracting Authority to Local and Regional Activity

a. All NAF contracting officer warrants are issued by CNIC. An activity must have a warranted NAF contracting officer in order to establish and maintain a program. The RD must submit a written request to CNIC HQ Millington (N945) for the establishment of a new local/regional program.

b. A nomination must also be submitted for the activity's primary APC and Alternate APC. The APC serves as the focal point for overseeing the program at the local or regional activity and is the primary contact for CHs and AOs. When identifying an employee for the APC position, consider the following:

(1) The knowledge and skills involving NAF procurement; financial policy and procedures required for the individual to be successful in carrying out the duties and responsibilities of an APC.

(2) The grade and job series associated with the position.

(3) The span of control will not exceed 300 participants (CHs and AOs) to one APC.

(4) The intended APC and Alternate APC must complete the required training as outlined in paragraph 5-1a. (1) prior to appointment.

(5) The RD, APC and financial manager will coordinate and share data to establish applicable procurement, financial and operating policies and procedures that are in the best interest of the activity's PCP.

2-3. Delegation of Authority

a. The APC or Alternate APC will delegate AOs and CHs with an appointment letter outlining their responsibilities and authority to obligate funds. Sample appointment letters can be found at the Navy NAF PCP webpage.

(1) The program manager or supervisor will recommend an AO and Alternate AO in writing to the APC.

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(2) The APC will verify that required training outlined in paragraph 5-1a. (2) has been completed prior to appointing the program participants.

(3) The program manager or supervisor in conjunction with the AO will recommend a CH in writing to the APC. The recommendation will include:

(a) A description of the type of purchases (resale items, supplies, services, construction, ITT, and GPO) the CH is authorized.

(b) A SPL based on past purchase history which cannot exceed those limits outlined in paragraphs 1-4 and 1-5. In the absence of any historical data, a maximum SPL of \$2,500 or less is recommended.

(c) A monthly credit limit based on past purchase history. CHs monthly spending limits will be reviewed by the APC semi-annually. In the absence of other information, a monthly credit limit of \$10,000 or less is recommended.

b. The program manager or supervisor in conjunction with the APC will ensure RAs are designated. Designation may be in the form of an individual appointment letter, a blanket appointment letter listing all RAs, or by having the duties incorporated into the employee position description.

2-4. NAF Purchase Card Use

a. The NAF purchase card will only be used as a method of purchase or payment for official, authorized, and funded purchases. The supply or service must be immediately available with a single purchase to avoid backorders and multiple charges from the same vendor per reference (b).

b. Items or non-personal services purchased must not require technical inspection or written agreements. A purchase order must be issued when a written agreement is required by the vendor and/or beneficial to the NAFI, such as in the case of a maintenance agreement.

c. The use of convenience checks or automated teller machines is not authorized.

d. All purchases must be made by the CH. A purchase may be made in person, via phone, fax, email, or online.

(1) For orders made via email or fax, all of the account information will not be contained in a single email or fax, and the CH must call the vendor to confirm account information was received.

(2) For orders placed online, the CH must ensure the website is secure when account information is entered. A secure website can be identified by URL prefix https://.

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e. Purchases will not be split into smaller buys to circumvent dollar thresholds (paragraph 3-9f.).

f. Accountable assets purchased will be documented and reported to the appropriate local property control officer. Contact the APC or review the LSOP for additional guidance.

g. All supplies and/or non-personal services must be purchased through mandatory sources of supply unless unavailable (paragraph 4-4). Contact the APC or the Senior Contracting Officer for additional guidance.

2-5. Liability of CH and AO

a. Intentional use of the purchase card for other than official NAFI business may be considered an attempt to commit fraud against the U.S. Government/NAFI. Misuse may result in immediate cancellation of an individual's card, pecuniary liability, federal criminal charges, and negative administrative or disciplinary action against the CH and, if warranted, against the AO.

b. A CH who makes unauthorized purchases will be subject to disciplinary action under applicable laws and policy and will be held monetarily liable, as an accountable official to the NAFI, for the amount of any payment certified and paid based on false or negligent information provided to the approving official. Under reference (e), misuse of the purchase card could result in a fine of not more than \$10,000 or imprisonment for not more than five years or both. Military members who misuse the purchase card are subject to court martial under reference (f).

c. Additionally, AOs are liable for improper payments resulting from misuse or abuse of the purchase card in accordance with provisions of reference (g). AOs are liable for illegal, improper, or incorrect payments due to inaccurate or misleading certification. If an AO is unsure about certification, the AO should contact the supporting APC for guidance or assistance.

2-6. Rewards and Incentive Programs

a. Many merchants offer incentive programs such as reward points or dollars to further attract additional business. The purchase card may not be used in conjunction with any such award or incentive programs. This means CHs may not sign up for any merchant award or incentive programs utilizing the purchase card. The CH may not accept any rewards or other purchase incentives. If received, they must surrender immediately to the APC for proper disposition. They may not be used for personal use or private gain, as doing so would be a violation of reference (h).

b. CHs are prohibited from using their personal rewards or incentive programs in conjunction with their use of the purchase card, as doing so would also be a violation of the reference (h).

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2-7. Billing Cycle. The CNIC NAF PCP uses a centrally billed account which begins on the 1st day of the month and ends on the last day of each month. The billing cycle includes all charges that post to the CHs account by the bank within those dates.

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CHAPTER 3

PROGRAM ROLES, RESPONSIBILITIES, AND BANK HIERARCHY

3-1. Roles, Responsibilities, Bank and Reporting Hierarchy. RDs, APCs, AOs, and CHs each have specific responsibilities in the program. This chapter provides guidance on the roles and responsibilities of the CNIC NAF purchase card participants involved in the PCP and the reporting hierarchy of these roles.

3-2. Bank and Reporting Hierarchy. The NAF PCP reporting hierarchy provides a system of checks, balances, audit controls, tracking, and a communication channel for all roles in the PCP. The hierarchy level positions and responsibilities are described in paragraphs 3-3 through 3-10.

3-3. Assistant Secretary of the Navy (Manpower and Reserve Affairs) (ASN (M&RA)), Department of the Navy (DON) NAFI. The ASN (M&RA) and DON NAFI is responsible for program oversight of the CNIC NAF PCP worldwide.

3-4. FFRSS. The FFRSS Director is responsible for:

- a. Reporting Hierarchy Level 1.
- b. Delegating NAF contracting authority and has overall CNIC NAF contracting authority and management of NAF PCP worldwide.
- c. Appointing the NNPC by issuing an appointment letter describing the duties and responsibilities of this role.

3-5. PCPMO, Navy NAF Program Coordinator (NNPC). The PCPMO NNPC is responsible for:

- a. Reporting Hierarchy Level 1.
- b. Overseeing and administering the CNIC NAF worldwide.
- c. Serving as the point of contact for all CNIC NAF purchase card issues.
- d. Acting as liaison between the bank, CNIC, and APCs.
- e. Establishing and maintaining program-wide communication to include dissemination of program policies and procedures.
- f. Ensuring that reporting NAF PCP are established in accordance with required policy.
- g. Providing guidance and support as needed.

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h. Creating CH accounts in the bank's online system using information provided by the APC.

i. Assigning a hierarchy level to each card as indicated on the CH request and forwarding the card to the APC for review and distribution to the CH.

j. Providing training to newly appointed APCs and Alternate APCs.

3-6. FFR RD. The RD or designee is responsible for managing the NAF PCP for the entire local or regional activity. The RD or designee is responsible for:

a. Reporting Hierarchy Level 2.

b. Ensuring that the regional or local NAF PCP is being executed in accordance with NAF policies and guidance.

c. Recommending and providing justification in writing to the PCPMO for the establishment of the NAF PCP and the recommendation for appointment of the APC and Alternate APC.

d. Establishing and maintaining a command climate that prevents others from exercising undue pressure or influence over the action of NAF CHs such as, instructing CHs to purchase items that are not funded or items that are prohibited.

e. Establishing effective internal management controls for the NAF PCP for the local or regional activity that includes:

(1) Working in conjunction with the APC, issue a supplement to the PCPMO's SOP to incorporate local or regional policies and procedures in the form of a LSOP.

(2) Identifying and documenting formal and informal disciplinary action to be taken against APCs, AOs, and CHs for non-compliance, fraud, misuse or abuse as outlined in Chapter 6 of this SOP.

(3) Ensuring that NAF PCP participants have specific performance requirements and criteria to be met in their NAF PCP roles and are evaluated in accordance with these roles and responsibilities.

(4) Reviewing semi-annual program review findings and taking necessary actions to correct any noted deficiencies and to prevent recurrences.

(5) Ensuring compliance with accountability and control of purchased property per reference (d).

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3-7. APC Responsibility Details. The APC and Alternate APC oversee the activity's NAF PCP at the local or regional activity level and are responsible for:

- a. Reporting Hierarchy Level 2.
- b. Maintaining the integrity of the activity's NAF PCP.
- c. Serving as the local and regional primary point of contact for CHs, AOs and related purchase card services and for all fraud related inquiries regarding the accounts under their purview.
- d. Acting as liaison between the local and regional activity and the PCPMO.
- e. Ensuring that execution of the local program is in accordance with the NAF PCPMO specific policies and procedures to include LSOP.
- f. Justifying that an employee may be delegated as both an AO and a CH due to activity manning by submitting and receiving written approval from the PCPMO. The following actions must be taken to ensure the accounts are established properly:
 - (1) Creating accounts in the bank's online system so that the AO and CH role are under different hierarchies.
 - (2) Verifying proper account setup. Failure to ensure this may be construed as fraud, non-compliance, misuse or abuse of your NAF purchase card privileges.
- g. Establishing and documenting internal management controls to manage, operate and provide oversight of the local NAF PCP. Working in conjunction with the RD to issue a supplement to the PCPMO's SOP to incorporate local and regional policies and procedures in the form of a LSOP.
- h. Delegating AOs, Alternate AOs and CHs with an appointment letter outlining their responsibilities (Sample letters can be found on the Navy NAF PCP webpage).
- i. Creating each newly appointed AOs employee record in the bank's online system.
- j. Completing a NAF purchase CH account request and submitting to the PCPMO.
- k. Reviewing the card and account information in the bank's online system to ensure accuracy and update any missing information (e.g., chart of account defaults, phone number, email address) to the bank's online system upon receipt of a CH's new purchase card from the PCPMO before issuing the card.
- l. Providing training as required and maintaining training records for AOs and CHs as outlined in Chapter 5.

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m. Maintaining an individual file for each AO and CH to include a copy of the request for appointment, the appointment letter, and all required training documentation.

n. Maintaining an updated list of AOs and CHs telephone numbers and email addresses.

Note: Use the bank's reporting system to maintain the list of AO and CH telephone numbers and email addresses by using different sort sequences in the Reports module.

o. Monitoring purchase activity to spot trends that may require the institution of different procurement procedures.

p. Examining frequency of card usage ensuring that AO and CH numbers are appropriate for the local mission and span of control remains no more than seven CHs to one AO regardless of hierarchies.

q. Conducting and documenting required monthly, quarterly, semi-annually and annual reviews per paragraph 6-3; and the Surveillance Plan found on the Navy NAF PCP webpage.

r. Recommending to the RD when the number of CHs should be reduced to maximize control and administer oversight while still meeting mission requirements.

s. Utilizing the bank's online system to help identify improper, fraudulent, abusive or negligent use of the purchase card and taking appropriate action per reference (i) and paragraph 605; action may include temporary suspension to termination of the account dependent of severity and recovery of losses.

t. Ensuring CH and AO records are properly closed per paragraphs 6-6 and 6-7 when employees are retiring, transferring or terminating. Also, arranging to receive prompt notification to close CH and AO account no later than 30 days before departure.

u. Providing briefings as needed to all levels of management on the status of the local/regional NAF PCP. Disseminating information from the PCPMO to the NAF PCP participants.

3-8. AO Responsibility Details. The AOs at the local and regional activity carries supervisory responsibilities. AOs should, to the greatest extent possible, be the CH's supervisor or in the CH's supervisory chain of command. The AO is responsible for:

a. Reporting Hierarchy Level 3.

b. Signing an appointment letter from the APC prior to taking any NAF PCP actions.

c. Ensuring that CHs are using procedures documented in the LSOP and this SOP before executing any purchases.

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d. Understanding established requirements prior to approving any purchase to ensure funds are available as well as authorized, identifying regulated supplies or services, and verifying prohibited purchases.

e. Verifying that all purchase card transactions are necessary and reflect legitimate and reasonable NAFI requirements. The AO could be held monetarily liable for certifying any illegal, improper, or incorrect payment.

f. On-line approval of CH transactions in the bank's online system which certifies the CH was authorized to make the purchase in accordance with all requirements of the SOP and LSOP.

(1) Approving all transactions no less than weekly. Additionally, AOs are required to log onto the bank's online system at least once a week to verify there has been no unauthorized account activity. Unauthorized transactions must be reviewed and annotated in accordance with the LSOP and/or disputed as outlined in paragraph 1-8. Failure to approve all transactions under the AO's purview will result in an automatic five-day suspension for all CH accounts if not approved by the 3rd business day of the following month. Accounts will not be restored until all transactions are approved.

(2) Ensuring that all transactions are accurate, appropriate and reflect correct accounting codes as well as transaction notes and custom fields contain all required information.

(3) AOs must ensure they maintain access to their CH's documentation, so if a CH is absent, the AO can conduct the online transaction review in accordance with paragraph 3-9l.

g. Coordinating with activity managers and directors that the CH's SPL and monthly limit are appropriate to ensure sufficient funds have been allocated for all CHs under the AO's purview.

h. Monitoring each CHs SPL and monthly limits to ensure limits are not exceeded.

i. Verifying each month that CH transactions listed on the SOA have the proper supporting documentation including:

(1) The existence of proper separation of functions between CH and RA for receipt and signature of all purchases per paragraph 3-9k.

(2) Proper receipt, acceptance and inspection for all items certified for payment.

(3) The SOA has been signed by the AO and the CH. By signing the SOA, the AO is certifying that payment is authorized for all items listed.

j. Upon researching any questionable transactions, notify APC of any suspected unauthorized purchases including those that indicate fraud, non-compliance, misuse or abuse.

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k. Notifying the APC 30 days prior when a CH's account requires cancellation due to employee's reassignment, transfer, retirement or termination of employment. Additionally, identifying purchases that have not posted in the bank's online system are properly received and accounted for by a RA.

l. Notifying the APC if you are no longer serving in the capacity as AO.

m. Notifying the APC in the event that you (serving in a dual role as an AO and CH) can approve your own transactions in the bank's online system.

3-9. CH Responsibility Details. The NAF purchase card bears the CH's name, account number and may only be used by the named CH for authorized purchases. CHs are officially granted authority to execute purchases on behalf of the NAFI when they are in receipt of the appointment letter. The CH is responsible for:

a. Reporting Hierarchy Level 4.

b. Signing the appointment letter from the APC prior to initiating any purchases.

c. Activating the NAF purchase card upon receipt. For activation difficulties, contact the APC.

d. Understanding established requirements prior to approving any purchase to ensure funds are available as well as authorized, identifying regulated supplies or services, and verifying prohibited purchases.

(1) The LSOP may further regulate or prohibit what type of supplies or services may be purchased.

(2) If a request is to purchase a prohibited item (paragraph 4-1) or if funding for a purchase is not available, the CH must notify the manager or requestor of the situation.

(a) The CH will not proceed with purchases that are not funded or authorized.

(b) If the requestor persists, matters must be reported to the AO, APC, and Financial Manager. Under no circumstances will an individual use their position to coerce a CH into an unfunded or unauthorized purchase.

(3) Ensure that proper approval has been received per the LSOP.

e. Safeguarding the purchase card and account information.

f. Split Purchases. Executing split purchases in order to circumvent the SPL or the procurement competition thresholds (supplies, services, and construction) is prohibited. Detailed

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examples can be found on the Navy NAF PCP webpage. A split purchase to circumvent the limits or thresholds includes:

- (1) Buying for multiple cost centers.
- (2) Breaking a large requirement into several smaller purchases.
- (3) Using multiple CHs to make multiple purchases for a large requirement.
- (4) Using multiple vendors to purchase similar items for a large requirement.

g. Shipping Costs. Shipping costs must be considered when purchasing merchandise that will be mailed or shipped to a location versus pick-up. The most frequent terms used to describe ownership and costs during the shipping process are:

(1) Free-on-Board (FOB) Destination (the preferred method whenever possible). FOB Destination means the vendor pays the shipping cost and retains ownership and risk of loss of the merchandise until it is delivered to the specified destination or port of embarkation. The shipping cost is included in the price of the merchandise.

(2) FOB Origin. FOB Origin means the vendor pays for the shipping costs and adds the cost as a separate line item. Ownership and risk for loss transfers to the NAFI as soon as the vendor releases the shipment to a common carrier.

h. Tax Exempt Status. Purchases made using the NAF purchase card are exempt from state and local sales taxes.

(1) Each NAF purchase card has the words "US GOVT TAX EXEMPT" printed on the face.

(2) Inform the vendor at the time of purchase that it is for official government NAFI purposes and is not subject to state or local sales tax.

(3) If a merchant requests a tax identification number or certificate, obtain it from the local or regional NAF Procurement Department.

i. Mandatory Government Sources - Available. Prior to initiating any purchase, all mandatory sources will be screened and utilized to fulfill the requirement as outlined in paragraph 4-4.

j. Mandatory Government Sources - Unavailable. Upon determining that mandatory sources are not available, it is permitted to purchase only mission essential requirements at fair and reasonable prices from responsible vendors. Rotate purchases among available vendors. Continuously using the same vendor may indicate collusion or an attempt to commit fraud against the NAFI.

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k. Separation of Duties. Ensure proper separation of duties is maintained. Key duties such as executing purchases (CHs), a separate individual receiving material/services (RAs), authorizing payments (AOs), processing payments (designated finance official), reviewing and auditing functions (managers and internal review officials (IRO) will be assigned to different individuals to ensure proper management controls.

(1) At a minimum, a two-way separation of function is required for all purchase card transactions. This is defined as one employee executing the purchase with the purchase card; and a separate employee receiving and inspecting the merchandise. All receiving documentation will be attached to the CHs SOA.

(2) Regardless of the purchase method used (via phone, online or in-person), the designated RA, will legibly print their name, sign and date the receipt confirming independent receipt, inspection and acceptance for the NAFI. In the event that the RA cannot perform the inspection or acceptance of the supplies or non-personal services, the end user must co-sign the receipt for inspection and acceptance along with their printed name and date of receipt.

(a) The RA must be someone other than the CH's AO but ultimately can be the end user.

(b) The CH may be the end user.

l. Reconciling Transactions. The CH must reconcile all transactions in the bank's online system. CH must review transactions using the online system within one week from the posting date. Additionally, inactive CHs are required to enter the bank's online system at least weekly to verify there has been no unauthorized account activity. Unauthorized transactions must be reviewed and annotated per the LSOP and disputed as outlined in paragraph 1-8. Failure to review transactions by the 3rd business day of the following month will result in an automatic five-day suspension of the account. The account will not be restored until all transactions are approved.

(1) Documenting all purchases in the bank's online system is required regardless whether or not a written log of purchase card transactions is required. All CHs are responsible for ensuring that the following information is entered into the bank's online system for every transaction:

(2) Accounting Codes:

(a) Region, company code, program, cost center and G/L accounts are mandatory accounting codes in the bank's online system.

(b) Assets/AuC Projects, Systems Application and Products (SAP) Purchase Order (PO)/Blanket Purchase Agreement (BPA) Number, Internal Order Number, Ticket ID No. (ITT Only), and Assignment are optional accounting codes.

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1. Internal order numbers must be valid to include Navy Flying Club Aircraft numbers.

2. Ticket ID No. (ITT Only) must be completed when using G/L 163000.

3. Assignment is an open field and may be used as prescribed by the LSOP.

(3) Transaction Custom Fields:

(a) "Purchase Description" must contain a brief description of what was purchased (i.e., copy paper, office supplies, repair parts, printing, fuel, event supplies).

(b) "Mandatory Sources" Selection is used to identify that mandatory screening has been completed based on the options below:

1. "Screened and Used" Select this option when items or services have been purchased from either Federal Prison Industries (FPI), trade name UNICOR, and AbilityOne or their authorized distributors.

2. "UNICOR Not Used" Select this option when items are not purchased from UNICOR due to:

(a) Not meeting the \$3,500 minimum purchase.

(b) Not meeting the requirements in terms of price, quality and time of delivery.

(c) UNICOR purchases are not required if supplies are acquired and used outside the United States.

3. "ABILITYONE Not Used" Select this option when items offered are not readily available in terms of quantity or required timeframe.

4. "Screened & Not Avail" Select this option when screening has been completed and it has been determined that the goods or services are not available (e.g., ITT resale ticket, fuel purchases, magazine subscriptions, food purchases for resale or special events, and training or conference fees). This list is not inclusive and there may be other items that are not available through the mandatory sources.

Note: Refer to paragraph 4-4 for further information on mandatory sources.

(c) "Requested By" must contain the name of individual requesting the item(s). If items are requested by more than one individual, list the additional requestors in the "Transaction Notes".

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(d) “Goods in Transit” should be checked if goods have not yet been received when the CH reviews the transaction. “Received by” will be left blank when this box is checked.

(e) “Received by & Date” contains the name and the date of the individual receiving the items. If the CH is the one that received the items, then this will be the name of the individual that verifies the receipt of items and signs the purchase card receipt. If “Goods in Transit” is checked, this block will be left blank.

NOTE: If the goods are received prior to the export on the 3rd business day of the following month the CH is required to uncheck “Goods in Transits” and enter the “Received by & Date

(f) “Special Event & Date” contains the name and date of the special event or program. If the items are not purchased for a special event or program, this block will be left blank.

(g) “Reason for Purchase” must contain the reason or justification for the purchase (i.e., restock of supplies and resale inventory, parts to repair, replace broken).

(4) Tax Amount on Receipt. Enter the amount of actual tax shown on the receipt. If tax was charged, transaction notes must indicate that credit was requested from vendor.

(5) Transaction Notes will include the following:

(a) Description of the items purchased (i.e., pens, pencils, file folders, (use verbiage “See Addendum” if addendum lists the items).

(b) Shipping Costs.

(c) If purchasing fuel for a vehicle list price per gallon, total gallons and license plate number. When purchasing bulk fuel, list equipment and program for which the fuel is being used (i.e., lawn equipment at golf course) price per gallon and total gallons.

NOTE: Fleet Card will be used for all government vehicle fuel purchases. In the event that a Fleet Card has not yet been assigned then the purchase card may be used for government vehicle fuel purchases.

(d) If purchase is for training or conference, list the course or the conference title, attendees name and dates of the training or conference.

(e) If purchase is for a subscription, list the name of periodical, length of subscription, beginning and ending dates, quantity, and program or facility (i.e., USA Today; one year; 1 Nov - 31 Oct; 5 copies for guest lobby).

(f) If purchase is for rental cars, the event name (i.e., All Navy Volleyball Team, Globetrotters), dates and number of vehicles required.

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(g) If purchase is for lodging, the event name (i.e., All Navy Baseball Team, Globetrotters), dates and number of rooms required.

(h) If purchasing in excess of \$10,000 by a warranted CH, the CH must indicate items are for resale or that competition has been completed. This does not include CH purchasing for ITT and GPO.

(i) If purchase is a Method of Payment for an existing contract, the CH must indicate the contract, purchase order, or delivery order number, the balance and whether it is reoccurring.

(j) If purchasing for ITT include one of the following:

1. For ITT Travel enter customer name, reservation number, dates of travel and description (i.e. deposit, final payment, shipboard credit).

2. For ITT (Special Events) Tickets enter vendor or customer name, confirmation number or ticket quantity, date of event and ticket type.

(k) If a credit is received, list original transaction identification (ID)

(l) If disputed list the reason for dispute.

(m) Any other information as required by LSOP.

(n) CHs must ensure their AO maintains access to their documentation, so if the CH is absent, the AO can conduct the online transaction review in accordance with paragraph 3-9l.

m. Supporting Documentation. Ensure all supporting documentation is included with the SOA at month's end. Documentation includes but is not inclusive:

(1) Receipts/Invoices.

(2) Packing Slips.

(3) Approved Request.

n. Pay and Confirm Procedures. Ensure supplies and services that were ordered, are received. Ensure items paid on a previous cycle under pay and confirm procedures have been received, or disputes have been initiated.

(1) If items are not received, contact the vendor to attempt to resolve the error and notify the AO of the action taken.

NOTE: If a credit is not received within the next billing cycle, the CH must initiate the dispute process with the bank.

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o. Disputing Transactions. Disputes must be initiated within 60 days from the date the item was posted to the account.

(1) Disputes may be initiated by either using the bank's online system or completing the dispute form located on the Navy NAF PCP webpage and emailing the completed form to the Bank.

(2) Once a dispute has been filed, the Bank will issue a provisional credit pending the outcome of the dispute.

(3) The CH will receive notification when the dispute is resolved.

(4) All dispute documentation to include notification will be retained with the SOA.

NOTE: Do not initiate disputes for credits received as a result of fraud.

p. NAF Purchase Card Transactions Written Log. The bank's online system replaces the requirement for a written log; however, a written log is recommended to track purchases that have not readily posted and as part of the pay and confirm procedures.

(1) If a written log is required, refer to the LSOP for specific log requirements.

q. End of Month Processing. Obtain the SOA from the bank's online system. The CH must sign and forward the SOA along with supporting documentation within the timeframe stipulated in the LSOP.

(1) In the event the CH does not have documentation of the transaction, attach the missing receipt form found at Navy NAF PCP webpage.

r. Record Retention. The following items must be retained for a minimum of six (6) years, refer to the region LSOP for details on where originals and copies are maintained:

NOTE: Copies are not required if the originals are readily accessible to both CH & APC.

(1) A copy of each Monthly SOA

(2) Purchase log (if required by LSOP).

(3) Purchase card receipts.

(4) Quote documentation.

(5) Any additional documentation, which may be required.

(6) Receipts may include:

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- (a) Charge slips.
- (b) Cash register receipts.
- (c) Online order confirmation emails.
- (d) Packing lists, etc.

s. Employee or NAF PCP termination. Upon termination as an employee or upon termination as a program participant, all NAF purchase card records should be centrally stored by the CH's activity. The NAF purchase card will be destroyed by the AO or APC. If the card is destroyed by the AO, the APC must be notified.

3-10. RA Responsibility Details. The RA must be designated as outlined in paragraph 2-3b. and reference (j) paragraph 509. For separation of functions, the RA must not be the CH's AO or APC. The RA is responsible for:

- a. Inspecting materials or services.
- b. Accepting and confirming receipt of the material or service by writing the following on the receipt (or packing slip):
 - (1) Date received.
 - (2) RAs printed name.
 - (3) RAs signature.
- c. If the receipt is at a distant location from the CH, the receiver must forward the signed and dated receipt (packing slip) to the attention of the CH. An RA at the CH's location is not required to countersign the receipt.

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CHAPTER 4

PROHIBITED AND REGULATED PURCHASES AND MANDATORY SOURCES

4-1. Prohibited Purchases. Prohibited purchases using the purchase card as method of purchase include:

a. Personal purchases.

b. Splitting purchases to circumvent SPL or competition thresholds.

c. Recurring purchases. Only applies to recurring purchases that are considered split purchases. Does not apply to recurring orders issued against existing IDIQ contracts, nor does it apply to ITT and GPO orders, or when used as a method of payment.

(1) When multiple recurring purchases are made within a one-year period that are not split purchases and are not placed against an existing IDIQ contract, and the total of the recurring purchases equal or exceed the competition threshold the procurement office should consider competitively awarding an IDIQ contract for the requirement.

(2) Periodic payments such as TV programming provider service, subscriptions, or data storage are authorized with the purchase card as the procurement vehicle if the total annual amount is less than the micro-purchase amount. If the provider requires a written agreement or if the total annual amount exceeds the micro-purchase threshold, a purchase order is required and the card should be used as the payment method.

d. Purchase of items then later returning the items for cash, store credit or gift cards.

e. Purchase of non-personal services exceeding \$2,500. Service contracts or maintenance agreements which require compliance with acts, laws, or executive orders (e.g., Service Contract Labor Standards) and others that require written execution (e.g., special terms and conditions).

NOTE: Exception. Extended service warranties may be acquired with the purchase card at the time of initial equipment purchase. The purchase card may also be used to purchase services to repair or clean equipment; however, a fair and reasonable ceiling price must be established with the contractor that will not be exceeded. The total cost of the service or repair may not exceed the cardholder's limit or \$2,500, whichever is less.

f. Purchase of items from within CNIC instead of using an inter-company journal entry.

g. Construction exceeding \$2,000 requires a written contract and compliance with acts, laws, or executive orders (e.g., Davis-Bacon Act).

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h. Official individual NAFI travel expenses connected with travel orders to include airline, bus, train tickets, rental cars, lodging, or other travel related costs for Government NAF employees.

(1) Excludes travel expenses associated with Navy and all services sports teams traveling on permissive Temporary Duty (TDY) orders to sanctioned navy or all services sporting events to include lodging, public transportation, rental car, parking and other related expenses.

(2) Excludes travel expenses outlined in Entertainment contracts.

i. Payment of travel claims, on the spot cash awards, gifts or gift cards for employees, salaries and wages.

k. Purchases from contractors or contractor's agents who are military or civilian employees of the government.

l. Convenience checks, wire transfers, cash advances, saving bonds, and advance payments.

NOTE: Advance Payment Exceptions. Subscriptions, conference or hotel reservation fees that are not associated with employee official travel orders, professional membership fees, and training seminar registrations.

m. Rental or lease of land or buildings.

n. Repair of leased vehicles.

o. Dating and escort services.

p. Betting, including lottery tickets, casino gaming chips, off-track betting and wagers at racetracks.

q. Transaction(s) with political organizations.

r. Tax payments.

s. Asbestos or material containing asbestos.

t. Ozone depleting substances.

u. Commercial vehicles.

v. Any purchase where written contract enforcement may be necessary to protect the NAFI. CHs are not authorized to sign any contract or contractor's form that commits the NAFI to anything other than payment for authorized purchase card purchases. Purchases requiring the

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signing of a contract or Contractor's form, or requiring written terms and conditions for the NAFIs protection will be forwarded to the NAF Contracting Office for procurement action via a purchase request.

w. Fireworks Display. Requires a written contract.

4-2. Regulated Purchases. By local supplementation of this SOP, the senior NAF Contracting Officer or APC will provide further instructions as needed to authorize use of the purchase card for the following regulated items:

a. Hazardous material (HAZMAT) and Hazardous Waste Disposal. CHs may purchase HAZMAT which are commercial items customarily sold to the general public. Examples are those items that are required on a routine basis to meet daily operational needs, such as, lubricants, batteries, toner cartridges, detergents, cleaning supplies, etc. The end user and CH must comply with established local installation or activity procedures for purchase of commonly used and all other HAZMAT. The CH is responsible for the appropriate local notifications and coordination of HAZMAT purchases.

b. Pesticides. Authorized only if prior approval is received from the cognizance pest management consultant at the appropriate naval facilities engineering command or Bureau of Medicine and Surgery Division.

c. Vehicle Fuel, Oil, Maintenance Service and Repairs. Authorized for NAF owned vehicles for fuel and maintenance when Fleet Fuel cards are not issued.

d. Personal clothing or footwear. Used as uniforms in conjunction with official duty or for safety.

e. Telephone equipment and computer hardware or software. Prior approval is required through the activity's NAF contracting office or applicable installation telecommunications or information technology office for purchase of computer hardware or software, major telephone services, telephone equipment, cellular telephones, pocket pagers, answering machines, facsimile machines and duplication equipment.

f. Pilferable Items. Accountable items must be identified to the property control officer. Highly pilferable items, e.g. digital cameras, video cameras along with expensive equipment issued for personal use, e.g. handheld personal digital assistants or wireless communication or Internet access devices will be closely monitored to ensure that the items remain in the overall custody and property records of the NAF activity.

g. Emergency airline, bus, train, car rental or other transportation services. The purchase card is not intended for use as a travel card when there are other programs or contracts for official travel. Documentation is required as to why normal procurement methods were not used.

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h. Hotel lodging, meals or transportation (fares, rental vehicles) for events or for individuals not covered by official travel orders. This excludes conference and meeting spaces. Documentation is required when purchasing lodging or transportation with the purchase card (e.g. patron local travel, sports team travel). A one-time notation on the CHs SOA or a permanent memorandum for the record will be executed for continuing requirements of this type, to ensure an audit trail and to justify such purchases that may be considered questionable by higher authority.

i. Unpriced Service. An unpriced service is when an exact price cannot be immediately established in advance of providing the purchase card data to a merchant for equipment repairs requiring disassembly and diagnosis. Only purchase unpriced services for repairs of equipment using the purchase card when a fair and reasonable ceiling price can be established with the contractor that will not exceed the CHs SPL or \$2,500 whichever is less.

j. Light Refreshments. Ensure that light refreshments, snacks, and beverages for meetings, conferences or training events are purchased with the purchase card only if there are special or unique circumstances requiring the purchase and only after consultation with the local servicing Office of General Counsel (OGC) or Judge Advocate General (JAG). Refer to enclosures (2) and (3) for further guidance and consult with local servicing OGC or JAG. Advance approval by the CHs AO is required. If the AO is not available, then the APC will be contacted for approval. A memorandum must accompany the CHs SOA outlining the unique circumstances along with written approval for the purchase.

k. Gift Cards. The purchase card is not to be used for purchases of gift cards for employees. Gift cards may be purchased for Morale Welfare and Recreation (MWR) sponsored events. The CH will ensure that gift cards purchased for MWR events are signed over to the appropriate facility manager relinquishing the CH from any further responsibility.

4-3. MCC Blocks.

a. A MCC is a four-digit code assigned by the Bank to a participating purchase card merchant based on the type of business they are engaged in and the kinds of goods and services they provide. All CH accounts will have the below NAF MCC exclusionary table applied to their accounts. Other codes to further restrict CHs purchases may be requested by the APC from the PCPMO. In accordance with prohibited purchases above and other restrictions, CHs will be blocked from executing purchases from merchants coded as follows:

NAF MCC Exclusion Table	
MCC	DESCRIPTION
4829	HIGH RISK: Money Transfer Merchant
5681	HIGH RISK: Furriers and Fur Shops
5813	Bars, Cocktail Lounges, Discotheques, Nightclubs, and Taverns, Drinking Places (Alcoholic Beverages)
5933	Pawn Shops
5944	HIGH RISK: Clock, Jewelry, Watch, and Silverware Store

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5948	Leather Goods and Luggage Stores
5960	Direct Marketing Insurance Services
5967	Direct Marketing Inbound Telemarketing Merchants
5972	Stamp and Coin Stores Philatelic and Numismatic Supplies
5993	Cigar Stores and Stands
6010	Member Financial Institution Manual Cash Disbursements
6011	Member Financial Institution Automated Cash Disbursements
6012	Financial Institutions Merchandise and Services
6050	Quasi Cash Member Financial Institution
6051	Quasi Cash Merchant
6211	Securities Brokers/Dealers
6532	Payment Service Provider Member Financial Institution
6533	Payment Transaction Provider - Merchant - Payment Transaction
6538	Moneysend Funding
7012	Timeshares
7273	HIGH RISK: Dating And Escort Services
7276	Tax Preparation Service
7297	High Risk: Massage Parlors
7321	Consumer Credit Reporting Agencies
7511	Truck Stop Transactions
7631	HIGH RISK: Clock, Jewelry, And Watch Repair Shops
7800	Government owned Lotteries
7801	Government-Licensed Online Casinos Online Gambling
7802	Government-Licensed Horse and Dog Racing
7995	High Risk: Gambling Transactions
8651	Organizations, Political
8675	Automobile Associations
9211	Court Costs Including Alimony And Child Support
9222	Fines
9223	Bail And Bond Payments
9311	Tax Payments

b. If a CH determines that they must make a purchase from a source that has been blocked, forward a completed unblock MCC request form located on the Navy NAF PCP webpage to the AO with the following:

- (1) Description of item(s), merchant's exact name and address.
- (2) Exact dollar amount of the purchase.
- (3) Expected date of the purchase.
- (4) Efforts to locate a source other than merchant with a blocked MCC.

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(5) The mission essential need for the item from the blocked source (i.e., a special magnifying glass to assist in detail circuit card wiring bought from a jewelry store) and the merchant's MCC that must be overridden.

(6) The CHs name and last 4 digits of their purchase card account number.

c. Coordinate the above information through the AO for review by the APC and final approval by the PCPMO. After approval, the PCPMO makes the appropriate adjustment to the CH account to have this specific transaction approved from the restricted merchant. This process does not leave a restricted merchant open for repeat purchases without additional approvals and the CH will have 72 hours to make the purchase, at which time the approval is removed.

d. APCs may request extended approval for reoccurring restock of resale items i.e., cigars.

4-4. Mandatory Sources and Screening Requirements. All purchases, whether by purchase card or not, are required to be screened for availability/consideration from the statutory sources of supply as indicated below. Please check with your APC or local Senior NAF Contracting Officer if you have questions concerning this requirement.

a. UNICOR. Reference (k) requires NAFIs to buy supplies of the classes listed in the Schedule of products made by Federal Prison Industries (FPI) at prices not to exceed current market prices. FPI, usually referred to by its trade name UNICOR, is a government corporation under the Department of Justice, providing supplies and services to the federal government. These goods and services are listed in the Schedule of Products Made in Federal Penal and Correctional Institutions, referred to as the "Schedule". FPI has priority under reference (k) over workshops for the blind and severely handicapped in the production of commodities for sale to the government. Copies of the schedule are available at FPI, c/o Department of Justice, Washington, D.C. 20537. A "Schedule" should be kept on file. The customer service number is 1-800-827-3168 and web site is <http://www.unicor.gov/index.html>. Items or services at prices not exceeding current market prices in excess of \$3,500 will be purchased from the FPI, if available. Orders can be placed online or by phone.

b. ABILITYONE. Reference (l) requires NAFIs to buy required goods and services identified on the Procurement List of Supplies and Services provided by the Blind and other severely handicapped. Under the reference (l), amended in 1971, certain supplies and services are provided to agencies of the federal government by workshops for the blind and workshops of other severely handicapped individuals located in various cities. The customer service number is 1-800-433-2304 and website is: <http://www.abilityone.gov>. As stated by reference (l), the National Industries for the Blind and National Industries for the Severely Handicapped are mandatory sources of supply. The AbilityOne website provides product and service catalogs and ordering information. There are also many AbilityOne commercial distributors from which to obtain office products, cleaning supplies, and other AbilityOne products, along with thousands of commercial products. These authorized distributors offer a wide range of AbilityOne products with competitive pricing and convenient delivery terms.

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4-5. Other Sources

a. General Services Administration (GSA) accepts the NAF purchase card on their GSA Advantage online shopping portal. CHs are encouraged to use <http://www.gsaadvantage.gov> as a resource for locating and purchasing item(s) of supply.

b. GSA Global Supply at <http://www.GSAglobalsupply.gsa.gov> and the DoD FedMall at <https://www.fedmall.mil/> are available websites for researching products. Currently, the DoD FedMall requires either a Common Access Card (CAC) or other form of certification to gain access to their site. Should you need assistance with accessing the site, please contact either the NMCI Helpdesk or your Information Technology representative.

4-6. Use of Third Party Payees. The AO must document in writing that no other source exists that can supply the goods or service required without using Third Party Payees, Non-Bank Payees, or other payment processing companies. The document will be maintained by the CH with their transaction supporting documentation. The use of Third Party Payment processes does not afford the NAFI protection for reimbursement of funds paid should there be errors in the shipping or defective goods or services. Caution should be used when giving approval for this type of purchase. Every effort should be made to locate other sources. The AO must make a determination for every purchase made using a third party payment process, regardless of a prior purchase made using this same process.

Enclosure (1)

CHAPTER 5

TRAINING

5-1. Purchase Card Training

- a. Training requirements for establishment as a NAF PCP participant are as follows:

NOTE: Certificates for training classes more than 4 years old are not acceptable for new/returning participants. Training classes previously completed that do not meet current training requirements will not be accepted. Determinations of course equivalency will be made by the PCPMO.

(1) APCs and Alternate APCs are required to complete the training outlined below prior to appointment with exception of initial training by PCPMO, which will be completed at the earliest convenience. The training requirements for NAF Contracting Officers outlined in reference (b) satisfy the training listed below in paragraph (b).

- (a) Navy NAF Purchase Card Training or approved equivalent.

- (b) Army Basic NAF Contracting or equivalent training listed below:

1. DAU CLC Simplified Acquisition Procedures (CON237).
2. DoD Small Purchase Course.
3. Air Force NAF Purchase Course.

- (c) Navy NAF Buy American Act (BAA) or approved equivalent.

(d) Review the PaymentNet training for APC PowerPoint that is located on the Navy NAF PCP webpage.

(e) Ethics training must be current prior to appointment and completed annually thereafter as outlined in paragraph 5-1c. The ethics training is available on the Total Workforce Management Services (TWMS) website. For non-TWMS participants course equivalency will be provided by the PCPMO.

(f) Initial training will consist of oversight duties and PaymentNet training conducted by the PCPMO. PCPMO training will be held in a central location on an as required basis. All cost for training provided by PCPMO will be reimbursed by CNIC Headquarters.

(g) Proof of training (paragraph 5-1a (1)(a)-(d)) is required prior to PCPMO training and will be maintained in the APC and Alternate APC record held by the PCPMO.

Enclosure (1)

(2) AO, Alternate AO and CH are required to complete the following training prior to appointment:

(a) Navy NAF PC Training or approved equivalent.

(b) Navy NAF BAA or an approved equivalent. BAA training must be completed for a SPL above \$10,000 for supplies, where applicable by law.

(c) Review of the PaymentNet PowerPoint presentation that is located on the Navy NAF PCP webpage.

(d) Ethics training must be current prior to appointment and completed annually thereafter as outlined in paragraph 5-1c. The ethics training is available on the Total Workforce Management Services (TWMS) website. For non-TWMS participants course equivalency will be provided by the PCPMO.

(e) APC will provide initial and biennial refresher training to all AOs, Alternate AOs and CHs on current DON NAFI policies and procedures following the guidance in paragraph 5-1b. This training is required to be provided prior to initial appointment by the APC and at least every two years thereafter.

NOTE: APCs may use a locally devised form such as a muster sheet to record participant's name and signature; date of training; and APC conducting training. The form will be maintained by the APC. The APC must place a copy in each participant's file. A certificate of completion signed by the APC may be used in lieu of a muster sheet.

b. Each APC, Alternate APC will ensure that all program participants receive local and regional training and information specific to a particular location prior to appointment and then at least once every two years. As a minimum, local or regional initial and biennial refresher training for AOs, Alternate AOs and CHs will cover the following areas:

(1) Reference (b), this SOP and local policies and procedures.

(2) AO and CH duties and responsibilities (paragraphs 3-8 and 3-9).

(3) AO and CH "Placemats", posted on the Navy NAF PCP webpage.

(4) Local funding, billing, account statement reconciliation, payment and file documentation and requirements for records retention.

(5) Property accountability procedures.

(6) Ethics.

(7) Mandatory sources of supply.

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(8) Prohibited items and items that require pre-approval.

(9) Disputes.

(10) Card cancellation, lost or stolen card procedure notifications.

(11) Employee reassignment, resignation, and termination notifications.

c. The annual ethics training requirement for all government employees is found in reference (m), as well as reference (n). In addition, CHs that purchase in excess of the Simplified Acquisition Threshold (SAT) per calendar year and AOs who certify in excess of the SAT for purchases per calendar year must complete an OGE Form 450 and complete the online annual ethics training. All participants regardless of the amount purchased or certified per calendar year are required to take the online ethics training prior to appointment and once a year thereafter. All ethics questions, including those pertaining to ethics training, should be directed to the region's OGC or staff JAG, as appropriate.

d. The APC will keep documentation of training along with certificates for all participants under their purview for the duration that the participant serves in this capacity and for six years beyond.

e. Each NAF purchase card participant must receive and review a written or electronic copy of this SOP. An electronic copy is available at the Navy NAF PCP webpage. In addition, participants must receive and review a written or electronic copy of the applicable LSOP.

f. Any CH that does not keep current with the required annual ethics and biennial refresher training will have their account immediately suspended by the APC. Additionally, AOs, Alternate AOs that do not keep current will have all CH accounts under their purview suspended. Accounts will not be reinstated until the APC has verified that the required training has been completed.

Enclosure (1)

CHAPTER 6

PROGRAM CONTROLS, REVIEWS, AND REPORTING REQUIREMENTS

6-1. Internal Controls. The RD or designee in conjunction with the APC will establish or have established internal management controls to operate, manage and provide oversight of the local program. The following controls will be put in place to maintain the integrity of the PCP:

a. Dual roles should be eliminated. APCs will not be AOs or CHs without a waiver granted by PCPMO. The waiver request should include justification for the necessity of one individual to act in both roles. AOs should not be assigned as CHs. If personnel considerations require an AO to be a CH, under no circumstances will any CH be his or her own AO nor will a subordinate directly under their supervision be their AO. AOs will, to the greatest extent possible, be the supervisor of the CH or be in the direct chain of command of the CH. Waivers for the APC dual role function will be submitted to the PCPMO via the appropriate chain of command. The waiver request must include justification and detail the unique conditions that require this waiver and will specify effective oversight management controls that will be put in place.

b. Proper separation of duties will be maintained. Key duties such as executing purchases (CHs), receiving merchandise (RAs), (a separate individual receiving material or services); authorizing payments (AOs), processing payments (designated finance official), reviewing and auditing functions (managers and internal review officials) must be assigned to different individuals to ensure proper management controls.

c. At a minimum, a two-way separation of function is required for all purchase card transactions. This is defined as one employee executing the purchase with the purchase card, and a separate employee receiving and inspecting the merchandise. All receiving documentation will be attached to the CH's monthly SOA.

(1) Regardless of the purchase method used (via phone, online or in-person), the designated RA, will legibly print their name, sign and date the receipt confirming independent receipt, inspection and acceptance for the NAFL. In the event that the RA cannot perform the inspection or acceptance of the supplies or services, the end user must co-sign the receipt for inspection and acceptance along with their printed name and date the receipt. The CH may be the end user.

(2) For subscriptions, the vendor's form or invoice indicating the title, period, cost, and quantity, or a packing slip is sufficient documentation as a receipt.

(3) For purchases of training sessions or registration fees, the individual attending training will provide a receiving signature attesting that the training was received and/or scheduled. If the attendee is not a RA, an RA must co-sign the receipt.

Enclosure (1)

(4) For purchases shipped to a distant location, the end user will forward documentation to the CH attesting to receipt, inspection and acceptance of the purchase. If the end user is not an RA, an RA must co-sign the receipt.

d. Per the DoD span of control policy:

(1) APC to AOs and CHs. Local or regional PCPs will be set-up to ensure that the ratio of APC to total number of AOs and CHs does not exceed 1:300 (one APC to no more than 300 participants). APCs have significant responsibilities and must have reasonable spans of control to accomplish their administrative, management and oversight responsibilities. The number of cards should be kept to the minimum number required to meet mission objectives. Regions should also examine the number of transactions being made by the CHs to determine if the APC has a sufficient amount of time to perform the required oversight duties. A larger number of transactions will require more oversight by the APC.

(2) AO to CHs. Local or regional PCPs will be set-up to ensure that the ratio of AOs to purchase card accounts does not exceed 1:7 (one AO to no more than seven CHs). In addition, consideration should be given to the number of transactions per CH an AO is required to review. The APC should evaluate the timeliness and effectiveness of the AOs review and certification process to ensure that the number of transactions for all CHs allows the AO to complete a thorough and prompt review.

(3) The APC will review as part of their annual inspections, activities that are operating under a waiver for internal management controls.

6-2. Fraud Indicators. APCs must report to the PCPMO any instances where the review of a questionable item is reported to the DoD Inspector General (IG) or Navy Criminal Investigation Service (NCIS) further investigation. APCs, AOs, and IROs need to be aware of certain fraud indicators as identified below when reviewing purchase card transactions:

- a. Photocopies instead of original receipts or documents.
- b. Missing documentation to support purchases.
- c. Obvious changes or whiting-out of information.
- d. Information that is backdated.
- e. Suspicious company name.
- f. Splitting requirements to circumvent SPL, or the competition limit.
- g. Not equitably distributing business among vendors could indicate favoritism.
- h. Purchases that do not appear to be mission-related.

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- i. Purchases of high-value items at low prices or low value items at high prices.
- j. No credit for returned item.
- k. A pattern of errors in billing, returns or credits.
- l. Frequent or repetitive disputes by a single CH.
- m. Frequent or repetitive reports of lost or stolen cards by a single CH.

6-3. APC Reviews. A locally devised checklist will be used to document completion of the following periodic reviews:

a. Monthly Review. The APC will conduct monthly transactional reviews using the bank's online system. The review may be conducted on a daily/weekly basis or as desired by the APC but must be documented to show that an evaluation of all transactions under the APC's cognizance was completed.

(1) The review will target the following:

- (a) Suspicious company names in terms of CNIC mission requirements.
- (b) Split purchases.
- (c) Equitable distribution of business.
- (d) Exceeding the SPL.
- (e) Suspected fraudulent transactions.

(2) Review any suspicious purchases for proper approval and by examining the CH's receipts and supporting documentation.

b. Quarterly Review. The APC will conduct quarterly record review using the bank's online system. The review will include the following:

- (1) The account profile information is accurate.
- (2) The span of control is within specified limits (one AO: seven CHs and APC: 300 participants).
- (3) Recommend to the RD when numbers of CHs need to be adjusted ensuring sufficient number of CHs are in place.
- (4) Inform the PCPMO of the AO accounts to be closed.

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(5) Validate that inactive CHs are current employees and close accounts as necessary.

(6) Login audit to ensure CHs and AOs are compliant with the login policy.

c. Semi-Annual Review. A semi-annual review is performed for the period of 1 October to 31 March; and 1 April to 30 September. The semi-annual review will consist of an evaluation of local/regional operating procedures, internal management controls and a transactional review. The general format along with report due dates will be provided to the APC by the PCPMO. A copy of the completed report will be provided to the RD and the PCPMO. The report consists of:

(1) Span of control compliance.

(2) Training compliance.

(3) Active program participants.

(4) Number of transactions.

(5) Transactions exported in new or reviewed status.

(6) Purchases exceeding authorized limits.

(7) Split purchases.

(8) Number of regulated purchases without prior approval.

(9) Failure to use mandatory sources.

(10) Unauthorized use.

(11) Cards reported lost or stolen.

(12) Infrequent card use status.

(13) The current LSOP.

Note: All APCs will complete the semi-annual review within the time specified in the notification and return in original format (Excel) to the PCPMO for consolidation and forwarding to ASN (M&RA). Failure to submit the semi-annual report by the time specified will result in suspension of all accounts.

d. Annual Review. APCs must ensure ethics training and biennial refresher training is completed as required. Review operational waivers for necessity.

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6-4. Internal Review. It is recommended that the activity or Command Internal Review Team or a similar organization perform an annual review. The APC should oversee this review and have full access to any documentation associated with the internal review report to effectively monitor and manage their program. The following areas may be covered in any PCP Review:

- a. Review of LSOP to ensure compliance with current purchase card policies and procedures.
- b. Program compliance with applicable training requirements.
- c. Appropriate delegations of authority.
- d. Purchase approvals and documented receipt procedures.
- e. Invoice certification process.
- f. Internal procedures to resolve disputes and monitor activity delinquencies.
- g. Span of control (card accounts to AOs, and participants to APC).
- h. Account spending limits.
- i. List of transactions using Special Emergency Procurement Authority per reference (b), paragraph 3-9.
- j. Number of APCs, AOs and CHs.
- k. Weaknesses reported in the semi-annual review and corrective actions taken.
- l. Questionable transactions delineated below:
 - (1) Purchases not meeting required mission objectives.
 - (2) Purchases for personal use, not for Government use.
 - (3) Purchases that exceed authorized limits.
 - (4) Requirements that were split to circumvent thresholds.
 - (5) Purchases of prohibited items.
 - (6) Purchases from vendors that appear questionable in terms of mission requirements.
 - (7) Failure to screen for mandatory sources.

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(8) Failure to make equitable distribution of business.

6-5. Disciplinary Guidelines

a. Purchase card misuse and abuse will not be tolerated. The purchase card is for official NAFI business only. Improper, fraudulent, abusive, or negligent use of a NAF purchase card is prohibited.

(1) Policy. It is DoD policy per references (o) and (p) that in each case of improper, fraudulent, abusive, or negligent use of the purchase card by civilian or military personnel, including any use at establishments or for purposes that are inconsistent with the official business of DON or with applicable regulations, the supervisor of the responsible individual or parties will be informed in a timely manner in order that appropriate corrective, disciplinary or adverse action may be taken. Supervisors who receive information indicating that a civilian or military employee has engaged in any fraud, misuse or abuse of a purchase card will take appropriate corrective or disciplinary/adverse action, including further investigation if needed.

All disciplinary actions taken or corrective measures implemented will be documented regardless of the method (i.e., copies of emails identifying concerns or issues, suspension of accounts, special retraining efforts) and a copy placed in the AO or CH file that is maintained by the APC.

The RD will formalize any alternate or different local policies and procedures identifying the formal and informal disciplinary actions and corrective measures that will be levied as a result of reviews revealing non-compliance with policies or procedures, fraud, misuse or abuse by program participants, i.e., APCs, AOs, and CHs, including supervisors or managers. The intent of this policy is to ensure that management emphasis is given to the important issue of personal accountability for purchase card fraud, misuse and abuse. There is no intent to deprive managers and supervisors of their discretion in handling purchase card misuse in a manner appropriate to each individual case. The circumstances of each individual case will determine the appropriate type of disciplinary or adverse action, if any, that may be imposed. A progression of increasingly severe penalties is often appropriate in the case of minor instances of misuse, but more serious cases may warrant the most severe penalty for the first offense if abuse or fraudulent activity is prevalent. Clearly, there is no single response appropriate for all cases. While the merits of each case may vary, timeliness, proportionality, and the exercise of good judgment and common sense are always important.

b. Guidance

(1) Civilian Personnel. Civilian personnel penalty guidelines will address offenses with respect to government purchase cards and will indicate that the penalty of removal from government service is an available maximum option for a first offense in appropriate cases, as determined by the deciding official. See Table (1) for a sample of potential purchase card offenses and recommended remedies or penalties for such offenses. The NAF personnel office

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should assist the supervisor in taking appropriate disciplinary or adverse action. Coordination with the appropriate legal office should occur early in the process, as required by DON policy.

The table below provides a sample purchase card offense and recommended remedies or penalties. Supervisors must ensure that the disciplinary policies are consistent with this SOP. All disciplinary actions taken or corrective measures implemented will be documented regardless of the method (i.e. copies of emails identifying concerns, issues, suspension of accounts, special retraining efforts). The RD will formalize any different local policies and procedures that differ from those below that identify the formal and informal disciplinary actions and corrective measures that will be levied as a result of reviews revealing non-compliance with policies or procedures, fraud, misuse and/or abuse by program participants, i.e. APCs, AOs, and CHs, including supervisors or managers.

OFFENSES	FIRST OFFENSE	SECOND OFFENSE	THIRD OFFENSE
Unauthorized use of/or failure to appropriately monitor use of NAF Commercial Purchase Card	Letter of Counseling to removal	14-day suspension to removal	30-day suspension to removal

Table 1

(2) Military Personnel. Military personnel who misuse, abuse or commit fraud with the purchase card will be subject to actions available under reference (p), including counseling, admonishment, reprimand, nonjudicial punishment reference (f), court-martial and administrative separation. In appropriate cases, pecuniary liability, referral for criminal prosecution in civilian courts, and civil enforcement action are other ways to hold military personnel personally accountable for charge card misuse.

In taking corrective or disciplinary action against military personnel who misuse or abuse the government purchase cards, commanders or supervisors will use the procedures established for each action by the appropriate Military Department and consult with their legal advisors as necessary. In addition to corrective or disciplinary action, military personnel who misuse their government purchase card may have their access to classified information modified or revoked if warranted in the interest of national security. Commanders and supervisors will follow previously issued guidance to ensure that security clearance reviews are conducted when the holder of a government purchase card comes under investigation for card misuse.

c. FFR RD or Designee. The RD or designee will include the PCP in their management control program checklists and ensure that suspected misuse or abuse of the purchase card is appropriately investigated.

d. APCs. APCs will monitor to identify potential purchase card misuse, abuse or potential fraud and will notify the employee's supervisors immediately in those instances of suspected misuse, abuse or potential fraud. APCs will also notify the PCPMO in cases of suspected misuse, abuse or potential fraud and report all instances on the semi-annual review with remedial steps taken to prevent recurrence.

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e. AOs. The AO is the program's first line of defense against misuse, abuse and fraud. AOs are responsible for ensuring that all purchases made by a CH under their purview are appropriate and that the charges are accurate. Upon discovery of any improprieties, the AO must notify the RD or designee, APC, and the appropriate Manager.

f. Relationship to Security Clearances. The review of the security clearance of an individual involved (or the modification or revocation of such security clearances in light of this review), in misuse, abuse or fraud cases is not a disciplinary action and should not be treated as such. However, this does not preclude a separate and independent review of such misuse, abuse or fraud by the appropriate security managers. Modification or revocation of a security clearance will result in appropriate action, which could include reassignment or removal.

6-6. Closing CH Accounts. Ensure that the activity's check-out process includes a requirement to notify the APC of pending departures and CHs prior to actual departure.

a. The APC will ensure to the maximum extent practicable that the CH's SPL and monthly limits are reduced to \$1.00 and the account closed at least 30 days (one billing cycle) prior to the projected date of transfer, retirement or termination. However, coordination may be required with the CHs AO so as not to hinder mission requirements.

b. Once the AO has verified that all transactions have been reviewed and approved in the bank's online system, the APC will disable the login after the CH has disabled the email notifications. Under no circumstances will an account remain open past the official detachment date of the CH.

c. At least quarterly, the APC must validate that inactive CHs are current employees and close accounts as necessary. Activities will take the necessary steps to ensure APCs are notified of reorganizations and/or personnel changes that would warrant closing the CH account.

d. The APC will ensure that any CH account that has not been used in the previous six months or is being used on an average of less than three times every six months is closed unless acceptable justification is received by the APC.

6-7. Closing AO Accounts. Upon notification to the APC that an AO will no longer be performing duties as an AO, the APC must do the following:

a. Immediately identify, train and appoint a new AO.

b. Suspend or reassign hierarchy of all CH accounts until a new AO is appointed.

c. Once the APC has verified that all transactions under the AOs purview have been reviewed and approved in the bank's online system, the APC will disable the log-in after the AO has disabled the email notifications. Any unapproved transactions assigned to the AO will be transferred to the new AO for approval in the bank's online system.

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d. Notify the PCPMO helpdesk when the AO's appointment has been revoked and the PCPMO will move the AO to the closed hierarchy in the bank's online system.

e. At least quarterly, the APC should validate that AOs are current employees and still serving as an AO. Employees no longer serving in this capacity should have their appointment revoked and be moved to the closed hierarchy. Activities will take the necessary steps to ensure APCs are notified of reorganizations or personnel changes.

6-8. Lost or Stolen Cards. If a purchase card is lost or stolen, the CH must notify the Bank immediately. After notifying the Bank, the CH must inform the AO and APC in writing. The notification will include:

- a. The card account number (last 4 digits).
- b. The CHs complete name.
- c. The date and location loss became evident.

d. The date and time the bank was notified. If card was known to be physically stolen, date and time reported to the authorities.

e. Any fraudulent purchases made on the card.

f. Any other pertinent information.

g. The APC will notify the PCPMO by email of any card reported as lost, stolen or requested replacement cards.

6-9. File Maintenance and Records Retention. The APC will establish an individual file for each AO and CH. The file will contain at a minimum the items listed below and will be retained for the duration the employee serves in this capacity and for six years beyond.

- a. Nomination for AOs and CHs.
- b. Certificate of completion and documentation of training as outlined in Chapter 5.
- c. Copy of all appointment letters.

d. Purchase card financial records (statements, invoices, and supporting documentation) must be retained for six years. Refer to the region's LSOP for details on where originals and copies are maintained. Originals must be available upon request for review by the APC, any Audit or Inspection team.

Enclosure (1)

7510
Ser CNI N8/006
3 Sept 2004

From: Commander, Navy Installations

Subj: USE OF APPROPRIATED FUNDS FOR LIGHT REFRESHMENTS AND
CONFERENCE FEES

Ref: (a) CompGen Decision B-288266 of 27 Jan 2003

Encl: (1) ASN (FM&C) memo of 18 Apr 2003; subj: Clarification
of Use of Appropriated Funds to procure Light
Refreshment

1. By reference (a), the Comptroller General (CompGen) published a decision on the use of appropriated funds to pay for light refreshments at conferences, which superseded all previous guidance on this subject. Based on this decision, ASN (FM&C) issued the guidance provided in enclosure (1), which prohibited the use of appropriated funds to pay for light refreshments at conferences, except where specifically authorized by law.

Although the reference (a) decision does not prohibit the serving of light refreshments to attendees in a travel status, the Navy's implementation is more restrictive. Under Navy policy, the prohibition applies to all attendees. This Navy policy was consciously adopted to void situations where people in a travel status would be provided refreshments while local attendees would not. These types of schemes have proven to be logistically difficult to enforce as well as readily subject to error or abuse.

2. The guidance of enclosure (1) also reminded Naval activities that, absent statutory authority, conference fees may not be collected and used to offset the cost of a Navy-sponsored conference. While the charging of conference fees has been a common practice, Federal law requires that agencies receiving funds for the Government deposit such receipts in the Treasury. Agencies are permitted to keep such receipts only where specifically authorized by statute. Accordingly, rather than collecting conference fees, the sponsors of conferences should pay fully out of their own budget base for the cost of any conference they sponsor.

3. CNI regions and program directors are cautioned that they need to familiarize themselves with enclosure (1) and ensure

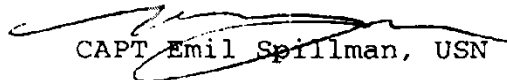
Subj: USE OF APPROPRIATED FUNDS FOR LIGHT REFRESHMENTS AND

Enclosure (2)

CONFERENCE FEES

that they are complying with the limitations outlined therein. Please note that these limitations do not apply to conferences sponsored by non-governmental organizations (NGOs). Generally, if you are attending an NGO-sponsored conference, you may obtain reimbursement for the cost of your conference fee even where the fee supports the provision of light refreshments at the event if their cost is included as a nonseverable portion of that conference fee. For government-sponsored conferences, it makes no difference whether the conference is being held at an appropriated fund facility or a Non-Appropriated Fund Instrumentality (NAFI) such as an officers' club.

4. We will keep you posted on any changes that may be issued that affect the use of appropriated funds in these areas. For your information, a guide detailing the current rules on using appropriated funds to pay for food for government employees in this and various other circumstances has been posted on the CNI eRoom in the Comptroller section under "Financial Policy Guidance". Any requests for interpretation should be forwarded to the CNI Comptroller for review in consultation with legal counsel. My POC on this issue is Seth Leventhal, 703-604-4081 or seth.leventhal@navy.mil.



CAPT Emil Spillman, USN

Distribution:

All CNI Program Directors

All CNI Regional Commanders

Enclosure (2)



DEPARTMENT OF THE NAVY
OFFICE OF THE ASSISTANT SECRETARY
(FINANCIAL MANAGEMENT AND COMPTROLLER)
1000 NAVY PENTAGON
WASHINGTON, DC 20350-1000

MAY 12 2006

MEMORANDUM FOR DISTRIBUTION

Subj: USE OF APPROPRIATED FUNDS TO PURCHASE FOOD FOR EVENTS AND
CLARIFICATION OF RULES FOR CONFERENCE FEES

Ref: (a) OASN(FM&C) memo of 18 Apr 03
(b) SECNAV memos of 8 Jan 02
(c) OPNAVINST 5050.24F of 20 Jun 02
(d) Marine Corps Order 7300.22A of 11 Feb 04

In accordance with OSD guidelines, this memorandum provides Department of the Navy (DON) guidance for the use of appropriated funds to purchase food for various events, clarifies the rules regarding conference fees, and supercedes the guidance contained in reference (a).

As a general rule, food is a personal expense for which appropriated funds are not available absent legal authority. The following is a list of recognized exceptions, some of them overlapping, to the general rule in the context of conferences, meetings, and events.

- **Award Ceremonies** – Food may be purchased only if all of the following criteria are met:
 - The award recipients are either federal employees or military members,
 - The award recipients are publicly recognized, and
 - The authorized DON official has determined that food materially advances the recognition of the recipient.
- **Cultural Awareness Ceremonies** – Food may be purchased only if all of the following criteria are met:
 - The food is a part of a formal program intended to advance EEO objectives and to make the audience aware of the cultural or ethnic history being celebrated,
 - The food is a sample of the food of the culture and is being offered as part of the larger program to serve an educational function, and
 - The portions and selection of dishes do not constitute a meal, for which appropriated funds are not available under this exception.
- **Training**
 - Appropriated funds may be used to cover food costs that constitute a non-severable portion of the registration or attendance fee for a training program.
 - For purposes of this memo, food costs are considered non-severable if they are billed as part of the overall costs of the training sessions and the costs cannot be reduced by foregoing the food or by breaking out the food costs as a separate optional item.

Enclosure (3)

Subj: USE OF APPROPRIATED FUNDS TO PURCHASE FOOD FOR EVENTS AND
CLARIFICATION OF RULES FOR CONFERENCE FEES

- The cost of the food provided at a training program conducted by the Government is presumed to be severable because the Government is responsible for arranging the program.
 - If food costs are a severable part of the registration fee, appropriated funds are available for such costs only where necessary for the employee to obtain the full benefit of the training. For example, where essential training is conducted during a luncheon session, food may be provided at Government expense. Simply labeling a session as a “training event” is not sufficient; instead, the event must be a substantive program designed to improve trainee and agency performance.
- **Conferences sponsored by non-Federal entities – non-severable fee:**
 - The DON may pay or provide reimbursement for food purchased as a non-severable, non-negotiable portion of a registration or attendance fee.
- **Conferences sponsored by non-Federal entities – severable fee:**
 - If the cost of the food or meals is severable, then appropriated funds are available only to the extent that all of the following criteria are met:
 - The expenditure is necessary to obtain the full benefit of the meeting or conference,
 - Meals and refreshments are incidental to the meeting or conference, and
 - The employee cannot take the meals elsewhere without missing formal discussions, lectures, or speeches that are essential parts of the conference.
- **Conferences sponsored by another Government agency:**
 - The DON may pay for food for an employee if the criteria for “conferences sponsored by non-Federal entities – severable fee”, above, are met and:
 - The meeting or conference involves matters of topical interest to multiple agencies and/or nongovernmental participants.
- **Formal DoD/DON conferences:**
 - Food may be purchased only if all of the following criteria are met:
 - The conference is a formal conference with registration, a published and substantive agenda, and scheduled speakers,
 - The conference involves matters of topical interest to actual participants from multiple agencies and/or nongovernmental participants,
 - Meals and refreshments are incidental to the overall purpose of the formal conference,
 - Attendance at the meal or when refreshments are provided is important to the host agency to ensure the attendees’ full participation in essential discussions and speeches concerning the purpose of the conference, and

Subj: USE OF APPROPRIATED FUNDS TO PURCHASE FOOD FOR EVENTS AND
CLARIFICATION OF RULES FOR CONFERENCE FEES

- The meal and refreshments are part of a formal conference that includes not just the meal and refreshments and discussions or speeches that may take place when the meal and refreshments are served, but also substantial sessions apart from those sessions at which food is served.
- **Conferences sponsored by DoD/DON where food creates no additional cost:**
 - Food may be provided at meetings sponsored by DoD to discuss day-to-day operations of the Government, or other Government sponsored conferences, in situations where all of the following criteria are met:
 - The meeting is held at an outside facility,
 - The cost of the food is a non-severable, non-negotiable portion of the cost of the conference space, and
 - The cost of the space is demonstrably priced competitively with facilities at which food is not provided.


This exception should apply very rarely because, in most cases, the cost of conference space with food will not be competitively priced with similar conference space without food. References (b) through (d) delineate the requirements for approval of any DON sponsored conference. This approval process should safeguard abuse.

Fiscal policy associated with conference fees is provided below:

- **Conference fees:**
 - Although appropriated funds may be used to purchase food, as described above, a host agency may **not** charge an official registration or other fee from attendees to defray the costs of the conference, including the cost of the food. This is a consequence of the miscellaneous receipts statute, 31 USC Section 3302(b), which requires that funds collected for the Government be deposited into the general Treasury (miscellaneous receipts) absent statutory authority to do otherwise.
 - Conference organizers may, however, collect personal funds unofficially from participants to purchase snacks and refreshments. Such collections must be truly voluntary, and the funds collected may not be commingled with or augmented by appropriated funds. These unofficial costs are not reimbursable to the attendee/conferee.
 - To the extent that meals are provided at Government expense to travelers receiving per diem, the traveler must document receipt of the meal on his or her travel voucher.

Subj: USE OF APPROPRIATED FUNDS TO PURCHASE FOOD FOR EVENTS AND
CLARIFICATION OF RULES FOR CONFERENCE FEES

Department of the Navy commands should ensure this information is disseminated to all subordinate activities. My point of contact for this matter is Ms. Betty Talbert, FMB-51, 703-692-4809, Elizabeth.Talbert@navy.mil.


S. D. BOZIN
Rear Admiral, U.S. Navy
Director, Office of Budget

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NON-APPROPRIATED FUND PURCHASE REQUEST

[illegible]

NON-APPROPRIATED FUND PURCHASE REQUEST

DATE PREPARED: _____
REQUEST VIA: _____

REQUIRED DELIVERY DATE: _____

SUGGESTED SOURCES	
VENDOR 1:	
VENDOR 2:	
VENDOR 3:	

REQUESTOR	
NAME:	
E-MAIL:	
PHONE:	

COMPANY CODE: _____
REQUESTING CODE: _____
INTERNAL ORDER: _____
PROJECT No: _____

[illegible]

NON-APPROPRIATED FUND PURCHASE REQUEST

DATE PREPARED: _____
REQUEST VIA: _____

REQUIRED DELIVERY DATE: _____

SUGGESTED SOURCES

VENDOR 1: _____

VENDOR 2: _____

VENDOR 3: _____

REQUESTOR

NAME: _____
E-MAIL: _____
PHONE: _____

COMPANY CODE: _____
REQUESTING CODE: _____
INTERNAL ORDER: _____
PROJECT No: _____

[illegible]

March 2019

PAGE 3 IGE AMOUNT:

Date:

MONTHLY APPROVAL MEMORANDUM FOR THE RECORD

This memorandum serves as signature approval for non-appropriated purchase card transactions for the month of _____, made by _____, a cardholder for the [facility/program and location].

Individual purchases up to \$ [single purchase limit for this approval] totaling up to \$ [program/event budget amount] in the month, for purposes of [program and types of supplies], are approved under this memorandum.

All purchases for other activities, projects or items not in the listed categories above require a separate approval.

[AO Signature] _____ Date _____
[AO typed name] _____

Date:

From: [Joe Smith], [Your region] Facilities Development Director

To: Fleet and Family Readiness Service Center

Subj: NAF PC – Approval Memorandum for CIP Projects

1. This memorandum serves as signature approval for nonappropriated fund purchase card transactions made by _____, a cardholder for the [Your region] Facilities Development Program.
2. Individual purchases up to \$ [single purchase limit] totaling up to \$ [total spending limit] for purposes of [project name] are approved under this letter.
3. The authorized purchases shall be recorded in G/L Account: 179200, referencing the 179 asset and project number.
4. All purchases for other facilities, programs, and projects require an approved purchase request or another CIP Project Approval Memorandum.

[Region's Facilities Development Director's Name and Signature]

Enclosure (6)