

Welcome to New Topics for the DoD Government Purchase Card

This topic will review many of the new topics being addressed concerning the use of the DoD Government Purchase Card. Many of these issues apply to the DoD Defense Transport System. These new topics will discuss frustrated freight, convenience checks, and the Government's priority sources for supply and services.



Objectives

Upon completion of this topic, you will be able to:

- Recognize responsibilities and procedures for shipments going overseas via the DoD Defense Transportation System (DTS).
- Recognize procedures that allow for Convenience Check (CC) accounts to be set-up, limitations for CCs, and the differences in limitations for contingency overseas transactions.
- Recognize responsibilities for setting limits and identify situations for which different limits apply.
- Identify the required sources priorities and where to purchase these supplies and services.
- Recognize that purchases for training have a higher limit, the form that must be used, and where it is found.

What Is Frustrated Freight?

The first of these new topics for the DoD GPC involves handling [frustrated freight](#), which has become a rising problem particularly in the case of warfighter support. Many vendor contracts require vendors to distribute materiel using door-to-door commercial transportation. However, during certain circumstances such as crisis situations and contingency operations, door-to-door commercial delivery may not be possible. When door-to-door commercial delivery is not possible, materiel enters the [DoD Defense Transportation System \(DTS\)](#) for delivery to the customer.



Materiel transported through the DoD DTS is often insufficiently marked and labeled, and subsequently it becomes frustrated freight. Frustrated materiel can also occur under contracts and under purchases made with the Government Purchase Card (GPC).

Popup Text:

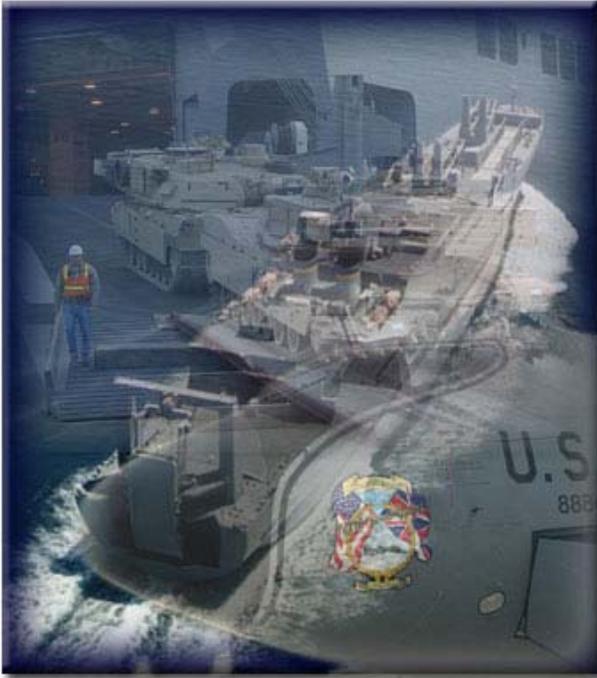
frustrated freight

Freight that does not move to or will be slowed to final delivery because of inaccurate or incomplete documentation and/or packaging.

DoD Defense Transportation System (DTS)

A DoD system managed by U.S. TRANSCOM that provides for the delivery of cargo and passengers to areas primarily overseas. It includes planes, ships, and facilities both government owned and contracted for.

DoD Defense Transportation System



To reduce the amount of frustrated materiel, all shipments that enter the DoD DTS shall comply with certain business rules. The DoD DTS includes Government-owned and contracted planes, trucks, ships, and facilities and is managed by:

- the United States Transportation Command;
- military department-operated ocean and aerial ports and facilities;
- defense consolidation and containerization facilities; and,
- defense distribution centers.

DoD DTS Policy

All solicitations issued after July 23, 2003, that will require that deliveries be made using door-to-door commercial transportation, shall include a provision that requires vendors to notify the contracting officer or the contracting officer’s designee when they are unable to use door-to-door commercial transportation and to request the DoD DTS.

The contracting officer or contracting officer’s designee shall provide alternate shipping instructions and make the appropriate contract price adjustments.

Similarly, if you are a cardholder purchasing for overseas delivery and the DoD DTS must be used, certain actions are required by you to ensure the shipment gets to the customer. Let’s take a look at the responsibilities of the cardholder and requiring activity involved in this process.



D-Link Text:

This is an interactive flash module that includes the following information regarding the responsibilities of the cardholder and the requiring activity.

Cardholder

Cardholders shall provide vendors with proper shipping instructions for the shipment to enter the DoD DTS for purchases made with the GPC, when it is determined that door-to-door commercial transportation is not possible.

Acquisition training for Government Purchase Cardholders must stress the importance of providing shipping information and transportation considerations to vendors when items are to be shipped using the DoD DTS.

Requiring Activity

When it is determined that door-to-door commercial transportation is not possible for shipments for GPC purchases, the Cardholder’s requiring activity will:

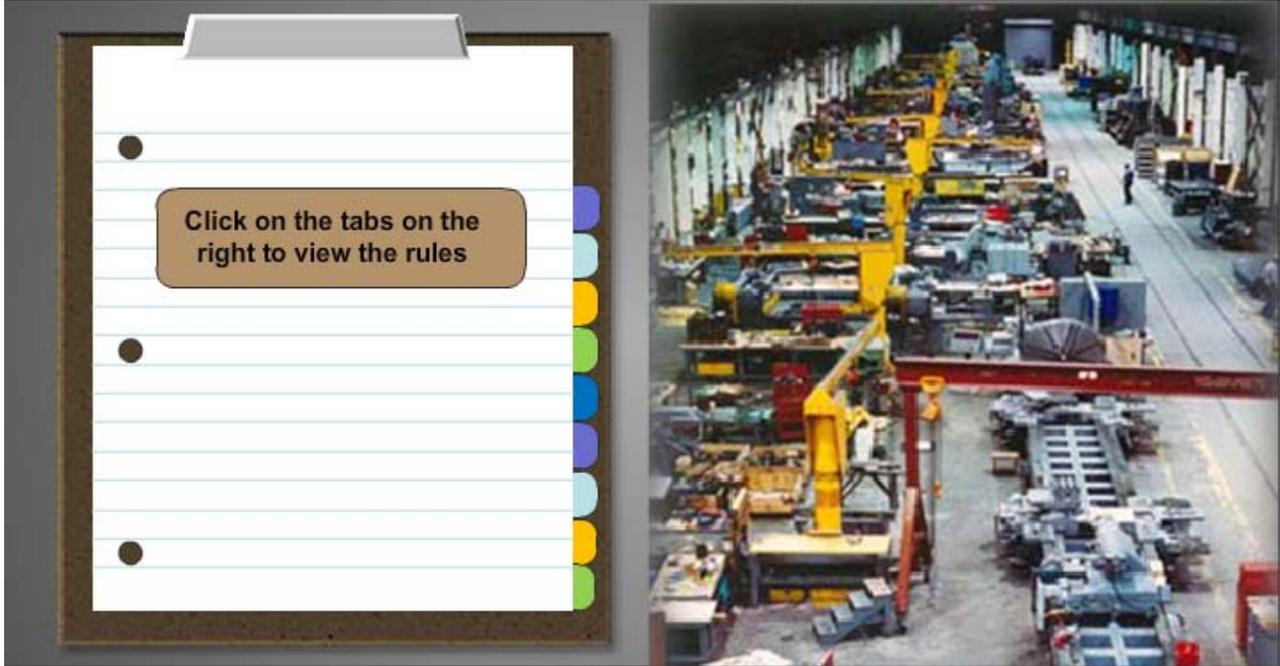
- Advise the Cardholder that the “ship to” point for the item is in an area in which commercial deliveries will not be possible.
- Provide the cardholder with alternate shipping instructions conforming to the appropriate business rules.

Pop-up for requiring activity: The activity or customer that needs the item. His or her requirement is passed to a GPC cardholder.

Close window to continue

DoD DTS Business Rules

In addition to the responsibilities of the cardholder, there are there are a number of rules the vendor must follow. Business rules for vendor shipments entering the DoD DTS, include the following:



D-Link Text:

This is an interactive flash module that outlines the business rules for vendor shipments entering the DoD DTS.

1. Adhere to military standard documentation and marking in accordance with MILSTD-129P, Department of Defense Military Marking for Shipment and Storage, to include but not limited to a Military Shipment Label, DD Form 1387.

2. Include the correct ship-to address on the shipment. The following markings must be included on the shipment:

- The "ship to" address, and
- A "mark for" in-the-clear delivery address which includes:

1. Ultimate consignee's name
2. Organization
3. Unit/departmental name
4. Office symbol
5. Building number

6. Room number
7. Street address
8. Country Code designation
9. Consignee's DoD Activity Address Code (DoDAAC)

For shipments moving to overseas locations and for mobile deployable units, the in-the-clear address must also include the host country geographic address (if available) and APO/FPO address.

3. Include the Transportation Control Number (TCN), Transportation Account Code (TAC), transportation priority, piece count (i.e. number of outer boxes), and required delivery date.
4. Ensure that packages include a packing slip located in a plastic pouch on the outside of the package.
5. Appropriately package items to arrive safely and in good condition at their specified destination.
6. During contingency operations, ensure that packages include hard copies of Material Safety Data Sheets for all hazardous material secured inside the packing slip.
7. Appropriately package hazardous materials to comply with applicable modal requirements and arrive safely and in good condition at their specified destination.
8. Provide in-transit visibility at the time the shipment is initiated. In-transit visibility is required whether or not the shipment is known to be entering the DoD DTS. To simplify vendor compliance with this requirement, Military Departments and Defense Agencies are encouraged to implement automated tools such as the [Navy's SMART Transportation Solution \(STS\)](#) or the [DLA's Distribution Planning and Management System \(DPMS\)](#).

Select this [link](#) to go to the Website to learn more about getting items to customers when the DoD Defense Transportation System (DTS) must be used.

9. Provide advanced shipping notice to the first point in the DoD DTS. To simplify vendor compliance with this requirement, Military Departments and Defense Agencies are encouraged to implement automated tools such as the Navy's STS or the DLA's DPMS.

Close window to continue

Knowledge Review

Please select a correct answer.

Which of the following choices is not a business requirement for sending shipments via the DoD Defense Transportation System?

- Include the Transportation Control Number.
- Items must have been purchased using the micro-purchase limit.
- Adhere to the MIL-STD-129 documentation standards.
- Include a packing slip located in a plastic pouch on the outside of the package.

Submit



Knowledge Review

True or False.

The cardholder's requiring activity is responsible for telling the cardholder that the "ship-to" point for the item is in an area in which commercial deliveries will not be possible.

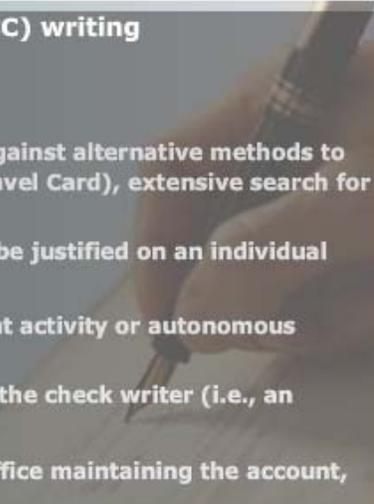
- True
- False

Submit



Establishing Convenience Check Accounts

Not all issues concerning government purchases involve transportation and delivery. When purchasing items from a vendor there are instances where a Government Purchase Card may not be accepted. This is a condition that allows for the use of convenience checks (CC).



The minimum requirements to establish convenience check (CC) writing capability are as follows:

- An active GPC account must be in place.
- The use of convenience checks shall be evaluated and determined against alternative methods to accomplish the same purpose, (i.e., the Government Purchase or Travel Card), extensive search for accepting vendors.
- The authority to maintain a check writing system (checkbook) shall be justified on an individual organization basis.
- The number of checkbooks is not to exceed one per major DoD tenant activity or autonomous location.
- Appropriate internal controls, to include one level of approval above the check writer (i.e., an Approving Official), shall be maintained by each using DoD activity.
- An officer or equivalent DoD civilian employee, independent of the office maintaining the account, will audit the CC account on a yearly basis.

D-Link Text:

This is a flash animation pointing out the requirements to establish a convenience check (CC) writing capability.

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- An officer or equivalent DoD civilian employee, independent of the office maintaining the account, will audit the CC account on a yearly basis.

Close window to continue

Setting Up a Convenience Check Account

If the minimum requirements to establish a CC writing capability are met, then it is possible to proceed and set-up a CC account. Normal account set-up procedures shall be followed to establish the CC account product.

The CC account holder must do two things:



1. Complete and submit the appropriate application forms through the DoD activity's existing purchase card hierarchical structure, including the Approving Official (AO) and APC.
2. Attach a completed approval document to the application, issued by the DoD installation/activity resource manager or commander/director.

[D](#)

A separate checking account holder and AO shall be identified for each GPC checking account. The application can be obtained from the APC.

D-Link Text:

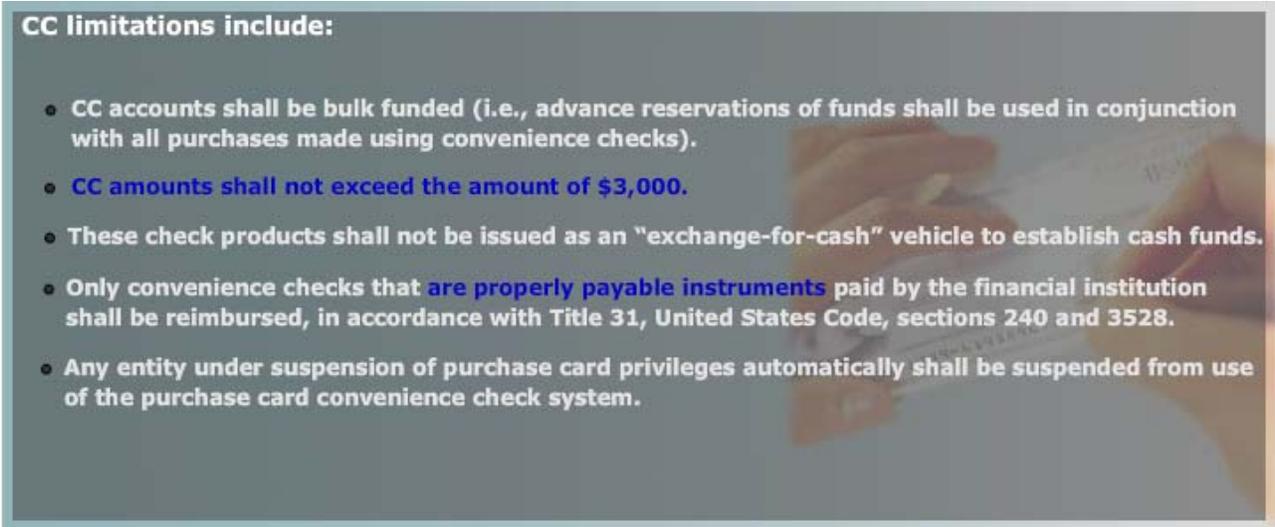
This is a flash animation that displays the following information for the CC account holder.

1. Complete and submit the appropriate application forms through the DoD activity's existing purchase card hierarchical structure, including the Approving Official (AO) and APC.
2. Attach a completed approval document to the application, issued by the DoD installation/activity resource manager or commander/director.

Close window to continue

Convenience Check Limitations

As with use of the Government Purchase Card, there are also limitations with the use of convenience checks.



CC limitations include:

- **CC accounts shall be bulk funded (i.e., advance reservations of funds shall be used in conjunction with all purchases made using convenience checks).**
- **CC amounts shall not exceed the amount of \$3,000.**
- **These check products shall not be issued as an "exchange-for-cash" vehicle to establish cash funds.**
- **Only convenience checks that are properly payable instruments paid by the financial institution shall be reimbursed, in accordance with Title 31, United States Code, sections 240 and 3528.**
- **Any entity under suspension of purchase card privileges automatically shall be suspended from use of the purchase card convenience check system.**

[D](#)

To learn more about convenience checks as prescribed in the DoD Financial Management Regulation, select this [link](#).

D-Link Text:

This is a flash animation that points out the limitations of the convenience check.

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Pop-up:

Properly Payable Instruments

A properly payable instrument:

- a) Is issued over the genuine signature of an authorized payment agent in accordance with agreed upon procedures,
- b) Bears a genuine or authorized endorsement, and

c) Has no alterations.

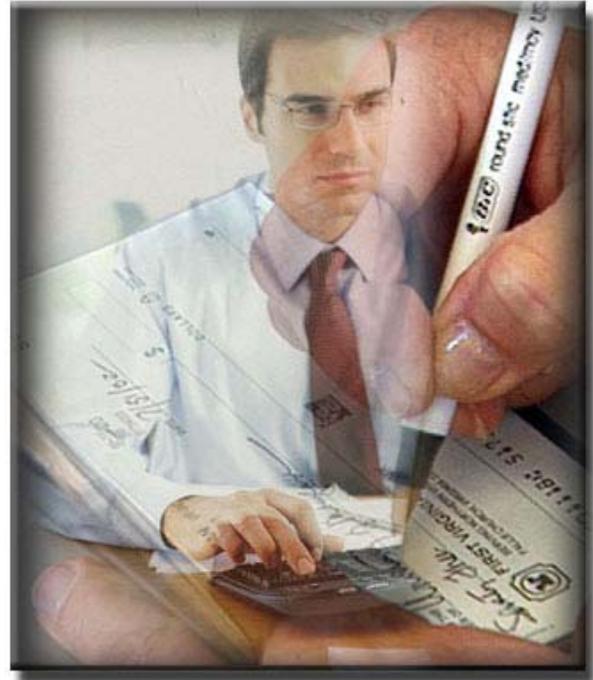
Check Amounts Shall Not Exceed \$3,000

Check amounts shall not exceed \$3,000 per check and shall be issued for the exact payment amount, with a prohibition on splitting purchases, payments or other amounts among more than one check to keep amounts below \$3,000 or other assigned limits (if less than \$3,000).

Close window to continue

GPC Convenience Check Account Custodians

Each convenience check account shall be under the custody of one individual who is not responsible for originating, approving, or processing the requirement for a check. An alternate custodian may be appointed with the same authorities as the principal custodian; however, the alternate shall act only in the absence of the principal.



The Difference in Limitations for Overseas Contingencies

Convenience checks may be used for payments in overseas transactions up to \$10,000 in support of contingencies declared by the Secretary of Defense. Examples of contingencies include: Operation Iraqi Freedom and Operation Enduring Freedom.



Knowledge Review

Please select a correct answer.

CC amounts will not exceed the amount of which of the following?

- \$2,000
- \$3,000
- \$5,000
- \$10,000

Submit



Knowledge Review

True or False.

An Approving Officer responsible for originating, approving, or processing the requirement for a check may be also a convenience check custodian.

- True
- False

Submit



Knowledge Review

True or False.

The limitation for CC accounts for overseas contingencies differ from the regular CC account limitation in that they allow for transactions up to \$10,000.

- True
- False

Submit



GPC Spending Limits

Other new topics to consider are those pertaining to spending limits for the GPC holders as well as how GPC holders are to acquire the necessary purchasing training. Let's begin by addressing spending limits, which include:

- Authorized supplies, equipment, and non-personal services up to the micro-purchase threshold of \$3,000.
- Construction requirements spending limit of \$2,000.
- Non-Appropriated Fund accounts single purchase limit of \$5,000.
- On-going repetitive services that exceed \$3,000 a year, requires contractual coverage for the service through the contracting office. A requirement cannot be reduced into smaller parts to avoid formal contracting procedures. Splitting requirements solely to keep them under the micro-purchase threshold is prohibited.
- Overseas commercial purchase limits of up to \$25,000 if the purchase is made outside the United States for use outside the United States in accordance with DFARS 213.301.

Purchases Under and Above the Micro-purchasing Limit

Purchases under \$3,000 are exempt from the laws and required clauses of the:

- Competition in Contracting Act,
- Buy American Act/Economy Act,
- Service Contract Act, and
- Small Business Set-Aside Program.



If authorized to make purchases above \$3,000, cardholders not in contracting organizations will use the Government Purchase Card only to obtain items from:

- pre-priced contracts and agreements (e.g., Federal Supply Schedule (FSS)), BPAs, and
- Indefinite Delivery/Indefinite Quantity contracts.

Responsibilities for Setting GPC Limits

The spending limits have been identified; however, we must also consider the responsibilities for setting these limits. Let's continue by addressing the responsibilities of both the Contracting Officers and cardholders in terms of setting the limits for the Government Purchase Card.



D-Link Text:

This is an interactive flash module the responsibilities for setting GPC limits for both the Contracting Officer and the cardholder.

Contracting Officers

Contracting Officers and other designated contracting personnel may use the purchase card as a method of payment on a contractual document up to the warrant limit of the Contracting Officer.

Cardholders

Cardholders in contracting organizations must comply with Federal Acquisition Regulation (FAR) requirements when the card is used as a payment method on a contractual document.

Purchases greater than \$3,000 must incorporate required clauses and data or processes mandated by statute, executive order, policy, or regulation and comply with all FAR competition, documentation and reporting requirements.

The requirement to submit a DD Form 350 for orders between \$3,000 and \$25,000 applies to all orders where the GPC is used.

Close window to continue

Forms for Setting Limits

The requirement to submit a DD Form 1057/DD Form 350 for orders between \$3,000 and \$25,000 applies to all orders placed with the GPC.

A DD Form 350 is also required for all orders exceeding \$25,000.

MONTHLY SUMMARY OF CONTRACTING ACTIONS
Report Control Symbol DD-AT&L(M) 1015

Section A - General Information

A1 Report Month _____
 A2 Name of Contracting Office _____
 A3a Name _____
 A3b Address _____
 A3 Contracting Office Code _____
 A3a Reporting Agency FIPS 95 Code _____
 A3b Contracting Office Code _____

Section B - Contracted Actions

(1) Category (2) Actions (3) Dollars

B1 Treaty or Regulated Acquisition _____
 B2 Foreign or Interservice _____
 B2a FPM or International Agreements _____
 B2b Actions with UN/SCOR _____
 B2c Actions with Other Government Agencies _____
 B3 Small Business _____

INDIVIDUAL CONTRACTING ACTION REPORT

REPORT NUMBER _____

PART A A1 TYPE OF REPORT (1) Regular (2) Correcting (3) Forfeiture
 A2 REPORTING OFFICE
 A3 CONTRACTING OFFICE NAME
 A4 NAME OF CONTRACTING OFFICE

PART B B1 CONTRACT IDENTIFICATION INFORMATION
 B1a CONTRACT NUMBER
 B1b SOURCE OF CONTRACT NUMBER
 B2 CONTRACT IDENTIFICATION INFORMATION
 B2a CONTRACTOR IDENTIFICATION NUMBER
 B2b CONTRACTOR NAME AND OFFICE NAME
 B2c CONTRACTOR ADDRESS (Street, City, State, Zip)
 B2d GOVERNMENT AGENCY
 B2e TASK TITLE
 B3a YES B3b NO
 B3c FASBIT No
 B3d FASBIT Name
 B4 ORIGINAL PLACE OF PERFORMANCE
 B4a CITY OR PLACE CODE
 B4b STATE OR COUNTY CODE
 B4c CITY OR PLACE AND STATE OR COUNTY

PART C C1 TYPE OF OBLIGATION (1) Obligation (2) Disposition
 C2 TOTAL DOLLARS (Over million dollars only)
 C3 FEDERAL AID, TITLE OR SUB-PROJECT OR BUDGET CODE
 C4 FEDERAL AID, PROGRAM OR SUB-PROGRAM CODE
 C5 BUDGET CATEGORY
 C6 BUDGET SOURCE
 C7 BUDGET SOURCE

PART D D1 KIND OF CONTRACT/ACTION
 D1a TYPE OF ACQUISITION CONTRACT
 D1b MULTIPLE UNIT SOURCE CODE
 D2 CONTRACTOR TYPE
 D2a MULTIPLE UNIT SOURCE CODE
 D2b MULTIPLE UNIT SOURCE CODE

Purchasing Training

The Government Purchase Card is the authorized method of payment for all commercial training requests using the DD Form 1556 (Request, Authorization, Agreement, Certification of Training and Reimbursement) or equivalent valued at or below \$25,000.

The image shows the DD FORM 1556, titled 'REQUEST, AUTHORIZATION, AGREEMENT, CERTIFICATION OF TRAINING AND REIMBURSEMENT'. The form is divided into several sections: 'GENERAL INSTRUCTIONS', 'COPY DISTRIBUTION', 'COMPLETION INSTRUCTIONS', and 'SECTION A - TRAINING INFORMATION'. A large, semi-transparent red watermark with the text 'DD FORM 1556' is overlaid diagonally across the center of the form. The form includes fields for trainee name, address, organization, and course details, along with checkboxes for various conditions and a section for self-explanatory information.

Knowledge Review

True or False.

Cardholders in contracting organizations must comply with FAR requirements when the card is used as a payment method on a contractual document.

- True
- False

Submit



Knowledge Review

Please select a correct answer.

If Government Purchase Card holder Bob Johnson needs to purchase a projector for the e-Gov Conference in Washington, DC this coming February, the spending limit is set at which of the following?

- \$25,000
- \$5,000
- \$3,000
- \$2,000
- \$1,500

Submit



Knowledge Review

Please select a correct answer.

For which situation does the \$2,000 spending limit apply?

- Purchasing a computer.
- Purchasing construction.
- Using Non-Appropriated Funds.
- None of the Above.

Submit



Knowledge Review

Please select a correct answer.

If Government Purchase Card holder Linda Hamilton needs to purchase weapon safety training for her team the spending limit is set at which of the following?

- \$25,000
- \$5,000
- \$3,000
- \$2,000
- \$1,500

Submit



Knowledge Review

True or False.

The DD Form 1556 is the correct form used for Purchasing Training with the GPC.

- True
- False

Submit



Priorities for Use of Government Sources: Supplies

Cardholders shall satisfy requirements for supplies from or through the sources listed below in descending order of priority. Select the bullet to the left of each source to learn more about the role of each provider.



[D](#)

D-Link Text:

This is an interactive flash module that includes the following information concerning the priority of Government sources of supply.

Activity or Installation Inventories

Activity/installation inventories can be:

- office supplies maintained in the local Self Service Supply Center, or
- excess items maintained by the local supply community.

The local Logistics Directorate may assist the cardholder with the decision-making process. Also, activity/installation supply organizations will provide a listing of locally stocked material that is available to Approving Officials and cardholders.

Federal Prison Industries (UNICOR)

(mandatory only for purchases with GPC above the micro-purchase threshold)

Federal Prison Industries (FPI) also uses the name UNICOR. Federal agencies are required by law to purchase items manufactured or produced by UNICOR prior to acquiring those items from commercially available sources. UNICOR is a mandatory source provider for items listed in its Schedule of Products (which includes furniture).

National Industries for the Blind/Severely Disabled (NIB/NISH)

Cardholders must purchase commodities and services furnished by not for-profit agencies employing blind and

severely handicapped individuals trained under the Javits-Wagner-O'Day Act (JWOD) when those commodities/services meet the required need. JWOD items are generally purchased through distributors, including Government agencies such as the GSA and the Defense Logistics Agency. Items available from NIB/NISH include:

- Office supplies
- Medical supplies
- Plastics
- Textiles
- Industrial products (paints and cleaners)

Mandatory Federal Supply Schedules (FSS)

Federal Supply Schedules (FSS) identify the executive agencies required to use them as mandatory sources of supply. The Federal Supply Service has converted most of its Federal Supply Schedules to non-mandatory (or optional) sources of supply. This includes all multiple and single award schedules.

Wholesale Supply Sources

Approximately 4.8 million items in the DoD wholesale supply system are centrally managed. Organizations routinely requisition the supplies from the assigned inventory manager.

Cardholders may purchase inventory-managed items directly from wholesale sources with the Government Purchase Card via the DoD EMail or GSA Advantage.

Customers wanting more information on purchasing wholesale supplies using the Government Purchase Card should contact their local installation contracting office.

General Services Administration (GSA) Advantage!

Although not a required source of supply, cardholders can also use the GSA Advantage! catalog on the Internet. This service gives authorized Federal Government users access to thousands of commercially available supplies and services from GSA at the lowest possible prices and has incorporated items from NIB/NISH and UNICOR. Please note that using GSA Advantage! does not satisfy the cardholder's responsibility to screen the mandatory sources of supply prior to making a purchase.

DoD Email

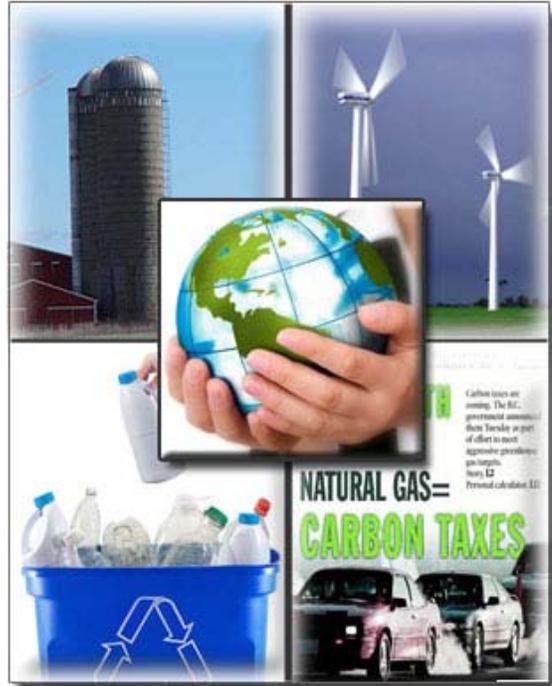
Other commercial sources

Close window to continue

Green Procurement and Supply Sources

A fairly new responsibility for Government Purchase cardholder's is to take advantage of green products. Green Procurement involves showing preference for products and services that benefit the environment. This includes products:

- Made with recycled content
- Biobased
- Environmentally preferable
- Energy and water efficient
- Lacking in Ozone-Depleting Substances and Priority Chemicals
- Renewable energy sources
- Sustainable building materials
- [EPEAT](#) – Registered Electronic Equipment



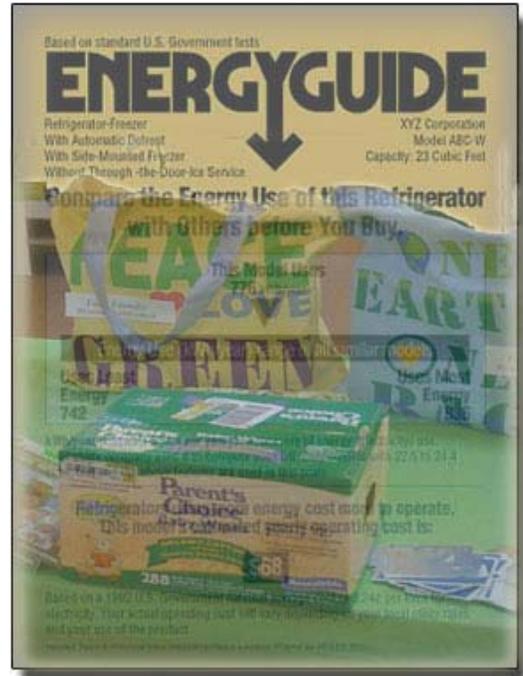
Green Procurement: What Should You Do?

Buy Green!

- Look for labels and descriptions that indicate the product has environmental and energy saving benefits
- Search for green products in catalogs and online sources such as the [DoD EMALL](#) (use the tree symbol to identify green products)
- Request green products from your vendors and supply sources

Meet the Requirements!

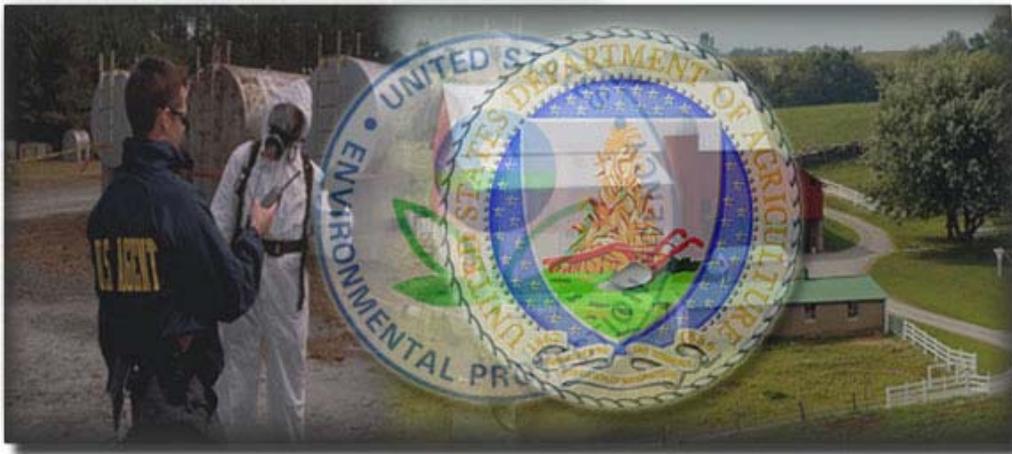
- Refer the lists of designated [Comprehensive Procurement Guidelines](#) – and biobased – items when you are making a purchase, and make sure you buy and specify recycled and biobased products



Green Procurement: More Information

For more information you can go to the following websites.

- For Green Procurement information, start with the Office of the Federal Environmental Executive (OFEE) at <http://www.ofee.gov/gp/gp.asp>.
- Access the current CPG items list for recycled content requirements on the EPA website www.epa.gov/cpg.
- For information about USDA's Biobased program and the biobased items, visit www.biobased.oce.usda.gov.



Priorities for Use of Government Sources: Services



Some of the same sources of supply are also sources of Government services. Cardholders satisfy requirements for services from the sources listed below in descending order of priority:

- Committee for Purchase from the Blind and Other Severely Handicapped (NIB/NISH)
- Mandatory Federal Supply Schedules (FSS)
- Federal Prison Industries (UNICOR)

Knowledge Review

Please select a correct answer.

Which of the following states the correct order of priority for the mandatory sources of supply?

- Activity or installation inventories, Federal Prison Industries (UNICOR), National Industries for the Blind/Severely Handicapped (NIB/NISH), wholesale supply sources.
- Activity or installation inventories, wholesale supply sources, NIB/NISH, UNICOR.
- Wholesale supply sources, activity or installation inventories, NIB/ NISH, UNICOR.
- NIB/NISH, UNICOR, activity or installation inventories, wholesale supply sources.



Submit

Knowledge Review

Please select a correct answer.

When purchasing a product on EPA's CPG list, the product must contain:

- Non ozone depleting substances
- Biobased material
- Reduced packaging
- Recycled material

Submit



Knowledge Review

True or False.

Cardholders satisfy requirements for services from the sources to include the Committee for Purchase from the Blind and Other Severely Handicapped (NIB/NISH); Mandatory Federal Supply Schedules (FSS); and Federal Prison Industries (UNICOR).

- True
- False

Submit



Summary

Now that you have completed this topic, you should be able to:

- Recognize responsibilities and procedures for shipments going overseas via the DoD Defense Transportation System (DTS).
- Recognize procedures that allow for convenience check (CC) accounts to be set-up, limitations for CCs, and the differences in limitations for contingency overseas transactions.
- Recognize responsibilities for setting limits and identify situations for which different limits apply.
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