PERS 65
STANDARD OPERATING PROCEDURE

FOR THE USE OF THE
NAF PURCHASE CARD PROGRAM

FOR OFFICIAL
NONAPPROPRIATED FUND PURCHASES

December 2002

NAVY-WIDE

STANDARD OPERATION PROCEDURE

FOR USE OF

THE PURCHASE CARD

FOR

U.S. NAVY NONAPPROPRIATED FUND

INSTRUMENTALITIES

PERS-65 Standard Operating Procedure
Nonappropriated Fund (NAF) Purchase Card Program

Table of Contents

Title **Page**

Scope 1
Introduction 1
Use Of The Purchase Card 1
Authorized Purchases 2
Definitions 2
- a. CITIBANK 2
- b. Program Coordinator 2
- c. Agency Program Coordinator 2
- d. Approving Official 2
- e. Billing Cycle 2
- f. Cardholder 3
- g. Commonly Used Hazardous Materials (HAZMAT) 3
- h. Consolidated Report 3
- i. Delegation of Authority 3
- j. Designated Payment Office 3
- k. Disputes 4
- l. Purchase Card 4
- m. NAF Purchase Card Log 4
- n. Merchant Category Code (MCC) 4
- o. Monthly Office Limit 4
- p. Monthly Cardholder Limit 5
- q. Monthly Cardholder Statement 5
- r. Monthly Approving Official Statement 5
- s. Single Purchase Cardholder Limit 5
- t. Reconciliation 5

Establishing The Purchase Card Program 6
Training Requirements 6
Ethics Standards 6
Approvals 7
Responsibilities 7
Types Of Purchase Card Transactions 13
Prohibited Purchases 14
Receipt And Acceptance Of Supplies/Services 15
Reconciling Purchase Card Accounts 15
Accounting Procedure 19
Lost Or Stolen Cards 19
Fraud Indicators 20
CITIDIRECT 21
Other Information 22

Attachments:
- Approving Official Appointment 23
- Cardholder Appointment 25
- NAF Purchase Card Log 29

NOTE: CITIBANK forms are not included in this SOP. They are included in a separate document titled "NAF Purchase Card Forms" located at www.mwr.navy.mil, select Facilities and Acquisitions, then scroll down to Other Sample Documents.

PERS-65 Standard Operating Procedure
Nonappropriated Fund (NAF) Purchase Card Program

Using The NAF Purchase Card

SCOPE

To establish and provide a Standard Procedure (SOP) for the use of the Purchase Card by U.S. Navy Nonappropriated Fund Instrumentalities (NAFI) to purchase supplies and services using nonappropriated funds, as required, to support the activity needs. Local supplementation of this SOP is not authorized without prior written review and approval from Navy Personnel Command, Morale, Welfare and Recreation (MWR) Division (PERS-65), Millington, TN.

INTRODUCTION

The DoN issued a Task Order (#0003) under the General Services Administration (GSA) SMARTPAY Contract (GS-23F-98006), to obtain Purchase Card Services from CitiBank. This contract provides a purchase and payment method for official Government/NAFI use. All NAF purchases made with the Purchase Card shall be accomplished in accordance with BUPERINST 7043.1B and this SOP.

USE OF THE PURCHASE CARD

The purchase card is the preferred method to acquire supplies or services valued at or below $2,500. Use of the purchase card may not be appropriate or cost effective when: 1) the nature of the supply or service necessitates a written contract or purchase order to incorporate specific terms and conditions, or 2) the source of supply does not accept the purchase card.

AUTHORIZED PURCHASES

The purchase card may be used to purchase commercially available goods and services totaling $25,000 ($50,000 for resale) or less and not otherwise restricted by regulations/ instructions established for NAFI, which includes BUPERINST 7043.1B and restrictions imposed by this SOP.

DEFINITIONS

a. **CitiBank.** is the Contractor, which maintains all purchase card accounts.

b. **Program Coordinator.** The office with direct overall responsibility for the NAF Purchase Card Program. Within the Navy, this office is the MWR Division (PERS-656C1), Navy Personnel Command, Millington, TN. This individual serves as the liaison between the Navy and CitiBank, and Installation Agency Program Coordinators/NAF Procurement Offices.

c. **Agency Program Coordinator (APC).** The Agency Program Coordinator for the NAF Purchase Card Program at the local level should be a Contracting Officer. This person has overall responsibility for the management, administration and day-to-day operations of the purchase card, and serves as the liaison between the installation and CitiBank.

d. **Approving Official (AO).** An individual appointed by the APC who is accountable and responsible for reviewing, verifying and certifying the monthly purchase card statements under his/her purview. By certifying the statements, the AO is acknowledging approval of all cardholder transactions as legal, proper and correct. The AO should be a supervisor.

e. **Billing Cycle.** The billing cycle consists of approximately a 30-day billing period. Purchase Card transactions (debits and credits) post to CitiBank's system during this period. The cycle begins on the 22nd

DEFINITIONS (cont.)

of the month and normally ends on the 21st of the subsequent month. The cycle end date will occur on the last business day (Monday-Friday) of the cycle.

f. **Cardholder.** A Government/NAFI employee who is given a letter of appointment as a NAF ordering officer and is issued a purchase card to make official NAF purchases. The purchase card bears the name and account number of this individual.

g. **Commonly Used Hazardous Materials (HAZMAT).** Commonly used HAZMAT are hazardous materials or products that are customarily sold to the general public to be used for non-governmental purposes. Examples of those materials are lubricants, batteries, toner cartridges, detergents, etc.

h. **Consolidated Report.** A monthly listing of all transactions, credits and the total amount charged by the cardholders and billed by the Contractor (merchant). Reports are available to the APC via CitiDirect.

i. **Delegation of Authority.** The APC will issue letters designating the AOs authority and appoint cardholders. These delegations and appointments shall stipulate the responsibilities and limits of authority for each cardholder and AO. (See samples at Attachments 1 and 2).

j. **Designated Payment Office.** The designated paying office for NAF accounts who have not implemented the Accounting and Information Management System (SAP) is PERS-65 NAF Finance and Accounting Office. PERS-65 will make a single monthly **centralized payment** to CitiBank for all transactions made by NAF activities for the month. Information shall accompany the consolidated payment to include a list of applicable AO account numbers and dollar amounts.

DEFINITIONS (cont.)

k. **Disputes.** Transactions listed on the cardholder's statement that do not agree with entries in the purchase card log or with retained receipts. This includes circumstances where the cardholder did not make the transaction, the amount of the transaction is incorrect, or quality is an issue.

l. **Purchase Card.** The purchase card is the credit-card account established with CitiBank that enables properly appointed Government/NAFI personnel to buy and pay for supplies and services in support of official NAFI business.

m. **NAF Purchase Card Log.** A manual or automated log in which the cardholder records each transaction made with the purchase card (See sample, Attachment 3). Entries into the log should be supported by any required documentation or special approvals.

n. **Merchant Category Code (MCC).** A four-digit code assigned to a participating purchase card merchant based on the type of business they are engaged in and the kinds of goods and services they can provide. Each cardholder's account shall be coded to identify the types of purchases authorized. APCs can limit cardholder transactions by type of merchant by blocking out certain categories. The merchant category codes can be obtained from the E-Business web site. The internet address is www.don-ebusiness.navsup.navy.mil select "Card Management", select Financial Cards, select Purchase Cards, select "CitiBank Forms", then select "MCC Templates" or "MCC Codes".

o. **Monthly Office Limit.** The AO dollar amount established by the APC. The total dollar value shall equal the monthly limits for all cardholders reporting to the AO.

DEFINITIONS (cont.)

p. **Monthly Cardholder Limit.** The monthly limit assigned by the AO. The monthly limit should allow for cumulative purchases within the billing cycle.

q. **Monthly Cardholder Statement.** The statement of charges forwarded to the cardholder at the end of the billing cycle detailing all of the transactions made during that period.

r. **Monthly Approving Official Statement.** The monthly statement, which is provided to the AO, identifies all of the purchase card transactions of his/her cardholders during a billing Cycle.

s. **Single Purchase Cardholder Limit.** The established single purchase limit per transaction delegated to the cardholder by the APC. The limit is $5,000 or less for cardholders designated as ordering officers and $25,000 ($50,000 for resale) or less for cardholders with a valid NAF contracting officer's warrant. Purchases between $5,000 and $25,000 ($50,000 for resale) may be accomplished by a NAF contracting officer as long as the amount is within the Contracting Officer's warranted authority.

NOTE:	The maximum limit for any single purchase with the NAF Purchase Card is $25,000 ($50,000 for resale), regardless of warrant authority. A cardholder with a $5,000 NAF warrant can purchase up to $50,000 for resale items.

t. **Reconciliation.** The process by which the cardholder and AO review the monthly statements, reconcile against contractor receipts and the purchase card log.

ESTABLISHING THE PURCHASE CARD PROGRAM

To establish the Purchase Card program, the prospective Agency Program Coordinator must contact PERS-656C1 at (901) 874-6685/6686, DSN: 882-6825/6866 or via e-mail pers656c1@persnet.navy.mil for guidance in setting up a new account.

TRAINING REQUIREMENTS

New APCs, AOs and Cardholders must complete the GSA SmartPay Training Course (see para b) prior to receiving their appointments. The APC will also conduct training to cover NAF Policy and procedures pertaining to the use of the purchase card and ethics training to the prospective AOs and Cardholders. All AOs and cardholders shall receive a copy of this SOP.

a. All APCs, AOs and Cardholders are required to have annual ethics training per the Joint Ethics Regulations, DOD 5500 7-R.

b. All APCs, AOs and cardholders must receive refresher Purchase Card training every two years via the internet at www.fss.gsa.gov/webtraining, then select GSA SmartPay Purchase card.

ETHICS STANDARDS

The Purchase Card is issued in an individual's name. This places the individual in a position of public trust and requires that the cardholder's conduct meets the highest ethical standards. The card shall only be used to purchase supplies or services for official NAFI/Government use. **Intentional Use Of The Naf Government Purchase Card For Other Than Official Nafi/Government Business Will Be Considered An Attempt To Commit Fraud Against The Government And May Be Cause For Disciplinary Action.** The cardholder will be personally liable to the NAFI for the amount of any non-government/NAF transactions, unauthorized purchases or using the card in an inappropriate manner. Punishment for card misuse, fraud and abuse could include termination of employment, probation, fines, imprisonment and demotion.

APPROVALS

Acquisition personnel, AOs and cardholders are responsible for obtaining proper approvals and ensuring adherence to other internal approval processes, **prior** to using the Purchase Card. Purchase Cards shall not be used in order to circumvent established internal acquisition or administrative procedures. Issuance of the Purchase Card does not alleviate the requirement for activities to plan procurements in advance so as to avoid emergency purchases for unauthorized items of supply or services.

RESPONSIBILITIES

a. **Agency Program Coordinator (APC).** The APC will:

(1) Designate AOs.
(2) Ensure AOs and cardholders receive proper training prior to their appointments.
(3) Issue appointment letters to cardholders giving them authority to place orders using the purchase card within the monetary limitations set forth in their letter of appointment.
(4) Process account applications and perform maintenance of accounts, ensuring appropriate limits are assigned to each AO or cardholder account.
(5) Maintain an individual file for each AO and Cardholder, which includes the a copy of appointment letter, request from supervisor for appointment, initial training and all refresher training documentation.
(6) Maintain a current list of AOs, cardholders, and account numbers including addresses and telephone numbers.
(7) Manage disputes/discrepancies with Contractors when they cannot be resolved by the cardholder or AO.
(8) Suspend or cancel cardholder accounts for suspected fraud, abuse, or failure to adhere to Navy policy, ethics violations, etc.

RESPONSIBILITIES (cont.)

(9) Close cardholder accounts when employee(s), retires, transfers or terminates employment.

(10) Ensure purchase cards are not reissued to cardholders who have previously had a purchase card cancelled for abuse.

(11) Ensure AOs have only a maximum of seven cardholders under their cognizance ("Span of Control").

Prohibited: The APC **shall not** be an Approving Official or a cardholder. **No exceptions**.

(12) NAF APCs shall conduct APC Reviews as follows:

(a) Monthly APC Reviews: Using ad-hoc reporting or the monthly transaction report feature in CitiDirect to review all cardholder transactions made within the previous month for card accounts under their cognizance. A copy of the report should be maintained in the APC files. The review should target the following critical elements:

(1) Suspicious vendors and products.

(2) Splitting of requirements to circumvent dollar limitations.

(3) Equitable distribution of business (rotating suppliers).

(4) Suspected fraudulent transactions.

(b) Semi-annual reviews of the NAF Purchase Card Program must be performed. The local audit board or command evaluation office should conduct at least one of these reviews each year. If the review is not accomplished by the APC, a copy of the report shall be provided to the APC. The APC shall conduct the other mandatory review or both

RESPONSIBILITIES (cont.)

reviews. The reviews and reporting periods shall be for the months of April through September and October through March. The APC shall initiate appropriate action as necessary to correct any specific problem areas identified by the reviews.

(c) BUPERINST 7510.1A provides a fiscal oversight program which includes a Special Interest Item for the NAF Purchase Card Program for use by local, regional audit or command evaluation personnel assigned to review MWR NAFIs.

(d) A report consisting of the following information via e-mail to PERS-656C1 within 45 days of each semi-annual reporting period with the following information.

Reporting Elements For Semi-Annual Review

(1) Total number of APCs.
(2) Total number of AOs.
(3) Total number of cardholders.
(4) Average ratio of cardholders to AOs
(5) Number of AO accounts above the 7:1 ratio.
(6) Number of cardholders, AOs and APCs trained within the six-month period.

Questionable Transactions

(1) Purchases not required to support the activity's mission.
(2) Purchases not for NAFI use, but for personal use.
(3) Purchases that exceeded authorized dollar limits.
(4) Requirements that were split to stay within the single purchase limit.
(5) Purchasing prohibited items.

RESPONSIBILITIES (cont.)

b. **Approving Officials (AOs).** Designated AOs will:

(1) Recommend to the APC the names of the selectees and number of cardholders required for their operation.
(2) Set cardholder single purchase and monthly office dollar limits in coordination with the NAF Finance and Accounting Office.
(3) Review, reconcile, approve, and certify statements (both the AO and cardholder monthly statements) of account and ensure that receipts and documentation are in order before forwarding them to the local NAF Finance and Accounting Office.
(4) Ensure all purchase card transactions were made in accordance with BUPERINST 7043.1B and this SOP.
(5) Forward both the AO and Cardholder Monthly Statements to NAF Finance and Accounting Office within 5 days of receipt.
(6) Ensure all purchase card transactions were for official NAFI/Government business.
(7) Initiate administrative and disciplinary procedures for misuse of the card.
(8) Notify the APC, in writing, of any suspected fraud or misuse/and or abuse of the card.
(9) Ensure that only a maximum of seven cardholders is within their "Span of Control".
(10) Notify the APC when a cardholder, transfers, retires or terminates employment.

Prohibited: An AO **shall not** be the APC and should not be a cardholder.

c. **Cardholders.** Appointed cardholder shall:

(1) Ensure that adequate funds are available prior to making a purchase.

RESPONSIBILITIES (cont.)

(2) Request price, shipping terms, time of delivery, discount terms and return polices before making the purchase.

(3) Maintain a manual or automated log to document each transaction (see attachment 3 sample log).

(4) Safeguard the security of their purchase card and account information. The card shall be kept in a secure location, preferably in safe or locked cabinet when not in use.

(5) Specify Free on Board (FOB) Destination for purchases. If the contractor is unable to ship FOB Destination and the shipping costs are paid as a separate line item the cardholder's file must be documented to show this method of shipping is the most advantageous to the NAFI.

(6) Evaluate the price to determine if it is fair and reasonable. If the quoted price is fair and reasonable the cardholder can proceed with the purchase.

(7) Rotate purchases among qualified suppliers, when practicable. Maintain a list of suppliers and document action taken in the Purchase Card files.

(8) Ensure the card is only used by the cardholder to procure authorized supplies or services in accordance with this SOP and the cardholder's delegation of ordering authority.

(9) Have another person other than the cardholder accept and receive the supplies or services for a minimum two-way separation of functions. If the cardholder is picking up the material at the Contractor's place of business, another person in the department or activity must verify the purchase and sign the receipt/sales ticket, when the cardholder returns. An appointed receiving agent should sign the receipt.

NOTE: If a second individual is not available, the cardholder must obtain the AOs approval, prior to making the purchase.

RESPONSIBILITIES (cont.)

(10) Inform the Contractor at the time of purchase not to charge sales tax because the purchase is for Official U.S. Government/NAFI purposes and it is not subject to state or local tax. The card is imprinted with the words "U.S. Govt. Tax Exempt" for additional clarification.

(11) Ensure purchases are not split into smaller buys to avoid procurement limitations. This is know as "splitting" requirements and is strictly prohibited. Requirements exceeding the cardholders single purchase limit must be forwarded through normal channels to a NAF Contracting Officer for purchase.

(12) Ensure that any fee paid by the merchant is not added to the price of the items (except in overseas locations).

(13) Avoid backordering or delivery of partial quantities. All items should be available at time of purchase. Back ordering or delivery of partial quantities should not be authorized.

(14) Retain, for a minimum of three (3) years, a copy of each Statement of Account, the log, purchase card receipts, quote documentation and any additional documentation in the purchase card file for audit purposes. Documentation (receipts) may include a charge slip, cash register receipts, packing list, etc. If for some reason, the cardholder does not have documentation of the transaction, an explanation will need to be attached to the statement during the reconciliation process.

(15) Comply with Navy and local installation **hazardous materials acquisition policies/ instructions** as well as hazardous waste minimization policies/instructions when purchasing any hazardous materials including commonly used hazardous materials such as batteries, toner cartridges, detergents, etc.

RESPONSIBILITIES (cont.)

(16) Only obtain unpriced services for repairs of equipment using the purchase card when a ceiling price can be established with the contractor that will not be exceeded.

(17) Ensure accountable items are identified to the property control officer to be recorded into NAF Property records.

(18) Ensure only food and beverage items are purchased with the purchase card if there are special or unique circumstances requiring the purchase. Procurement of food or beverage items shall be in accordance with BUPERINST 1710.11C, para 2335.

NOTE: A purchase request or a Purchase Order is not required when using the NAF Purchase Card.

If competitive quotes are required, document all quotes received. Enclose a copy of the documentation with the cardholder's monthly statement for review by AO.

The cardholder is accountable and responsible for all transactions made with their purchase card.

TYPES OF PURCHASE CARD TRANSACTIONS

(1) Purchases may be accomplished as follows:

(a) **Over-the-counter.** The cardholder can go to the contractor's location or business to make the purchase.

(b) **Over-the phone.** The cardholder can call the contractor and order the supplies/equipment. The contractor can deliver the order or a Government/ NAFI employee can pickup it up at the contractor's place of business.

TYPES OF PURCHASE CARDS TRANSACTIONS (cont.)

(c) **Via the internet.** Cardholders may place orders via the internet if the appropriate account safeguarding measures are taken. User identification, authentication and encryption of data are important factors in safeguarding cardholder information. The cardholders should use a browser with automatic encryption capability (e.g., MS IE 4.X or NETSCAPE 4.X) or equivalent. The cardholder should comply with the authentication and identification requirements (passwords, identification, PIN#, etc.) required by the contractor when placing an order.

PROHIBITED PURCHASES

The Purchase CARD **SHALL NOT** be used for the following:

a. Personal purchases.
b. Cash advances.
c. Rental or lease of land or buildings.
d. Purchase of telephone equipment.
(Pagers are not telephone equipment)
(Acquisition and installation of telephone equipment and telephone lines must follow the guidelines of the local installation base communication office)
e. NAFI travel expenses governed by the Joint Travel Regulation including airline, bus, or train tickets, car rentals, lodging, or other travel related costs for Government/NAF employees.
f. Service contracts or maintenance services which require compliance with acts, laws, or executive orders (e.g., Service Contract Act of 1965) and others that require written execution (e.g., special terms and conditions).
Exception: Extended service warranties may be acquired with the purchase card at the time of initial equipment purchase. The Purchase Card can also be used to purchase services to repair or clean equipment.

PROHIBITED PURCHASES (cont.)

g. Construction contracts which require compliance with acts, laws, or executive orders (e.g., Davis-Bacon) and otherwise require written execution.
h. ADP hardware/software if single purchase exceeds $5,000, unless PERS-65 approval was obtained.
i. Any NAFI requirement for supplies or services that requires contract enforcement by means of a written contract (e.g., entertainment).

NOTE:	NAFIs are not authorized to use convenience checks.

RECEIPT AND ACCEPTANCE OF SUPPLIES/SERVICES

The cardholder is responsible for verifying receipt of all transactions. The cardholder must certify that the quantity and quality of the items furnished are in accordance with the agreement with the contractor. If the receipt document is not available, the cardholder must contact the end user or another person responsible for receipt to obtain verification that the supplies or services have been received. The receipt document or purchase card log should be signed by an appointed receiving agent for proper receipt and acceptance.

RECONCILING PURCHASE CARD ACCOUNTS

a. **Cardholder.** At the end of each monthly billing cycle (normally the 21st), the cardholder shall reconcile the transactions appearing on his/her monthly statement by verifying their accuracy against cardholder records. The cardholder is ultimately responsible for purchase card transactions being proper and for notifying their AO of any discrepancies. The cardholder shall:

(1) Review the Statement for accuracy and verify if the prices are per the agreement with the Contractor.
(2) Provide, on the statement, or enclose a copy of the purchase card log to include a complete description of each item purchased.

RECONCILING PURCHASE CARD ACCOUNTS (cont.)

(3) Indicate the accounting code to which the purchases should be charged.

(4) Attach sales receipts to the Statement.

(5) Note any discrepancy or error on statement before forwarding to AO. If the transactions or credits are not included on the current statement, the cardholder must retain the applicable documentation until the transaction or credit appears and can be reconciled.

(6) Sign the statement and forward it to the AO or alternate AO within five (5) days of receipt.

(7) If the discrepancy or error is resolved, the cardholder verifies the correction was made on the next Monthly Cardholder Statement.

(8) If the cardholder is unable to review the statement at the time it is received, the AO or a designated alternate AO is responsible for reviewing and certifying the cardholder's monthly statement. The cardholder, upon his/her return, reviews the monthly statement and resolves any discrepancies with the AO.

b. **AO.** The AO is responsible for ensuring that all purchases made by the cardholder(s) within his/her cognizance were appropriate, for only official NAFI/Government use and the charges are accurate. The AO must resolve all questionable purchases with the cardholder. In the event an unauthorized purchase is detected, the AO must notify the APC and other appropriate personnel within the command.

(1) The AO is to presume that all transactions on the monthly statement are proper unless notified in writing by the cardholder within five days from cardholder's receipt of the monthly statement. The presumption does not relieve the AO from reviewing for improper or negligent card transactions and taking the appropriate action.

RECONCILING PURCHASE CARD ACCOUNTS (cont.)

c. **Pay and Confirm.** All Navy NAF activities operating a purchase card program shall institute pay and confirm procedures. Pay and confirm procedures are used in instances where cardholders have been billed and have not received the items ordered. The charges will be paid in full in anticipation that the supplies will be received within the next billing cycle. If the supplies are not received within the next billing cycle, the cardholder will then dispute the charges using the dispute procedures. Pay and confirm procedures also include damaged items received which are still under warranty, where the Contractor confirms that they will replace, modify or repair within the next billing cycle.

d. **Competition.** Single purchases exceeding $5,000 shall only be made by a NAF Contracting Officer. A Purchase request with an item description and/or Statement of Work must be completed by the activity and forwarded to a NAF Contracting Officer. A NAF Contracting Officer has the discretion **at that time** to use the purchase card or other prescribed method of procurement in order to obtain goods and/or services. The NAF Contracting Officer shall document competition in the files.

e. **Compliance with Laws and Regulations.** Comply with all applicable laws and regulations.

f. **Dispute Procedures**. Cardholders should first attempt to resolve all discrepancies or billing errors with the Contractor/Vendor.

RECONCILING PURCHASE CARD ACCOUNTS (cont.)

A "Government Cardholder Dispute Form" shall be completed by the **cardholder and forwarded to CitiBank Government Card Services within 60 calendar days of the statement date** in the following circumstances:

(1) If a cardholder has returned an item and a credit does not appear on the Cardholder's next monthly statement, attach to the dispute form a copy of the credit voucher or documentation showing the item was returned (i.e. a postal receipt).

(2) If the cardholder requested, but was unsuccessful in obtaining a credit voucher from the Contractor for unacceptable/defective items.

NOTE: Unacceptable/defective items must be returned immediately. The cardholder can either request a credit voucher or replacement.

(3) The price charged for an item is incorrect and the Contractor does not issue a credit voucher within the 60-day period.

(4) A charge was listed on a cardholder's statement that was not authorized.

(5) Duplicate billing of an order, and the Contractor does not issue a credit within the 60 days.

(6) Lost or misplaced sales slip.

NOTE: All charges on the cardholder/AO statements will be paid in full under the pay and confirm method. It is extremely important for cardholders to complete the dispute form, when required, within the 60 day period to recover expended funds. The cardholder is responsible for ensuring the bank has received the dispute form and to follow up on the bank's decision concerning the dispute.

ACCOUNTING PROCEDURES

Each NAFI whose monthly charges are centrally paid by PERS-65 should record purchase card transactions as a credit to Other Payables (00-202-00), with an offsetting debit to the appropriate expense account. The central payment made by PERS-65 will be recorded to RAMCAS general ledger (via telecommunication). This entry will reflect a debit to Other Payables (00-202-00) and an offsetting credit to Central Bank Account (00-101-00). The NAF Finance and Accounting office shall reconcile Other Payables account (00-202-00 each month.

LOST OR STOLEN CARDS

a. If the Purchase Card is lost or stolen, the cardholder shall notify the AO, the APC and CitiBank immediately upon discovery of the loss or theft. The AO will require information to complete a report, which shall include the information outlined in paragraph b. below. A new card will be issued to the cardholder within a few days of the reported loss or theft. The cardholder is responsible for promptly notifying CitiBank as the NAFI may be responsible for charges against the card.

b. Within one (1) day of the incident, the AO is required to make a written report to the APC that will contain the following information:

(1) The card account number
(2) The cardholder's name as it appears on the card.
(3) The date and location loss became evident.
(4) If stolen, date and time reported to police.
(5) Date and time CitiBank was notified.
(6) Purchases made on the card since it was discovered lost or stolen.
(7) Any other pertinent information.

c. To notify CITIBANK of a lost or stolen card or suspected fraud contact CitiBank Customer Service at:

(Stateside) 1-800-790-7206. For locations outside continental US: (904) 954-7850.

LOST OR STOLEN CARDS (cont.)

d. If the purchase card is found after it is reported lost or stolen, the AO or APC will destroy and properly dispose of the card in accordance with local policy on disposal of sensitive materials.

e. If an employee negligently continues to lose the purchase card, the AO shall take appropriate corrective action.

FRAUD INDICATORS

Fraud awareness shall be a part of local training for APC, AOs and Cardholders. PERS-656C1 shall be notified, if a cardholder's transaction (a questionable purchase) is reported to NCIS for further investigation.

Personnel responsible for NAF Purchase Card reviews should be aware of certain fraud indicators as follows:

a. **Documentation.**

1) Photocopies instead of original sales/receipt documents.
2) Missing documentation required by their activity.
3) Obvious changes or whiting-out of information.
4) Information that is backdated.
5) No "receiving" signature.

b. **Repetitive Purchases.**

1) Splitting requirements to avoid single purchase limits or competition threshold.
2) Not equitably distributing business among suppliers could indicate favoritism.

c. **Purchases to Vendors That Do Not appear mission related.**

1) Suspicious Merchant Category Codes (MCC)

FRAUD INDICATORS (cont.)

d. **Purchases of High Value Items at Low Prices or Low Value Items at High Prices.**

e. **Returns/Credits.**

1) Did the NAFI receive the full credit for the item purchased?
2) Is there a pattern of errors in billings, returnsor credits?

f. **Disputes.**

Frequent or repetitive disputes by the same cardholder or supplier.

g. **Lost or Stolen Cards.**

Frequent or repetitive reports of lost or stolen cards by the same cardholder.

CITIDIRECT

CitiBank's web-based program and information management reporting system. This system allows APCs, AOs and Cardholders to look-up purchase card transactions and review and print cardholder's Statements. Also, APCs can request, review and print reports. Since this system utilizes a Unit Identification Code (UIC) for several functions, NAFIs must use NAF999 as their UIC. NAFIs can continue to mail or fax set-up or maintenance forms to CitiBank. Also, monthly statements are still mailed to NAFIs.

You can access CitiDirect at www.cards.citidirect.com. The CitiDirect client code is DON. APCs and AOs must contact CitiBank's customer service to request a Username at (800) 790-7206, Option 2. Cardholders Username is the first four (4) letters of their last name and the last six (6) numbers of their purchase card account. The password is the reverse of

CITIDIRECT (cont.)

Username for the first logon. CitiDirect will then allow the user to set a new password.

NOTE:	Currently NAF cardholder/AOs do not certify monthly statements via CitiDirect or use a Line of Accounting (LoA).

OTHER INFORMATION

For questions regarding your account contact CitiBank Customer Service at 1-800-790-7206 for (Stateside). For locations outside the continental US: (904) 954-7850.

MEMORANDUM

From: Appointing Official
To: _____

Subj: APPOINTMENT AS APPROVING OFFICIAL

Encl: (1) Standard Operating Procedures for use of the NAF Purchase Card

1. You are hereby appointed as the Approving Official for the cardholder(s) assigned under your cognizance. Enclosure (1) provides detailed instructions on your responsibilities and procedures as an Approving Official. The total monthly charges by your cardholders(s) must not exceed your monthly limit of **$_____.**

2. As the Approving Official you are required to review and certify the cardholder(s) monthly statement and determine if those items purchased where for official NAFI use and were purchased in accordance with our NAF procurement policy (BUPERSINST 7043.1B), and the enclosed Standard Operating Procedures. It is your responsibility to follow-up on questionable purchases and to ensure conformance with agency guidelines. If actions are found to be in violation with stated policies and procedures, notification must be given to the Agency Program Coordinator and if warranted, initiate administrative and disciplinary procedures for the misuse of the card.

3. Please acknowledge receipt of this letter by signing below and returning a copy to the Agency Program Coordinator.

NAME OF THE CONTRACTING OFFICER
TITLE OF THE CONTRACTING OFFICER

I have reviewed, understand, and concur with my responsibilities in connection with the purchasing card program.

Receipt Acknowledged: _____

Date: _____

This page left blank intentionally.

MEMORANDUM

From: Appointing Official
To: _____

Subj: APPOINTMENT AS CARDHOLDER

Encl: (1) Standard Operating Procedures for use of the NAF Purchase Card

1. Appointment. You are appointed as a Cardholder to execute purchases using the Purchase Card issued by CitiBank using nonappropriated funds (NAFs) for the purpose set forth in paragraph 2 below. You authority can not be redelegated to any other individual. Your appointment shall become effective this date and shall remain effective until rescinded. You are responsible to and under the technical supervision of, the Agency Program Coordinator for duties delegated in this letter of appointment.

2. Authority, Limitations, and Requirements. Your appointment is subject to the use of the method(s) of purchase and to the limitations and requirements stated below:

a. Your appointment is for the express purpose of providing essential NAF procurement support to NAF activities in accordance with BUPERSINST 7043.1B and the enclosed NAF Standard Operating Procedure (SOP). All purchases shall be within the below limits:

SINGLE PURCHASE LIMIT: $_____

MONTHLY PURCHASE LIMIT: $_____

b. Subject to ensuring that funds are available, you may make over-the-counter, internet, fax and telephonic purchases using the Purchase Card (Mastercard), issued by CitiBank, and provided all of the following conditions are satisfied:

(1) The amount of purchase will not exceed your single purchase limit. The total of a single purchase to be paid using the card may be comprised of multiple items, but, cannot exceed the authorized single purchase limit.

Subj: APPOINTMENT AS CARDHOLDER

(2) Purchases are not split into smaller buys to avoid procurement limitations. This is known as "splitting" requirements and is strictly prohibited. Requirements exceeding the single purchase limit must be forwarded through normal channels to a NAF Contracting Officer for purchase action.

(3) Accountable supply items purchased are identified to the property control officer.

(4) All items purchased should be immediately available. Back ordering should be avoided. If items are not readily available, requirements should be forwarded to the NAF Contracting Officer for procurement action.

(5) Items purchased are not required to be confirmed with a written order and should be delivered in a single delivery by the Contractor within the 30-day billing cycle. The order should not be placed without this assurance.

(6) The Contractor will honor tax-exempt status. When purchasing items, the cardholder shall inform the Contractor that the purchase is for Official U.S. Government/NAFI purposes and therefore is not subject to state or local tax. The card is imprinted with the words "US Govt. Tax Exempt" for additional clarification.

(7) The Purchase Card is used only by the cardholder whose name is embossed thereon. Cardholders shall not allow others to use their card.

c. In addition, cardholders must strictly adhere to paragraph 11, entitled, "Prohibited Purchases" in the above referenced SOP.

3. Ethics Training. You shall receive and comply with training received in ethics in accordance with the attached SOP.

4. Termination of Appointment.

a. Your appointment may be revoked at any time.

Subj: APPOINTMENT AS CARDHOLDER

b. Should you be reassigned from your present position, or should your employment be terminated while this appointment is in effect, you shall promptly notify your Approving official and Agency Program Coordinator so that your appointment may be terminated.

5. Questions regarding your use of the purchase card may be directed first to your Approving Official, and then to the Agency Program Coordinator as needed.

6. Cardholder shall acknowledge receipt of this letter by signing below and returning a copy to the Agency Program Coordinator.

NAME OF THE CONTRACTING OFFICER
TITLE OF THE CONTRACTING OFFICER

Receipt Acknowledged:

_____ _____
Cardholder Date

Copy to:
Agency Program Coordinator

This page left blank intentionally.

NAF PURCHASE CARD LOG

CARDHOLDER: _____ **30-DAY LIMIT:** _____

SINGLE PURCHASE LIMIT: _____

Date of Order	Item Description	Qty	Unit Price	Shipping Charges	Total Price	Resp. Center (RC)	Vendor/Phone Number	Date Item Received	Date Stmt of Acct Rec'd (*)	Date Sent Approval Official

(*) a. Verify accuracy of statement NLT 5 calendar days after receipt of Statement of Account.
b. Sign Statement of Account; attach supporting documentation, forward to Approval Official.

This page left blank intentionally.