

Department of Defense  
Purchase Card Program Management Office

20 Jul 98

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS  
CHAIRMAN OF THE JOINT CHIEF OF STAFF  
UNDER SECRETARIES OF DEFENSE  
DIRECTOR, DEFENSE RESEARCH AND ENGINEERING  
ASSISTANT SECRETARIES OF DEFENSE  
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE  
INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE  
DIRECTOR, OPERATIONAL TEST AND EVALUATION  
ASSISTANTS TO THE SECRETARY OF DEFENSE  
DIRECTOR, ADMINISTRATION AND MANAGEMENT  
DIRECTORS OF THE DEFENSE AGENCIES  
DIRECTORS OF THE DOD FIELD ACTIVITIES  
DIRECTOR, DEFENSE MANPOWER DATA CENTER

SUBJECT: Purchase Card Program Reengineering Implementation Memorandum #6:  
Streamlined Payment Practices

I have long supported efforts to streamline operations and reduce costs in the Department by implementing the government-wide commercial purchase card for purchases and payments at or below \$2,500.

A recent review of Defense Finance and Accounting Service (DFAS) commercial invoice processing data indicates that there are still 4.6 million commercial invoice payments made annually that could be eliminated if the purchase card were used as the payment vehicle. For example, in January 1998 DFAS processed nearly 217,000 payments made on contracting instruments, nearly 83,000 inter-/intra-government payments, over 65,000 miscellaneous payments, and over 17,000 training payments valued at or below \$2,500 that were not on the commercial purchase card. DFAS has estimated that moving these payments to the purchase card could save the Department millions annually -- savings that are needed to modernize and maintain our fighting forces.

I recognize that many of you are currently reviewing your business processes to broaden acceptance of the purchase card; however, I believe more must be done. Specifically, I direct the following:

- The Under Secretary of Defense (Personnel and Readiness) shall issue Department-wide policy by August 15, 1998, directing expedited use of the purchase card as the method of payment for all training requests using the DD Form 1556 valued at or below \$25,000, and all medical services and Nonappropriated Fund payments valued at or below \$2,500 when determined to be appropriate and cost effective.
- The Under Secretary of Defense (Acquisition and Technology) and the Purchase Card Program Management Office (PMO) shall develop Department-wide policy by October 1, 1998, requiring the use of the purchase card to pay for goods and services purchased using standard contracting instruments such as Standard Form 1449 and the DD Form 1155, valued at or below \$2,500. This policy shall address contracts, purchase orders, blanket purchase agreements, basic ordering agreements, and orders under task and delivery order contracts. It will also address bills of lading, and stock fund transactions. USD(A&T) will also work with the General Services Administration to develop policies that further the use of the purchase card to pay for goods and services available on Federal Supply Schedules.
- The Under Secretary of Defense (Comptroller) will issue Department-wide policy by September 15, 1998, requiring the use of the purchase card for all Military Interdepartmental Purchase Requests (DD-448) valued at or below \$2,500.