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NAVAL AIR SYSTEMS COMMAND
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IN REPLY REFER TO
NAVAIRINST 4200.42A
AIR-2.1.1
7 Sep 04

NAVAIR INSTRUCTION 4200.42A

From: Commander, Naval Air Systems Command

Subj: GOVERNMENT COMMERCIAL PURCHASE CARD PROGRAM

Ref: (a) EBUSOPSOFFINST 4200.1A, Department of the Navy Policies and Procedures for the Operation and Management of the Government Commercial Purchase Card Program
(b) SECNAVINST 5200.35D, Department of the Navy Management Control Program

Encl: (1) Purchase Card Procedures
(2) Purchase Card Review and Report Requirements

1. Purpose. To provide guidance on policies and procedures for use of the Government Purchase Card Program as a procurement method for obtaining supplies and services up to \$2,500 and construction purchases up to \$2,000; for training requirements using the DD1556, (Aug 2002), Request, Authorization, Agreement, Certification Training and Reimbursement, and valued at \$25,000 and below; and for use of the card as a method of payment under some other contractual vehicle in accordance with reference (a).

2. Cancellation. NAVAIR Instruction 4200.42.

3. Scope. This instruction applies to all commercial purchase card transactions and services at the Naval Air Systems Command (NAVAIR) including NAVAIR Headquarters (NAVAIRHQ), the Naval Air Warfare Centers (NAVAIRWARCENS), its Naval Aviation Depots (NAVAIRDEPOTS), its Repair Activities, its business units, and the Naval Aviation Program Executive Officers (PEOs).

4. Change Information. The following is a summary of the major changes incorporated in this revision of the instruction:

- a. Approving Official (AO) requirement to issue cardholders "Accountable Official" letter;
- b. Recurring Services guidelines established;
- c. AO requirement to maintain supporting documentation;
- d. Mandatory sources of supply guidelines established; and
- e. Changes to the Semi-Annual Review requirements.

5. Background. Reference (a) establishes Department of the Navy (DON) policy and procedures for controlling and managing purchases under the Government Purchase Card

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Program. Under the Government Purchase Card Program there are Agency Program Coordinators (APC) that are responsible for managing the program. The Purchase Card Hierarchy is described in reference (a). Reference (a) and other policy documents are available from the Purchase Card Program's Policy section of the DON eBusiness Operations Office (EBUSOPSOFF) web portal at <http://www.don-ebusiness.navy.mil/>.

6. Policy

a. In accordance with reference (a), each Chief of the Contracting Office (CCO) within the Naval Air Systems Command is delegated the authority to establish a Purchase Card Program for the business units and NAVAIR activities they support. For NAVAIR activities that are not assigned a CCO, the Commanding Officer is delegated the authority to establish a Purchase Card Program.

b. A Level III Agency Program Coordinator (APC) shall be designated to manage the Government-wide Purchase Card Program for NAVAIR. See enclosure (1) for procedures.

c. The Level III APC is appointed in writing by the Assistant Commander for Contracts (AIR-2.0) and is responsible for the general overview and administration of the Purchase Card Program at NAVAIR.

d. A Level IV APC may be designated for sites using the Purchase Card Program with more than 300 cardholders. These Level IV APCs are appointed in writing by the CCO and are in addition to the Level V APCs appointed to that site.

e. A Level V APC shall be designated for each site using the Purchase Card Program. These Level V APCs are appointed in writing by the CCO of each site. For sites that have more than 300 cardholder accounts, multiple Level V APCs shall be appointed; and these Level V APCs will be responsible for the management, administration, and day-to-day operations of their portion of the cardholder accounts.

f. A Reviewing Official (RO) shall be designated for each site using the Purchase Card Program. These ROs are appointed by the person in charge, such as, the Commander, or the Commanding Officer of each business unit or activity and are responsible for pre and post payment reviews of the payments certified by the AOs. The RO shall not concurrently serve as an APC or as an accountable, certifying or disbursing official.

g. The CCOs shall establish local procedures for nominating and appointing Level IV and Level V APCs, AOs, and cardholders. As a minimum the procedures shall include furnishing each APC, AO, and cardholder with a letter of delegation outlining the duties and responsibilities of the position.

7. Responsibilities

a. Level III APC will:

(1) manage the Purchase Card Program to ensure compliance with reference (a), this instruction, and any other applicable regulations;

- (2) establish national guidelines/procedures;
- (3) serve as liaison between NAVAIR, Citibank, DON EBUSOPSOFF and NAVAIR purchase card representatives and claimants;
- (4) establish areas of review for the annual review;
- (5) upon completion of the annual review at each site, the Level III APC will initiate appropriate action to improve the local program or correct the specific problem areas and submit a report with recommendations to the Contracts Policy and Process Management (AIR-2.1);
- (6) review and approve all NAVAIR site-specific guidelines and procedures for the Purchase Card Program;
- (7) review and approve the semi-annual reports completed by the Level V APCs and prepare a combined report for submittal to the DON EBUSOPSOFF; and
- (8) maintain the monthly metrics on the Purchase Card Program by site including number of transactions, purchases, delinquencies and interest paid.

b. Level IV and V APCs will:

- (1) manage the Purchase Card Program at their site to ensure compliance with reference (a), this instruction, and any other applicable regulations including documenting any findings and corrective actions due to non-compliance of applicable regulations;
- (2) prepare local guidelines/procedures to supplement this instruction where necessary including plans for corrective actions. These guidelines/procedures need to be approved by the Level III APC;
- (3) serve as liaison between their NAVAIR site, the bank, and NAVAIR purchase card representatives and claimants;
- (4) be responsible for the coordination of applications, issuance and destruction of cards, establishment and submission of reports and completion of all training for personnel;
- (5) establish realistic dollar limitations and merchant codes for each cardholder based upon need and submit changes to dollar limitations or authorized merchant codes to the bank;
- (6) verify qualified cardholders and AOs and prepare delegations of authority and warrants/letters of appointments;
- (7) ensure the span of control for the AOs remains at or below seven cardholders;
- (8) ensure each AO is the supervisor of their cardholders or in the direct line of authority of their cardholders to the greatest extent practicable;
- (9) coordinate and oversee monthly transaction reviews;

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(10) coordinate and oversee semi-annual reviews of the local Purchase Card Program. These reviews should be completed in March and April of each year for the period of 22 September through 21 March; and September and October of each year for the period of 22 March through 21 September for submittal of the final report to the Level III APC by 20 April and 20 October;

(11) upon completion of the semi-annual review, take appropriate action to improve the local program or correct the specific problem areas and submit the report to the Level III APC; and

(12) coordinate required initial and refresher training for all AOs and cardholders under his/her purview. Maintain detailed record of AOs' and cardholders' compliance with training requirements including documentation of the requirements of reference (a).

c. RO will:

(1) perform monthly pre/post certified payment audits using stratified statistical random sampling as described in DoD Financial Management Regulation Volume 5, Chapter 33;

(2) make an initial determination of questionable certification, maintain file of all inquires, and ensure inquiries are resolved within 30 calendar days;

(3) refer determinations of questionable legality, propriety or correctness to the Level III, IV and V APCs, CCO and Commander/Commanding Officer's representative; and

(4) prepare final reports of payment audits and forward copies via the Level V APC, Level IV APC, Commander/Commanding Officer representative, CCO, and Level III APC to the DON eBUSOPSOFF.

d. AOs will:

(1) review their cardholders' monthly statement of account to ensure purchases are made in accordance with reference (a), any local purchase card instructions, and this instruction;

(2) be knowledgeable about the job responsibilities of the designated cardholders. AOs may have cognizance over a maximum of seven cardholders and may also serve as liaison with the Citibank Billing and Disputes Office;

(3) enforce compliance with the statutory and regulatory provisions governing the Government Purchase Card Program, and initiate administrative and disciplinary action for misuse of the purchase card;

(4) to the greatest extent practicable, be the direct supervisor or higher in chain of command of their cardholders;

(5) coordinate with Level V APC when changes to cardholders/approving officials are necessary;

(6) certify statements for payment within five days of receipt including review of backup documentation to ensure proper receipt, acceptance and inspection is accomplished on all items. AOs shall verify the existence of receipt and acceptance documentation. Physical validation of proper receipt and acceptance is required of the AO. One example of physical validation is the AO signing or initialing in a corner of each of the cardholders transaction receipts;

(7) issue letters of delegation to all cardholders under their purview designating them as accountable officials which apprises them of their pecuniary liability for erroneous payments that result from the negligent performance of cardholder's duties;

(8) ensure all pilferable items purchased by their cardholders are recorded by the using Department within seven days of the invoice date and are being tracked; and

(9) review and approve cardholders' SAP Daily Reconciliation, at sites where Enterprise Resource Planning (ERP) has been implemented.

e. Cardholders will:

(1) be issued a purchase card with cardholder's' name and account number embossed on it. Ensure that no other person uses their card;

(2) perform purchases in accordance with reference (a), any local purchase card instructions, and this instruction;

(3) review statements of their account within five days of receipt and notify their AOs if they notice any discrepancies;

(4) provide backup documentation for each transaction appearing on their bank statement; and

(5) perform SAP Daily Reconciliation for all transactions appearing in their ZEM01 and perform ZEM03 Monthly Reconciliation/Certification, at those sites where ERP has been implemented.

f. Commanders/Commanding Officers (COs) at each Business Unit/Activity will:

(1) establish effective internal management controls to ensure appropriate management, operation, and oversight of the local Purchase Card Program;

(2) ensure appropriate resources are allocated to the program;

(3) ensure the local program is being executed in accordance with Department of Defense (DoD) and DON guidance;

(4) ensure program personnel, APCs, AOs, and purchase cardholders are properly appointed and trained;

(5) ensure the number of AOs and purchase card accounts appointed within a Command is the minimum number to meet mission requirements;

(6) establish local policies and procedures identifying informal and formal disciplinary action to be taken against APCs, AOs, and purchase cardholders for non-compliance, fraud, misuse and/or abuse; and

(7) establish and maintain a command climate to prevent requiring or requesting personnel from exercising undue influence over the actions of a purchase cardholder.

8. Reports/Records

a. Reports. Reports required by this instruction are acquisition data reports under OMB 9000-0063 and are not subject to report control.

(1) Monthly Level V APC Transaction Reviews shall be performed by the Level V APCs or designated representative with a final report sent to the CO of the site and the results included in the site's program review report sent to the Level III APC. See enclosure (2) for requirements.

(2) Site internal program reviews shall be performed by the Level V APCs or designated representative with a final report sent to the Level III APC. See enclosure (2) for requirements.

(3) The Level III APC shall prepare the combined NAVAIR-wide program review report. See enclosure (2) for requirements.

(4) The Level III APC or designated representative shall prepare an annual Purchase Card Program review report of each site's Purchase Card Program. See enclosure (2) for requirements.

b. Records

(1) The Level V APC shall maintain cardholder and AOs training records. Each Level V APC will have a complete copy of the training records for their site's APC, AOs, and cardholders. The Level III APC will have a training document that summarizes all the cardholders, AOs, and APCs, and the training they have received.

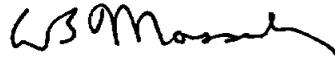
(2) A list of authorized cardholders must be maintained by Level V APC.

(3) Delegation letters and warrants must be kept on file by Level V APCs.

(4) Documentation showing corrective actions taken for cardholders misusing or abusing the purchase card must be maintained by the Level V APC with a copy to the Level III APC.

(5) Documentation of any local guidance for policy implementation must be maintained by the Level V APC with a copy to the Level III APC.

9. Review. Contracts Policy and Process Management (AIR 2.1) will review this instruction annually.



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All public-releasable NAVAIR directives are available on the Internet at <https://directives.navair.navy.mil/>.

PURCHASE CARD PROCEDURES

1. Purchasing Controls

a. Prior to establishing a purchase card account, the Level IV or Level V APC will ensure the cardholder and the AO have received the proper training.

(1) Annual Ethics Training as required by the Joint Ethics Regulations, DOD 5500 7-R. (All AOs and any cardholder processing over \$100,000 in purchases on an annual basis are required to take annual ethics training.)

(2) DOD Government Purchase Card Tutorial (once before establishment of account.).

(3) DON Government Commercial Purchase Card Training Module (every two years).

(4) Local Site Internal Training (every two years).

b. The Level V APC will prepare delegation letters/contracting officer's warrants (SF1402) to certify and delegate proper authority to cardholder/approving official prospectively. Letters and warrants will be signed by the appropriate official as designated by the CCO and forwarded to the cardholder/approving official.

c. Any changes to cardholders/approving official's accounts must be performed through the Level V APC, who will in turn notify the bank. This includes organizational code and phone number changes.

d. Cardholder shall ensure items purchased are not on prohibited or special attention listing. The following is a small sampling of prohibited items. For a complete listing refer to enclosure (2) of reference (a).

(1) Aircraft parts, if considered safety of flight (safety of flight items are identified by the cognizant engineer), shall be purchased via Fleet Industrial Supply Centers (FISC) or Marine Corps Regional Contracting Offices with the use of a purchase order.

(2) Cash advances (not permitted under any circumstances).

(3) Rental or lease of land or buildings.

(4) Telecommunications (telephone services, does not include short term services).

(5) Rental or lease of motor vehicles, whether or not on official travel.

(6) Repair of GSA leased vehicles.

(7) Expenses associated with official travel including transportation, lodging, or meals.

(8) Bottled water and water coolers unless the water available is not safe for drinking or areas do not have access to water for cooling.

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(9) Cups, plates, napkins, food refreshments or other related items associated with an office lunch, social or similar occasion.

(10) Personal items or other matters that are not necessary for the accomplishment of the NAVAIR's mission.

(11) Coffee pots, microwave ovens, refrigerators, and ranges;

(12) Configuration control items (i.e. written specifications/drawings);

(13) Give-away items.

(14) Weapon systems related parts.

e. For all purchases, merchants shall be reminded that the U.S. Government is tax exempt and therefore should not charge sales tax.

f. Before making any purchase of food or refreshments for any reason, a written legal opinion must be obtained supporting the purchase.

g. Cardholders shall attempt to purchase items Free-on Board (FOB) destination. FOB destination means the vendor pays the cost for transportation and includes it in the cost of the item. The total cost of the requirement including any shipping cannot exceed \$2,500.

h. Cardholders shall not split requirements in order to circumvent the procurement regulations. Requirements are split if they are intentionally broken down into more than one purchase to stay within a threshold (i.e. the \$2,500 micro-purchase threshold) or to avoid having to send the requirement to the contracting officer. As described in reference (a), "The 'requirement' is the quantity known at the time of the buy. If an individual purchases as he/she becomes aware of a requirement, the requirement is each. If the requirements are consolidated and purchases are made once a day, the requirement becomes what was received during the day."

i. All Information Management Material will be processed through Information Technology/Information Management Department. (Fax machines and digital cameras are considered Information Management Material.)

j. All cardholders are responsible for:

(1) recording all pertinent information;

(2) maintaining a daily log; manually or electronically; and

(3) setting up the SAP purchase order in a timely manner, at sites with ERP.

k. All AOs are responsible for:

(1) performing timely reviews and certifications of statements, such that each statement is certified and turned in to appropriate local processing point by the 5th of the month following the end of the monthly cycle;

(2) keeping all pertinent information on file for a minimum of three years to include the cardholder certified statement and the backup documentation for each transaction; and

(3) keeping financial information on file for six years and three months to include the AO certified statement and the Disputes and Affidavit of Fraudulent Activity.

1. All cardholders are required to maintain adequate documentation to support credit card purchases made. The supporting documentation should provide an audit trail supporting the decision to use the purchase card and any required special approvals that were obtained. Examples of documentation that should be maintained include:

(1) purchase card logs;

(2) requisitions;

(3) all documentation received from the vendor, such as, cash register receipts/ charge slips/packing slips/invoices; and

(4) bank statements.

2. Purchasing Information

a. Purchases Over-the-Telephone

(1) Cardholder shall ensure any fee paid by merchants is not added to the price of items.

(2) Merchant shall be advised that the purchase card account may not be charged until after material is shipped.

(3) Merchant shall be advised to deliver full quantities only.

(4) Cardholders should attempt to have all material delivered or picked up within a reasonable time frame to aid in reconciliation.

(5) Cardholders shall not have materials delivered to their home address.

b. Purchases over the Internet

(1) Cardholders must request authority through APC and be designated in their warrant/delegation of authority.

(2) Cardholders shall ensure the Internet address begins with https vice http. (This indicates a secure site. The "s" may not show until the user is prompted to enter card number.)

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(3) Cardholders shall ensure a small lock appears in the locked position on the bottom of screen.

(4) Cardholders must receive a secure certificate before entering the site.

c. Shipping documents/packing slips shall contain:

(1) merchant's name and address,

(2) date of order,

(3) requisition number,

(4) itemized list of supplies furnished,

(5) quantity, and

(6) name of cardholder; and

(7) cardholder shall ensure the credit card number is not on the shipping documents.

3. Verification

a. Cardholders are responsible for:

(1) receipt – ensuring item has been received and receipted at the correct price;

(2) inspection – end user has confirmed item delivered is that which was requested; and

(3) acceptance of material – if not notified by end user of any discrepancies with item, cardholder certifies statement for payment.

b. Cardholders should try to solve any problems with vendors immediately. If cardholders do not get satisfaction from the vendor, dispute forms shall be faxed to the bank, attached to the statement and kept on file. Cardholders have 60 days from the day the charge was posted on their statement to dispute.

c. Cardholders shall authorize payment to the financial institution when the purchase appears on the billing statement, regardless of whether merchandise has been received, in order to ensure a timely payment of the account. If the merchandise has not been delivered when the next billing statement is received, the cardholder should initiate the disputes process.

d. Cardholders shall not be receiving officers for any purchases acquired on their accounts to protect the integrity of the process (separation of functions).

e. For purchases over-the-counter, purchased items shall be verified with an itemized listing and a signed receipt by someone other than the cardholder, such as, the end user or receiving officer.

f. AOs will ensure the receipt of minor/plant property is reported to the Industrial Property Section or other Point of Contact (POC), for inclusion in the inventory system.

g. AOs have five business days from the day of receipt of statement to reconcile their statement with assigned cardholders. All improper charges should be identified to the AO either by an attached dispute form or a copy of written credit given by the vendor. If cardholders are not available, AOs should have access to their records to promptly reconcile statements.

h. AOs shall review cardholders' statements along with the certification statements.

4. Unauthorized Uses of the Purchase Card

a. A cardholder who makes an unauthorized purchase or who uses the card in an inappropriate manner may be personally liable to NAVAIR for the total amount of the unauthorized purchases.

b. Unauthorized use of the card may also include the use of the card by anyone other than the cardholder identified on the front of the purchase card.

c. Intentional use of the purchase card by a NAVAIR employee for other than official NAVAIR business will result in suspension of the purchase card and may result in disciplinary action, up to and including removal from Federal service, and/or prosecution under criminal statute, including the Uniform Code of Military Justice.

5. Lost or Stolen Cards

a. Telephone Notification. If a purchase card is lost or stolen the cardholder must immediately notify Citibank at the following number: Citibank Customer Service 1-800-790-7206.

b. Written Notification. In addition, on the next working day the cardholder must notify the APC and his/her AO. The notification shall include the following information:

- (1) card number;
- (2) cardholder's complete name;
- (3) date and location of the loss;
- (4) if stolen, date reported to police and the date and time Citibank was notified;
- (5) any purchases made on the card before the card was stolen; and
- (6) any other pertinent information.

6. Separation of Cardholder. Upon separation or transfer from their current position, cardholders will notify their AO of the expected date of leaving/transfer. In addition, prior to final check-out, cardholders will surrender their purchase cards to the APC. The APC will

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destroy the card and notify Citibank to have the account cancelled. Alternative procedures may be implemented if a cardholder works at a different site from their Level V APC.

7. Pilferable Items. The AO is responsible for reviewing purchases made by his/her cardholders each month to insure that all pilferable items have been properly recorded on the activity's property or using department records within seven days of receipt of the pilferable item. Pilferable items, as described in reference (a), are "portable items that could easily be converted to personal use and are critical to fulfilling the activity's mission/business objective and hard to repair or replace."

a. Legacy (non-NMCI) portable computers (laptops) should be bar coded and formally tracked by the site's Property Management Team.

b. The following pilferable items should be signed out on custody and formally tracked by the using Department:

(1) palm pilots;

(2) printers;

(3) cameras (still, video, and digital); and

(4) classified or sensitive equipment (regardless of the cost).

8. Suspension of Credit Card Use

a. Policy – Any misuse of the purchase card shall result in suspension of the credit card.

b. First Occurrence – On the first occurrence of a suspected fraudulent, improper, abusive or split requirements transaction, the cardholder's card shall be suspended by the level V APC and shall not be reinstated until the cardholder and approving official have received training on the proper use of the card. In all cases, for suspected fraudulent, improper and abusive transactions, the investigation should be turned over to the appropriate NAVAIR Business Unit (BU) or activity for referral to the appropriate authority, such as, NAVAIR Inspector General (IG) or Naval Criminal Investigative Service (NCIS).

c. Second Occurrence – If after a cardholder's card has been reinstated, a second occurrence of suspected fraudulent, improper, abusive use, or split requirements transaction occurs, the cardholder's card should be canceled; and the investigation shall be turned over to appropriate NAVAIR BU or activity for referral to the NAVAIR IG, NCIS, or other appropriate authority.

9. Suspension of AO Account

a. Policy - Untimely certification of the monthly statement will result in removal of the AO from the Purchase Card Program.

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b. First Occurrence – Failure of the AO to certify the monthly statement within 30 days will result in suspension of the AO account and all cardholders' accounts under the AO purview until the account has been certified.

c. Second Occurrence – If after the AO has been reinstated, the AO fails to certify the monthly statement again within 30 days the AO will be removed from the Purchase Card Program.

10. Recurring Services

a. Definition – Recurring services are requirements performed at regular intervals with predictable demand rates.

b. Policy - The procurement of recurring services is not permitted with the purchase card if the total amount to be expended for these recurring services is expected to exceed \$2,500 over a course of a year.

c. An alternate method to procure recurring services, such as, Blanket Purchase Agreements (BPA) or letters of agreement, should be established for all procurements of recurring services expected to exceed \$2,500 over a course of a year in order to obtain cost savings and to comply with regulations concerning the purchase card.

11. Mandatory Sources of Supply.

a. Policy - Cardholders are required to screen all requirements for their availability from the Javits-Wagner-O'Day (JWOD) participating non-profit agencies, which include the National Industry for the Blind (NIB) and the National Industry for the Severely Disabled (NISD) in accordance with Federal Acquisition Regulation (FAR) Part 8. A list of the products and services supplied by the JWOD participating non-profit agencies is available online at http://www.jwod.gov/jwod/p_and_s/p_and_s.htm. If the supplies or services are not available from the JWOD participating agencies, it should be documented on the purchase card log. If the supplies are available within the time period required from the nonprofit agencies participating in the JWOD program, that source should be used. If the supply or service is available within the time period required from the non-profit agencies participating in the JWOD program, a waiver must be received by the appropriate nonprofit agency (NIB or NISD) granting an exception before acquiring the supply or service from a commercial vendor. If the supplies or services are not available from NIB or NISD within the time required, documentation needs to be included in the file to support why the delivery date supplied by NIB or NISD was not sufficient.

b. Federal Prison Industries (FPI) or UNICOR – FPI or UNICOR are no longer mandatory sources of supply for purchases \$2,500 or less. If supplies are available from FPI, cardholders are encouraged to consider FPI as a source; but currently a blanket waiver is in effect that permits the use of other sources when the purchases are \$2,500 and less. No clearance or waiver is required to use a source other than FPI for purchases \$2,500 or less.

PURCHASE CARD REVIEW AND REPORT REQUIREMENTS

1. Purchase Card Site Reviews

a. Transaction Review

(1) Each Level V APC, in accordance with the reference (a), shall conduct monthly reviews of all transactions completed in the previous month for all card accounts under their cognizance. The review shall target the following areas:

- (a) suspicious vendors,
- (b) split purchases,
- (c) equitable distribution of business,
- (d) purchases exceeding the micro-purchase threshold, and
- (e) suspected fraudulent transactions.

(2) The results of the monthly reviews shall be reported to the site's CCO. When there are transactions of questionable legality, propriety or correctness, these should be reported to the site's CO or designated representative.

b. Program Review

(1) Each Level V APC or their designated representative is required to complete a review of their site's Purchase Card Program. Currently this review is required every six months in accordance with reference (a) to determine their site's compliance with current DOD/DON regulations and to locate any problem areas in their program. This review is being modified to a monthly electronic report. The reviewers shall, at a minimum, cover the following areas in the final report.

- (a) total number of APCs;
- (b) total number of AOs;
- (c) total number of purchase card accounts;
- (d) number of card accounts to each APC;
- (e) average ratio of purchase card accounts to AOs at their site;
- (f) number of AOs that have over seven purchase card accounts;
- (g) number of cardholders, approving officials, and APCs trained;
- (h) questionable transactions in the review period that include:

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- mission,
1. purchases not required to fulfill minimum, immediate need to support DON
 2. purchases not for Government use but for personal use,
 3. purchases that exceeded authorized limits,
 4. requirements that were split to circumvent the micro-purchase threshold, and
 5. purchases that were included in the prohibited items; and

(i) weaknesses in Internal Management Controls.

(2) The Level III APC shall approve the final report for the site program review. The final report for each site currently is to be submitted to the Level III APC by 20 October for the period of 22 March through 21 September and 20 April for the period of 22 September through 21 March.

(3) Currently, a combined NAVAIR-wide program review report is to be completed by the Level III APC by 30 October for the period of 22 March through 21 September and 30 April for the period of 22 September through 21 March and submitted to the DON eBusiness Operations Office. With the change to the monthly electronic reporting, the due dates will change.

2. Annual Purchase Card Program Review:

a. NAVAIR's procedures shall be reviewed extensively by the Level III APC or designated representative annually to determine the site's compliance with current DOD/DON regulations.

b. The review will consist of an internal management control review and a transaction review and at a minimum will review the following documents:

- (1) internal operating procedures;
- (2) training records;
- (3) span of control report;
- (4) delinquency metrics; and
- (5) backup files for the transaction review.

c. The Level III APC or designated representative, after completion of the annual review, shall forward a copy of the final report to the site's CCO, Level V APC and AIR-2.1. A combined annual report shall be prepared by the Level III APC by 15 December for the previous fiscal year for use by the reviewers in the Procurement Management Assessment Program and cover the following metrics/key areas:

- (1) number of purchase card reviews conducted;
- (2) number of activities using the purchase card;
- (3) number of purchase card activities that received a rating of unacceptable resulting in a suspension of the Purchase Card Program;
- (4) number of activities that had their purchase card authority reinstated;
- (5) approving official Span of Control;
- (6) number of actions exceeding the micro-purchase threshold (not to include those actions that were processed as a method of payment);
- (7) questionable transactions;
- (8) instances of split purchases;
- (9) excessive instances of purchase card delinquencies;
- (10) screening of requirements for their availability from mandatory Government sources of supply; and
- (11) separation of buying and receiving functions.

d. Management Control Program (MCP) Coordination. Accomplishments and/or weaknesses revealed as a result of internal or management control reviews shall be forwarded to the Business Unit/Activity MCP coordinator, for consideration in preparing NAVAIR's annual MCP Statement of Assurance in accordance with reference (b).