



Purchase Card On-Line System (PCOLS) WHITE PAPER

INTRODUCTION

The purpose of this white paper is to provide the reader with greater understanding and strategic perspective of the Purchase Card On-Line System (PCOLS). This paper's discussion focuses on the value that PCOLS adds to more responsible Department of Defense (DoD) management of the General Services Administration (GSA) Government Purchase Card (GPC) Program. Also, the paper includes the situational background that led to the development of the PCOLS, highlights of the PCOLS enabling electronic applications, and a discussion of the PCOLS training methodology.

BACKGROUND

The Government wide Commercial Purchase Card Program was created to provide an efficient means for federal agencies to purchase goods and services directly from vendors. Agencies acquire purchase cards and related services from banks that have been awarded contracts under the General Services Administration (GSA) SmartPay[®]2 Program. The Army, Air Force and Defense Agencies obtain their purchase cards and services through task orders with US Bank, while the Navy and Marine Corps obtain cards and services from Citibank.

Implementation of the purchase card allowed DoD to replace the paper-based, time-consuming purchase order process. This implementation resulted in reduced procurement lead time, transaction cost savings, reduced procurement office workload, and facilitated a less costly payment process for the Department. By streamlining the business process, DoD resources are freed up for critical national security needs.

From 1996 to 2002 more than 600 DoD and Inspector General audit reports on the GSA GPC Program were issued. In 2002 the Government Accountability Office (GAO) issued four audits and Congress conducted the fourth in a series of hearings on the GPC Program. Findings included systemic issues regarding:

- 1) account reconciliation and certification,
- 2) administrative controls,
- 3) management oversight,
- 4) property accountability,
- 5) purchase card use,
- 6) separation of duties, and
- 7) training.

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Purchase Card On-Line System (PCOLS) WHITE PAPER

In response the Office of the Undersecretary of Defense (Comptroller) [OUSD(C)] chartered the Charge Card Task Force (19 March 2002) to evaluate departmental management and the use of cards issued under the GPC Program. The Task Force developed 25 recommendations that were to significantly improve the Departments charge card programs. Examples include:

- Increasing management emphasis and personal accountability, and implementing improved management metrics.
- Strengthening internal controls and increasing the tools available to managers for enforcing those controls. These include strengthening compliance language in existing regulations and employing data mining technologies to detect fraudulent or abusive charge card transactions.
- Enhancing the capability of the workforce to accomplish assigned charge card responsibilities, to include training and recommending the minimum skills required to perform essential charge card management tasks.

On 18 December 2002 the OUSD(C) signed out Management Initiative Decision (MID) 904, which mandated specific remedies to previously identified internal management control deficiencies. Since that time, DoD has aggressively worked to create and implement these required fixes. The final phase of this years-long effort is the implementation of PCOLS.

On 19 November 2008 Mr. Shay Assad, Director, Defense Procurement and Acquisition Policy, issued a memorandum directing the use of PCOLS with an expected full deployment date of January 1, 2010. All Procurement Executives were directed to develop a plan and schedule to implement PCOLS in accordance with a phased deployment strategy. Further, it was directed that by January 4, 2010, no purchase cards will be issued unless through the PCOLS capability.

PURCHASE CARD ON-LINE SYSTEM (PCOLS)

PCOLS is a DoD-wide suite of electronic systems that GPC officials use to improve the management and accountability within their GPC Program organizations. PCOLS is mainly comprised of four applications, two of which are government developed and operated and two of which are industry developed and operated. The government developed applications are Enterprise Monitoring and Management of Accounts (EMMA) and Authorization, Issuance and Maintenance (AIM). The industry developed applications are Data Mining (DM) and Risk Assessment (RA). PCOLS is Common Access Card (CAC) enabled to ensure secure authentication and non-repudiation. This enabling technology serves as one key internal management control.

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2

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28 Jun 2010



Purchase Card On-Line System (PCOLS) WHITE PAPER

EMMA is an automated tool used by various elements within DoD to capture and define organizational purchase card hierarchies, document authority chains, and identify relationships among purchase card roles. EMMA increases the accuracy of personnel data and institute more robust inclusion of supervisors (e.g., cardholder and managing account supervisors) than has previously been the case. At the operational level, EMMA acts to electronically define the GPC hierarchy, the roles within the hierarchy, and assigns individuals to those roles. Additionally, one can alter or remove any personnel from assigned roles to reflect changes to current hierarchy structure. Collectively these assignment acts are known as “provisioning.” Provisioning is the primary PCOLS functionality resident within EMMA in support of the GPC Program.

AIM is an electronic application used uniquely by the GPC Program to initiate, approve, and transmit requests for GPC issuance and maintenance actions. AIM draws from hierarchies (e.g., role responsibilities and permissions) established in EMMA. It directly engages GPC supervisors, helps ensure business rules comply with internal organizational management controls, and is a workflow tool performing various GPC Program account authorization and maintenance functions.

The Data Mining (DM) Application programmatically reviews 100% of the DoD purchase card transactions using sophisticated intelligent/learning software to identify correlations, patterns, and trends in purchase card buying actions. This transaction review allows daily, near-real-time mining of the data. The Case Manager, which is an integral component of DM, interprets the referred transactions and creates specific cases that are assigned to the Approving/Billing Officials (A/BOs) for review. Through the use of the Case Manager Interview Process, the A/BO demonstrates that due diligence is exercised in the review of the referred transactions. With this DM tool, scarce human resources can be targeted on identified high-risk transactions and maintain a record of actions taken on referred transaction reviews for improved internal audit ability of the program.

The Risk Assessment (RA) Application uses internal controls and measures, coupled with results from the DM Application, to assess and report on the overall "health" of a DoD organization's purchase card program. RA allows users to monitor risks associated with their purchase card program. Users assess the risk of their purchase card program by monitoring certain risk controls on a cycle-by-cycle basis. This monitoring is accomplished through three components within the RA Application. These components are as follows:

- Controls - Controls are risk indicators for which exceptions that exceed pre-determined thresholds are monitored.

UNCLASSIFIED



Purchase Card On-Line System (PCOLS) WHITE PAPER

- Dashboards - A Dashboard is the primary component that assesses the risk of the purchase card program at the user's hierarchical level.
- Quarterly Reports - Quarterly Reports provide a three-billing cycle, side-by-side snapshot of the controls' exceptions allowing users to analyze the progress in addressing identified risks for the quarter.

The RA goal is to have the organizational reports assist GPC program officials and auditors in determining the appropriate level of targeted oversight.

TRAINING METHODOLOGY

The goal of full PCOLS implementation presents a noteworthy challenge, but one that is achievable. To ensure all DoD GPC Program personnel are adequately trained on PCOLS, the enabling training concept is a dual strategy of utilizing the Defense Acquisition University (DAU) Continuous Learning Module (CLM) and PCOLS webinars. The intent of this training is to minimize workflow duplication and reduce the overall level of effort incurred by DoD GPC Program personnel in meeting requirements incident to the execution of the SmartPay[®] 2 Contract while simultaneously implementing PCOLS within DoD. PCOLS training requirements are documented in the Purchase Card Guide, which can be found on the DPAP website.

Currently, DoD PCOLS training certification is accomplished via two Defense Acquisition University (DAU) continuous learning modules. Also, a third module provides comprehensive role-based PCOLS training to DoD purchase card personnel. The goal of this training is to assist DoD personnel when deploying and using PCOLS.

PCOLS webinar training is intended to augment DAU training and act as a reinforcing means of training personnel in the use of PCOLS. This training is an amalgamation of role responsibilities and actual work flow execution. The GPC workflow role that is best positioned to affect this training is the base/installation level A/OPC. It is critical, therefore, that DoD A/OPCs and Resource Managers (RM) act as PCOLS promoters within their parent GPC Program organizations and assume a level of responsibility for understanding the PCOLS concept, understanding how to operate within PCOLS, and ensuring those in their GPC Program organizations are trained. PCOLS knowledge and skills are attained through this training and provides a basis for users to realize success implementing and using PCOLS.

The DAU CLM training approach consists of three modules on the DAU website. This approach, supported by the e-Business Policy Support center (eBPSC), forms the basis of training and support from which A/OPCs and RMs can

UNCLASSIFIED



Purchase Card On-Line System (PCOLS) WHITE PAPER

implement PCOLS within their GPC Program organizations. The three DAU modules are presented in detail below.

DAU CLM Module One: DAU GLG001
Course Name: DoD Government Purchase Card

This module was designed to provide a foundation for GPC program personnel in learning the basics of the card use and associated responsibilities. The specific roles and responsibilities are discussed. The purchase card controls and procedures are covered. Account maintenance is covered. This module is intended to make the cardholder or Approving Official comfortable with making purchases using the Government Purchase Card in compliance with applicable laws, regulations, and policies. Additionally, this module serves as a ready reference tool for card related questions that may arise over the course of a cardholder's or Approving Official's day-to-day activities. This module takes approximately three hours to complete and contains an end of module test. Upon completion of this mandatory module, one will receive three Continuous Learning Points (CLP).

DAU CLM Module Two: DAU GLG004
Course Name: DoD Government Purchase Card Refresher Training

The DoD Government Purchase Card Refresher Training self-paced module presents the mandatory requirements and other guidelines to consider and apply when utilizing the Government Purchase Card. This refresher course is based on the key points in the original DoD Government Purchase Card Module as well as important new areas of emphasis. It was developed to provide refresher training for Government Purchase Cardholders and Approving Officials. This module takes approximately three hours and thirty minutes to complete. Upon completion of this mandatory module, one will receive 3.5 CLPs.

DAU CLM Module Three: DAU GLG005
Course Name: Purchase Card Online System (PCOLS)

This module provides comprehensive role-based PCOLS training to DoD purchase card personnel. The module most benefits DoD purchase card professionals acting as Government Purchase Card (GPC) program participants. This includes both the acquisition and financial hierarchies within the purchase card program as defined by PCOLS. This module takes approximately three hours to complete. Upon completion of this module, one will receive three CLPs.

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Purchase Card On-Line System (PCOLS) WHITE PAPER

A Frequency Asked Questions (FAQ) presentation is posted on the DAU website. This presentation covers a basic introduction to PCOLS, advises on best practices, and presents questions and answers that have come up from time to time. This document is a living document and is updated when additional content becomes available.

DoD personnel users have access to the eBusiness Policy Support Center (or eBPSC) Help Desk and the user manuals for the fielded applications. These user manuals are posted to the DAU website.

SUMMARY

PCOLS is a response to a mandate by the OUSD(C)'s Management Initiative Decision 904, which was itself created in response to over 600 audits and reviews identifying a system of internal management control deficiencies in the GPC Program. PCOLS is not intended to respond to all MID 904 remediation requirements, but does represent address closure to the final remaining issues. The concurrent requirement to execute the SmartPay[®] 2 Contract, while implementing PCOLS, presents a notable challenge that mandates commitment and teamwork by GPC Program managers, supervisors, and PCOLS program management officials. To help achieve this goal, training and certification is required by GPC personnel performing in various PCOLS hierarchy roles.

The Purchase Card Program Management Office's intent is for the DoD GPC Program to lead the Federal government in responsible GPC management of taxpayer dollars.

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6

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28 Jun 2010