



Charge Card Management Plan

Department of Defense

Governmentwide Commercial Purchase Card Program

Author: Pamela Talbott

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Version History

Version	Date	Timeframe Covered	Author
<i>SmartPay® 3 (SP3) Transition on November 30, 2018. New versioning started.</i>			
1.0	1/30/2020	Fiscal Year (FY) 2019	Sheila McGlynn
2.0	1/19/2022	FYs 2020 and 2021	Sheila McGlynn
3.0	1/17/2024	FYs 2022 and 2023	Pamela Talbott

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1 Introduction

Office of Management and Budget (OMB) Circular A-123, Appendix B, Improving the Management of Government Charge Card Programs, prescribes policies and procedures to Agencies regarding how to maintain internal controls that reduce the risk of fraud, misuse, and delinquency in Government charge card programs. As required by Appendix B of the Circular, this plan outlines the policies and procedures used by the Department of Defense (DoD) to ensure that the objectives of the Governmentwide Commercial Purchase Card (GPC) Program are realized and that an effective system of internal controls is in place to identify and manage high-risk transactions. This plan applies to all DoD GPC programs under the U.S. Department of the Army (DA), U.S. Department of the Air Force (DAF), and Other Defense Agencies and Activities (ODA) SmartPay 3 (SP3) Tailored Task Order (TTO) and the U.S. Department of the Navy (DON) SP3 TTO.

DoD’s GPC policy document is used by DoD to consolidate and codify DoD General Services Administration (GSA) SmartPay GPC policy and help GPC program participants establish, manage, operate, and provide oversight of DoD GPC programs. It is incorporated by reference in the Defense Federal Acquisition Regulation Supplement 213.301 and is also available at <https://www.acq.osd.mil/asda/dpc/ce/pc/docs-guides.html>. The GPC policy environment is also governed by financial management policies prescribed in the DoD Financial Management Regulation (FMR).

The Office of the Under Secretary of Defense for Acquisition and Sustainment (OUSD(A&S)) / Assistant Secretary of Defense (Acquisition) (ASD(A)) / Defense Pricing and Contracting (DPC) is in the process of updating the GPC policy document for GPC program officials. The new version will incorporate recent GPC policy updates, including those related to enterprise systems and related requirements; better reflect updated GPC roles and responsibilities; and better align the content to the audience. DPC anticipates that this updated GPC policy document will be released by Quarter 3 of Fiscal Year 2024.

2 Key Management Officials

Table 3.1 lists the key management officials associated with the DoD GPC Program, including Component Program Managers (CPMs). Listing the approximately 40,000 names of all levels of Oversight Agency/Organization Program Coordinators (OA/OPCs), Agency/Organization Program Coordinators (A/OPCs), Approving/Billing Officials (A/BOs), and Certifying Officers here would be unwieldy. However, a complete, dynamic record of all DoD GPC key management officials is maintained in DoD’s Joint Appointment Module (JAM). A description of the responsibilities for each program role is available in the GPC policy document or successor document.

Name	Title
Ms. J. Lisa Romney	OUSD(A&S)/ASD(A)/DPC, Director, Contracting eBusiness
Mr. Morris McIlwain	DA CPM
Ms. Jayne Wilson	DAF CPM
Mr. Christopher Zegley	DON CPM

Varies by agency	ODA CPM
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Table 3.1. GPC Program Key Management Officials

DPC serves as the Agency Program Management Office for the ODA, with roles and responsibilities defined in the GPC policy document. On June 2, 2020, DPC and Defense Contract Management Agency (DCMA) signed a Memorandum of Agreement (MOA) transferring certain procurement oversight responsibilities for particular programs, including GPC, from DPC to DCMA. In accordance with an updated version of this MOA executed on September 7, 2023, DPC maintains full responsibility for developing and issuing the GPC policy document, and DCMA conducts GPC program oversight and oversees GPC policy execution.

3 Written Appointment Letters

JAM is DoD's electronic application to initiate, review, approve, store, and terminate required delegations of procurement authority and/or appointments. Each appointment involves standardized and customizable data elements to ensure delegations meet DoD requirements as well local/Agency requirements. Additional details on the required contents of GPC appointment letters can be found in the GPC policy document. For those individuals who do not yet have electronic appointments in JAM, and those who have been granted a Procurement Integrated Enterprise Environment (PIEE)/JAM waiver by DPC, their paper appointments remain the authoritative source.

4 Credit Worthiness of New Individually Billed Accounts

This requirement is not applicable to the DoD GPC Program, as GPCs are centrally billed accounts.

5 Training Requirements

DPC maintains a list of GPC training courses, including which roles (CPMs, OA/OPCs, A/OPCs, A/BOs, Certifying Officers, and Cardholders (CHs)) are required to take each course and the required frequency for each (see <https://www.acq.osd.mil/asda/dpc/ce/pc/training.html>). DPC recently deployed a capability into JAM to identify and track training at the Component level, allowing for greater flexibility in capturing and reporting on data.

DPC additionally assesses the need for and develops subject-specific guides to cover topics that help GPC program participants succeed with the use of new systems, features, and processes. These are created on an as-needed basis and have been tremendously helpful to the GPC community. They are located at the training link provided above.

At the time of appointment initiation and thereafter, JAM validates that the appropriate DoD-mandated initial and refresher training requirements have been completed. In addition, A/OPCs are encouraged to provide training tailored to their Contracting Activities and local GPC procedures and practices. JAM provides users the ability to specify and manage local training requirements as well. Additional details about training requirements can be found in the GPC policy document.

6 Managing Controls and Oversight

DoD emphasizes a risk-management approach to managing its GPC Program. A portfolio of internal controls is in place to safeguard taxpayer resources. These controls ensure compliance with applicable

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laws and regulations and provide reasonable assurance that the GPC Program is used efficiently, effectively, and legally to achieve the purpose for which it was established, while identifying and managing high-risk transactions. The GPC policy document additionally details the automation of internal controls made possible through integration of electronic appointments with the card-issuing bank's electronic access system (EAS). A complete list of these controls, including the requirement for GPC program officials to identify and report all potentially fraudulent transactions to investigative authorities for review, is included in the GPC policy document.

GPC policy requires CHs to frequently review their transactions throughout the billing cycle, using the card-issuing bank's EAS. Policy requires that the process begin by CHs recording purchase log entries for each transaction into the DoD-wide standardized Purchase Log, which has been recently updated and is in the process of being deployed across DoD. It also requires CHs and A/BOs to reconcile transactions/statements as soon as possible to avoid delinquencies and maximize refunds. The card-issuing bank suspends any billing account that goes 60 days delinquent (90 days from the statement date). If any such account goes 180 days delinquent, the entire activity will be suspended. Upon payment receipt, the suspension is automatically lifted.

DoD has implemented and mandated use of a dynamic, enterprise-wide, three-pronged oversight review process conducted in the contractor-provided data mining (DM) tool by each DoD Component. The three prongs of the review process consist of Daily DM Case Reviews, Monthly A/OPC Reviews, and Semi-Annual Head of Activity Reviews (SAHARs).

Daily DM Case Reviews are initiated when the tool evaluates each transaction against a set of business rules to identify high-risk transactions. The tool creates and assigns a case for adjudication to determine if each high-risk transaction is to be classified as one of five disciplinary categories standardized in the GPC policy document.¹ Adjudicators additionally assess cases to establish findings (e.g., "not for Government use" or "exceeds minimum mission need") and corrective actions, ranging in severity from refresher training to elevation to an investigative agency (for the most egregious policy violations), depending on the details of the case. DoD policy requires that appropriate management officials be notified for corrective action to be taken.

Component A/BOs and A/OPCs are required to close each assigned DM case prior to closing out each month and before higher-level OA/OPCs and CPMs view monthly GPC statistics as part of their Monthly A/OPC Reviews. This process helps to notify management of internal controls that are not performing up to expectations and to investigate each full month of DM case adjudication results.

Use of the DM tool enhances controls and improves oversight by requiring the involvement of high-level officials to ensure organizational GPC operations are well understood and monitored as part of the SAHAR process. System-driven semi-annual reviews provide A/OPCs with the opportunity to inform their management on upwards of 60 data points covering GPC transactions, DM, internal controls, and overall program management metrics over the most recent six-month period. The SAHAR report consolidates data from multiple sources and is intended to ensure adherence to internal controls and facilitate senior management's awareness of their GPC program's health. Components are required to

¹ Because DM cases are managed at the transaction level and delinquencies are identified at the Managing Account level, they are not associated with DM cases. Delinquencies are tracked and managed via bank-issued and DPC-generated reports, with policy requirements as described above.

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suspend Managing Accounts (MAs) (and, in egregious cases, all MA accounts under an A/OPC) if they fail to perform these oversight duties in a timely manner.

DPC additionally provides valuable input into Other Defense Agency (ODA) Procurement Management Reviews (PMRs) by collecting, analyzing, documenting, and contextualizing GPC statistics for each of the reviewed Agencies and sharing this documentation with the Agency CPM, the PMR team, and GPC ODA PMR volunteers solicited by DPC. DPC shares the procedures for generating the GPC PMR documentation with the Military Services, as they are responsible for their own PMRs.

These capabilities, when combined with other tools, serve to monitor the overall compliance of local GPC programs and, when appropriate, pinpoint those installations, bases, directorates, or accounts that need further examination to safeguard Government assets. CPMs provide their completed SAHAR reports to DPC each January and July. DPC reviews and shares this reporting data with the GPC Integrated Solutions Team Governance Board to inform its decision making.

All convenience check transactions are considered high risk and require DM case reviews. The detailed convenience check requirements in compliance with OMB regulation are addressed in the GPC policy document. In addition, DoD FMR Volume 10, Chapter 23 addresses the financial-related aspects of the convenience check regulatory requirements. Section 12 of this plan addresses additional convenience check procedures.

Additional details are covered in DoD's GPC Narrative Reporting, submitted annually to GSA as required by OMB Circular A-123, Appendix B.

7 Authorization Controls

GPC policies are designed to ensure both separation of duties and appropriate authorization and review of all transactions. All GPC roles and responsibilities are defined in the GPC policy document, while electronic authorization controls are incorporated within the bank's EAS and card-processing network (e.g. electronic authorizations for each transaction that check against specific card limits and allowable Merchant Category Codes to ensure proper purchasing behavior).

8 Strategic Sourcing, Category Management, and Acquisition Gateway

Components are required to periodically analyze GPC transaction data and spend patterns to identify opportunities to obtain savings, and to periodically determine the feasibility for broader application of these efforts across their organization. They also are encouraged to identify recurring, repetitive purchases (e.g., utility service needs) made with the GPC and, where appropriate, put those acquisitions into service contract vehicles where the GPC is used as a method of payment.

CHs are required to comply with all DoD-wide and Component-specific strategic sourcing and category management policies, goals, and initiatives designed to optimize their purchasing power and allow them to take advantage of lower negotiated prices.

DoD's e-commerce ordering system, FedMall, provides buyers with access to tens of millions of individual items of supply, from centrally managed DoD and GSA assets to commercial off-the-shelf products. This enables CHs to engage in disciplined, data-driven, strategic cost management and leverage commercial best practices. FedMall also offers CHs access to commercial supplies by leveraging existing Defense Logistics Agency and Service-issued contracts and GSA schedules.

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GSA's Commercial Platforms (CP) program, as authorized by Section 846 of the 2018 National Defense Authorization Act, provides CHs with a managed channel for open-market micro-purchases through select e-marketplace platforms. Over the past several years, multiple Components worked with DPC to obtain authorization to participate in the CP program, and subsequently with GSA to complete the CP onboarding process. On August 9, 2023, DoD removed the requirement for DPC approval prior to participating in the CP program, based on participating Components' reports; communications with the early adopters; and communications, reporting data, and training from the CP program office. Should additional Components choose to participate, they are still required to work with GSA to complete the onboarding process and should email Section846@gsa.gov, copying the DoD Shared Mailbox (DODPCPO@sterlingheritage.com).

The CP program appears to provide viable options that support Federal Government procurement objectives, and participating Components have reported that it benefits their mission support. DPC continues to encourage Components' broader adoption of the program.

Additionally, CHs can use GSA's category management tool known as the Acquisition Gateway to find solution comparisons, connect with other acquisition professionals, and explore product and service category hallways. DPC has provided category management training to GPC oversight personnel, including content on the Acquisition Gateway and its hallways, which feature articles, templates, market research tools, prices-paid data, and more, to achieve successful outcomes at each step of the acquisition lifecycle.

9 Reports and Data

Reports generated by the card-issuing bank and DM contractor are used by program officials to monitor GPC Program operations, including monitoring delinquency, misuse, performance metrics, spend analysis, and other relevant transactions and program management topics. Bank-generated standard reports, run on a recurring basis, are available using predetermined parameters. Examples include Past Due, Exception, and Summary reports. Bank-generated ad-hoc reports are self-initiated by the A/BO or A/OPC, with certain fields customizable to meet individual needs. Examples include Accounts with Underutilized Credit Limits, Transactions Blocked at Merchant Category Codes, Potential Split Requirement Review, and Frequent Credits by Merchants. Both types of reports serve as powerful tools for local program officials to identify and solve potential problems early on. Also, as described in Section 6 of this plan, the SAHAR report is a holistic source of details on all key GPC metrics.

10 Record Retention

DoD GPC policy, consistent with Federal Acquisition Regulation (FAR) 4.805, requires that Components prescribe procedures for handling, storage, and disposal of GPC files. This must include identification of the responsible party, the required physical and electronic controls, the media used, and the location for record storage. The GSA Master Contract requires card-issuing banks to comply with FAR record retention requirements by maintaining electronic records of all GPC transactions for six years after final contract payment.

11 Procedures at Employment Termination or Transfer

Controls are in place to ensure compliance with the Charge Card Act, Public Law 112-194 (with the exception of section 2, from which DoD is exempt) and 10 U.S.C. 4754, which requires DoD to take appropriate steps to “invalidate” GPCs immediately for those who cease employment or transfer. While the capability to automatically workflow the invalidation of GPCs is nearing deployment, GPC policy requires that A/OPCs ensure card and convenience check accounts are closed upon departure or transfer and invalidated cards and convenience check stock are collected and destroyed. Integration with DoD’s electronic human resources system will allow for the automatic termination of electronic appointment(s) and system role(s) at the time a CH leaves or transfers from a Component. Such automatic appointment terminations will be sent to the card-issuing bank’s EAS for action to close these card accounts.

12 Additional Convenience Check Procedures

The detailed convenience check requirements in compliance with OMB Circular A-123, Appendix B and DoD FMR Volume 10, Chapter 23 are addressed in the GPC policy document. The GPC policy document coverage includes policy requirements specific to convenience check usage and those requirements that apply to both GPC and convenience check usage.

Per the GPC policy document, a convenience check is to be used only when use of the GPC is not possible, and for an amount at or below the applicable convenience check Micro-Purchase Threshold. In line with this guidance, the DM tool flags all convenience check transactions for review. During the transaction review and the Monthly A/OPC Review of all transactions, all facets of the transaction are required to be checked for appropriateness.

Controls have been added to JAM to restrict the granting of appointments where separation of duties is violated and to ensure only the individuals with authorization to write checks are given the necessary permissions. Prior to being appointed as Convenience Check Writers, individuals are required to complete DPC-mandated training as well as additional training as determined by local procedures. Access to the card-issuing bank’s EAS and the DM application will be granted via the JAM appointment. As such, when a Convenience Check Writer departs from his/her check-writer duties, the appointment is terminated and access to the EAS is removed.