



OFFICE OF THE UNDER SECRETARY OF DEFENSE

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ACQUISITION
AND SUSTAINMENT

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MEMORANDUM FOR COMMANDER, UNITED STATES CYBER
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COMMAND (ATTN: ACQUISITION EXECUTIVE)
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(CONTRACTING)
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SUBJECT: Department of Defense SmartPay® 3 Government-wide Commercial Purchase Card Policies, Procedures and Tools – SP3 Transition Memorandum #6

The attached document specifies updated policies, procedures, and electronic program management and control compliance tools mandated for use by all Department of Defense (DoD) Components executing transactions under the terms of the U.S. Army, U.S. Air Force and Defense Agencies and Activities, and the U.S. Navy Government-wide Commercial Purchase Card (GPC) SmartPay® 3 (SP3) Tailored Task Orders.

Included in the attached document are the requirements for GPC program officials to: 1) use the Enterprise Data Mining (DM) Tool, Mastercard's Insights on Demand (IOD), to document DM Case review results for all system-generated and management added cases; and 2) suspend purchasing (e.g., reduce the managing account spending limit to one dollar) under account(s) with open DM cases, or Monthly Agency/Organization Program Coordinators (A/OPC) or Semi-Annual Head of Activity Reviews that are not completed within 55 days of the end of the billing cycle(s) under review. Enforcement of mandatory account purchasing suspension for accounts with open DM cases is targeted for 4th quarter (Q) fiscal year (FY) 2019. A specific date will be established in subsequent correspondence.

Each Component must assess its progress in deploying and utilizing IOD's oversight capabilities and publish Component-level guidance for transitioning to these updated oversight procedures no later than 30 November 2019. This guidance must require appropriate oversight is performed as the Component phases out the requirement to conduct Annual Managing Account Reviews and adopts the integrated three-pronged, system-enabled review cycle described in the attached document. Components are required to ensure full deployment and use of IOD's oversight capabilities no later than 1 March 2020.

To incrementally assess the effectiveness of the IOD capability as well as monitor the program impacts resulting from statutory, regulatory or policy changes (e.g., recent increases to the micro-purchase thresholds), a phased approach will be taken to DM implementation as follows:

- Phase 1 (December 2018 – June 2019): Implement SP3 Tier 1 and 2 business rule sets agreed to by the Service GPC Component Program Managers (CPMs). During this phase, data will be collected on the percentage of data mining cases created for review; frequency with which each rule is triggered and associated DM case disposition; and effect on workforce.
- Phase 2 (semi-annually thereafter): As part of SP3 GPC Governance Process analyze additional data collected, adjust DM parameters as necessary, and develop supporting policy as required.

Additionally, the dates for issuing electronic Delegation/Appointment Letters using the Joint Appointment Module (JAM) that were established in SP3 Transition Memorandum #3 dated 16 November 2018 are modified as follows:

Role Name	JAM Release Date	JAM Appointment Completion Date
CPMs	7 September 2018	Completed Maintain as Required
Oversight A/OPCs – Individuals responsible for overseeing the work of other A/OPCs	7 September 2018	31 May 2019
A/OPC (Individuals responsible for directly overseeing Approving/Billing Official (A/BO) Managing Accounts and Cardholder Accounts)	7 September 2018	15 June 2019
GPC Certifying Officers (DD Form 577)	14 December 2018	4Q FY 2019
A/BOs	25 January 2019	4Q FY 2019
GPC Cardholder (Includes Convenience Check Account Holders)	20 May 2019	1Q FY 2020

The policy changes in the attached document will be incorporated into the next issuance of the DoD Charge Card Guidebook, or its successor policy, which is scheduled for release in FY 2020.

Additional information about DoD SP3 Transition requirements is available at https://www.acq.osd.mil/dpap/pdi/pc/SmartPay3_TI_and_PCET.html. Please send inquiries related to this matter using the subject “SP3 Transition Memo 6”. My point of contact is Ms. Denise Reich, denise.a.reich.civ@mail.mil, 703-697-4404.



Kim Herrington,
Acting Principal Director,
Defense Pricing and Contracting

Attachment:
As stated

Department of Defense SmartPay® 3
Government-wide Commercial Purchase Card
Policies, Procedures and Tools

References

- (A) SmartPay® 3 (SP3) GPC System Summary Functional Workflow
https://www.acq.osd.mil/dpap/pdi/pc/SmartPay3_TI_and_PCET.html
- (B) Joint Appointments Module (JAM) GPC Role Descriptions
https://www.acq.osd.mil/dpap/pdi/pc/SmartPay3_TI_and_PCET.html
- (C) Procurement Integrated Enterprise Environment (PIEE) Procure to Pay (P2P)
Capability Summary
https://www.acq.osd.mil/dpap/pdi/p2p/p2p_capability_summaries.html
- (D) GPC JAM Overview
https://www.acq.osd.mil/dpap/pdi/pc/SmartPay3_TI_and_PCET.html
- (E) DoD High-Risk Merchant Category Code (MCC) List (FOUO – CAC Required)
https://www.acq.osd.mil/dpap/pdi/pc/SmartPay3_TI_and_PCET.html
- (F) DoD Government Charge Card Guidebook for Establishing and Managing Purchase, Travel, and Fuel Card Programs, Release Dated 14 November 2018, incorporated into the Defense Federal Acquisition Regulation Supplement (DFARS) at Part 213.301
https://www.acq.osd.mil/dpap/pdi/pc/policy_documents.html
- (G) AxOL Enterprise Purchase Log Requirements (FOUO – CAC Required)
https://www.acq.osd.mil/dpap/pdi/pc/SmartPay3_TI_and_PCET.html
- (H) *U.S. Bank Access® Online Order Management User Guide* available through U.S. Bank Web-Based Training
<https://wbt.access.usbank.com/login>
- (I) Monthly A/OPC and Semi-Annual HA Review Reports—Format, Data Sources, and Calculation Methodologies
https://www.acq.osd.mil/dpap/pdi/pc/SmartPay3_TI_and_PCET.html

This document specifies updated policies, procedures, and electronic program management and control compliance tools mandated for use by all Department of Defense (DoD) Components executing transactions under the terms of the U.S. Army, U.S. Air Force and Defense Agencies and Activities (A/AF/DA), and the U.S. Navy (USN) SP3 Government-wide Commercial Purchase Card (GPC) SmartPay® 3 (SP3) Tailored Task Orders (TTOs).

I. Purchase Card Program Oversight

Department of Defense (DoD) Instruction 5010.40, “Managers’ Internal Control Program Procedures,” 30 May 2013, requires DoD organizations to implement a comprehensive system of internal controls that provides reasonable assurance that programs are operating as intended and to evaluate the effectiveness of the controls.

Oversight is conducted to:

- Validate and promote compliance with existing purchasing and management internal controls
- Identify, report on and resolve systemic material program weaknesses
- Measure the effectiveness of purchasing and management internal controls.

To improve auditability of GPC program oversight and to realize the cost and other benefits of utilizing the commercially available technology offered under the SP3 arrangements, DoD will move during fiscal years (FYs) 2019 and 2020 from the distributed Annual Managing Account Review process utilized during SP2 to the integrated three-pronged, system-enabled review cycle depicted in Table I-1.

GPC SP3 Program Oversight Cycle
Table I-1

Daily DM Case Reviews	Monthly A/OPC Reviews	Semi-Annual Head of Activity Reviews
<p>Purpose:</p> <ul style="list-style-type: none"> • Detect/Prevent Improper Purchases • Document Corrective Actions <p>Players:</p> <ul style="list-style-type: none"> • A/BOs • A/OPCs • Supervisors <p>Process:</p> <ul style="list-style-type: none"> • Insights On-Demand (IOD) Initiates Cases for Review • A/BOs Complete Reviews • A/OPCs Verify All A/BO Input, Document Corrective Action, and Close Case • Supervisor & A/OPC collaborate to take Personnel Action As Necessary <p>Product:</p> <ul style="list-style-type: none"> • Closed Cases / Documentation of Corrective Action 	<p>Purpose:</p> <ul style="list-style-type: none"> • Document Oversight Actions • Review Internal Controls • Ensure DM Case Closure • Engage Supervisors • Enable Tactical / Operational Decision Making <p>Players:</p> <ul style="list-style-type: none"> • Supervisors • A/OPCs • OA/OPCs <p>Process:</p> <ul style="list-style-type: none"> • A/OPC: <ul style="list-style-type: none"> - Verifies 100% DM Case Closure - Reviews Key Internal Controls - Documents Review Results • OA/OPC <ul style="list-style-type: none"> - Reviews A/OPC Submissions <p>Product:</p> <ul style="list-style-type: none"> • Monthly A/OPC Review Report 	<p>Purpose:</p> <ul style="list-style-type: none"> • Ensure Leadership Insight • Enable Organizational / Strategic Decision Making <p>Players:</p> <ul style="list-style-type: none"> • A/OPCs • OA/OPCs • CPMs • Heads of Activity (HA) - Commanding Officers / Procurement Leads / SPEs • OUSD(A&S) / DPC <p>Process:</p> <ul style="list-style-type: none"> • HAs at Each Level Receive Program Briefings from their A/OPCs, OA/OPCs or CPMs and Sign-Off • A/OPCs, OA/OPCs or CPMs Affirm Completion • CPMs Provide Brief to OUSD(A&S) / DPC / CeB <p>Product:</p> <ul style="list-style-type: none"> • Semi-Annual HA Review Report

Open Cases Result
In Mandatory
Account Suspensions

Quarterly Data Mining Case Validation Reviews

Procurement Management Reviews / Internal Control Reviews / IG Reviews

The GPC Daily, Monthly and Semi-Annual review cycle (GPC Review Cycle) supplements existing GPC monthly operational transaction management and account reconciliation and review processes that include:

- Cardholder obtained purchasing pre-approvals (e.g., Approving/Billing Official (A/BO) pre-purchase approval, special item approval, availability of appropriate and sufficient funds)
- Cardholder created Purchase Log and Statement of Account approval¹ (includes 100 percent of transactions)
- A/BO Managing Account Monthly Review and Billing Statement approval² (includes 100 percent of transactions)

¹ Includes attesting to DoD Financial Management Regulation (FMR) Volume 10 Chapter 23, Figure 23-2, "Purchase Card Certification Statements."

² Ibid.

- Certifying Officer³ Monthly Review and Managing Account Billing Statement certification (i.e., Invoice Certification⁴) (includes 100 percent of transactions)
- Resource Manager/Financial Management funds certification
- Agency/Organization Program Coordinator (A/OPC) ongoing purchasing and policy compliance efforts
- Disbursing Office funds validation and disbursement processing.

The GPC Review Cycle will also supplement and inform both the periodic reviews of Component procurement offices (e.g., Service or Defense Contract Management Agency conducted Procurement Management Reviews) that are conducted to assess the effectiveness of the contracting function, and the GPC governance processes that are conducted to evaluate and improve the effectiveness of GPC purchasing and management internal controls.

II. SP3 Mandatory Electronic Tools

In order to facilitate appropriate user access to accurate and complete data for use in managing the DoD GPC program, use of the following enterprise electronic tools by DoD Components executing transactions under the terms of the A/AF/DA and USN SP3 GPC TTOs is mandated during the SP3 transactional period. Reference A depicts the SP3 GPC System Summary Functional Workflow. Requests for waivers from the requirement to use any of these systems must be submitted through the Component's acquisition chain of command to the Agency Program Management Office.

A. Procurement Integrated Enterprise Environment (PIEE)

Requirement: GPC Program Participants, as specified in Reference B, are required to register for a PIEE account and request the GPC role(s) appropriate for their program function(s).

PIEE is a procurement portfolio capability that uses a Common Access Card (CAC) enabled single-sign-on capability to grant access to system modules (e.g., Electronic Document Access and Joint Appointment Module (JAM)) that are hosted both internal and external to that environment. However, on an exception basis user name and password access to PIEE by Government employees (in lieu of CAC access) can be authorized. PIEE reduces DoD operating costs (e.g., by facilitating rapid development and deployment of modules and providing common services such as testing, archive retention, security), and improves the quality of, and access to, enterprise-wide data (e.g., by leveraging cloud technology and drawing data from multiple modules into a single data set for use across the platform).

PIEE utilizes the cross-functional (i.e., financial, procurement and logistics), Department of Defense Activity Address Code (DoDAAC)-based hierarchies established by the Components to facilitate PIEE account management and access routing, and to aggregate data at each node (e.g., Army Contracting Command - Redstone Arsenal, Alabama) and/or Group Path (e.g., Department of Navy) for the hierarchy.

³ When Confirm and Pay procedures are used, the same individual serves as both the A/BO and the Certifying Officer.

⁴ Includes attesting to DoD Financial Management Regulation (FMR) Volume 10 Chapter 23, Figure 23-2, "Purchase Card Certification Statements."

The SP3 DoD TTOs require U.S. Bank to:

- i. maintain a crosswalk of the organization's GPC TBR hierarchy, which is the primary data key used by the bank, to the established PIEE DoDAAC-based hierarchy;
- ii. allow for the reporting of GPC account and transaction data using both the PIEE and TBR hierarchies; and
- iii. accept PIEE-authenticated GPC users and grant them single-sign-on access to U.S. Bank's Electronic Access System, *Access Online* (AxOL).

Additional information about PIEE is available in Reference C.

B. JAM

JAM is the PIEE module used to initiate, review, approve, store and terminate required delegations of procurement authority and/or appointments. As appropriate, JAM GPC appointments result in issuance of not only GPC Delegation and/or Appointment letters, but also limited-scope SF-1402 *Certificate of Appointment* (commonly referred to as a Warrant) and DD Form 577 *Appointment/Termination Record – Authorized Signature* (commonly referred to as a Certifying Officer Appointment). Additional JAM information is available in References B and D.

Requirement: Electronic GPC Delegation of Authority and/or Appointment Letters must be granted for the GPC program participants as indicated in Reference B.

C. AxOL

AxOL is U.S. Bank's internet-based system that provides account access and a variety of reports to assist users in effectively managing their charge card programs.

Requirement: Use of AxOL is required for:

- (1) A/OPCs to issue and maintain GPC accounts and manage their programs.**
JAM appointment data will be provided to AxOL via a system interface (planned for 2nd quarter FY 2020). A/OPCs will access AxOL and link issued JAM appointments to the appropriate Cardholder or Managing Account. Purchasing limits authorized in JAM appointments will serve as the ceiling for AxOL authorizations. The A/OPC will enter other purchasing limitations, such as Merchant Category Codes directly into AxOL.
- (2) Resource Managers to provide funding and valid Lines of Accounting for GPC accounts.**
- (3) Cardholders to create their purchase log (Order Management), document supply and service acceptance (Order Management – Order Receipt function), retain their transaction supporting documentation (Transaction Management - Attachments) and approve GPC Statements of Account (Management).**
 - a. Cardholders shall not load any documents with a marking of "For Official Use Only" or higher to AxOL. Supporting documentation with these markings shall be handled in accordance with applicable component

- requirements and be available off-line for purposes of account inspections and audits.
- (4) **A/BOs to support their transaction compliance review process (e.g., review transaction supporting data) and approve GPC Statements of Account (Transaction Management).**
 - (5) **Certifying Officers to perform reviews and electronically certify GPC invoices for payment⁵ (Transaction Management).**

i. **Merchant Category Codes**

AxOL uses Mastercard's Merchant Category Codes (MCCs) to categorize merchants based on the types of goods or services they provide. When an A/OPC adds MCCs to a Cardholder or Managing Account AxOL profile, it enables that specific account to make purchases from vendors categorized under that MCC.

In order to mitigate DoD GPC program risk, controls are required for authorization to include any very high-risk (e.g., MCC 7273, Dating Services) or high-risk MCCs on an account's profile. Reference E lists the MCCs that DoD has identified as Very High Risk and High Risk and specifies the approval authority for inclusion on any DoD GPC account. The complete list of MasterCard MCC information is available in the *Master Card Quick Reference Booklet—Merchant Edition*; the November 2018 version is available at:

<https://www.mastercard.us/content/dam/mccom/en-us/documents/rules/quick-reference-booklet-merchant-edition.pdf>.

The following controls are established for the assignment of MCCs to DoD GPC Cardholder and Managing Accounts:

- 1) The DoD GPC Agency Program Management Office will maintain a *DoD GPC High-Risk MCC List*. It will be reviewed, and updated if necessary, bi-annually through the TTOs' semi-annual Integrated Solutions Team (IST) governance process.
- 2) DoD Component Program Managers (CPMs) will ensure Component-level guidance addresses procedures for both approving assignment of any MCC on the *DoD GPC High-Risk MCC List* to a DoD GPC Cardholder or Managing Account, and measuring compliance.
- 3) A Data Mining (DM) case will be automatically initiated for all transactions made from vendors categorized under the Very High Risk MCCs identified on the *DoD GPC High-Risk MCC List*.

ii. **Enterprise Purchase Log Requirements**

As stated in Reference F Appendix K, Internal Management Control 10, Purchase Log, use of the AxOL purchase log (Order Management) is mandated unless a waiver is granted by the Office of the Secretary of Defense. Paragraph d of Management Control 10 specifies the mandatory Purchase Log fields. In order to support transmission of data from AxOL to Insights On Demand (IOD) and to enhance DM, Reference G *AxOL Enterprise Purchase Log Requirements* is mandated for use in capturing DoD GPC Purchase Log data.

⁵ Unless a joint OUSD Comptroller - A&S/DPC waiver is granted and an alternate electronic solution is approved [Reference F, Section A.4.1].

iii. Transaction Supporting Data and Documenting Acceptance

As stated in Reference F, Section A.3.8, “Cardholder and Convenience Check Account Holder,” paragraph p, Cardholders (includes Convenience Check Account Holders) are required to maintain files to document their purchases, acceptance and receipt until the end of the monthly billing cycle, and then forward them to the Certifying Officer for record retention. In order to support the SP3 oversight process, Cardholders are required to scan their transaction supporting data⁶ and load it into AxOL using the Transaction Management – Attachments function throughout the billing cycle to ensure it is available to the account’s A/BO, A/OPC, Oversight A/OPC (OA/OPC) and CPM for use in completing daily DM case reviews, A/OPC Monthly Reviews, and Semi-Annual Head of Activity (HA) Reviews. Use of AxOL Electronic Attachments to store GPC transaction supporting documents negates the need for the Cardholder to store duplicate hardcopy documents—see Reference F, Section A.1.14, “GPC Record Retention,” paragraph c.

In order to improve property accountability and increase auditability, Cardholders are required to use the AxOL Order Management – Order Receipt Function to document receipt and acceptance of supplies and services. Directions on how to use the order receipt function are available at Reference H.

D. Mastercard IOD by Oversight

IOD is an artificial intelligence DM platform that automatically analyzes DoD’s GPC data to identify high-risk transactions.⁷ It enables the Department to fulfill the 10 U.S.C. 2784 (as modified by Public Law 112–194, Government Charge Card Abuse Prevention Act of 2012) requirement to “use effective systems, techniques, and technologies to prevent or identify improper purchases.” It also facilitates transaction reviews and enables documentation of any findings identified and corrective actions taken.

***Requirement:* GPC program officials must use IOD to document Daily DM Case Reviews (includes A/BO DM Case Questionnaires and A/OPC DM Case Questionnaires), Monthly A/OPC Reviews (includes Monthly A/OPC Check List and Monthly A/OPC Review Report) and Semi-Annual Head of Activity (HA) Reviews (includes Semi-Annual HA Review Report).**

***Requirement:* GPC A/OPCs must use IOD to review and approve/disapprove all A/BO completed DM case reviews, and document any finding / determination / corrective action taken by completing the A/OPC DM Case Questionnaire. Failure to timely complete required reviews will result in account suspensions.**

***Requirement:* GPC program officials are required to initiate and complete their reviews and close cases for each finding and disciplinary category determination they independently identify (i.e., not flagged by IOD) during their review processes.**

⁶ Cardholders shall not load any documents with a marking of “For Official Use Only” or higher to AxOL. Supporting documentation with these markings shall be handled in accordance with applicable component requirements and be available off-line for purposes of account inspections and audits.

⁷ Transactions that are at risk of non-conformity with existing regulations, policies and/or procedures.

IOD will initiate cases for review using the tiered business rule sets addressed in Table II-1. Use of these rule sets will provide a standard to consistently measure trends across the Department.

DoD GPC Tiered Business Rule Sets
Table II-1

Tier	Description	Applicability	Number of Rules
1	No deviation allowed	Mandatory	11
2	Tailorable	Mandatory	4
3	As offered by IOD commercial product	Available for selection at local level	Multiple
4	Future rules	As appropriate	To be determined

Using IOD to identify and manage high-risk transactions will require calibrated iterative oversight. Hence business rules will be modified/added/deleted as necessary, through the TTO semi-annual IST governance process.

E. Procurement Business Intelligence Service (PBIS)

The Office of the Under Secretary of Defense (OUSD) for Acquisition and Sustainment (A&S), Defense Pricing and Contracting (DPC) collects procurement data from a variety of sources. PBIS is a data warehouse capability and the authoritative internal DoD source for the GPC archive of transaction data. PBIS receives and archives GPC transaction data.

III. SP3 Mandatory Program Oversight Procedures

A. Daily DM Case Reviews

Daily DM Case Reviews are conducted by A/BOs and A/OPCs to prevent and identify improper purchases. The SP3 DM Case Review process requires both the A/BO and A/OPC to take action in IOD to close every DM case. IOD evaluates each transaction against a set of tiered business rules to identify transactions that are at risk of being non-compliant with GPC regulations/policies/ procedures.

For transactions identified as at-risk of being non-compliant, IOD will initiate a case for review, and notify the A/BO that their action is required. A/BOs are then required to complete a questionnaire and document findings and disciplinary category determinations (if any) associated with any initiated case. Table III-1 summarizes the available findings and disciplinary category determinations.

GPC IOD Findings and Disciplinary Category Determinations
Table III-1

Findings ⁸	Disciplinary Category Determinations
<ul style="list-style-type: none"> • Not for Government Use (Personal Use) • Unauthorized Use • Prohibited Item • Split Purchase to Circumvent the Micro-Purchase Threshold • Exceeds the Authorized Limit • Exceeds Minimum Mission Need • Failure to Use/Screen Required Sources when Applicable • Separation of Function NOT Performed • Sustainable (Green) Procurement Procedures NOT Followed • Incomplete Purchase Records 	<ul style="list-style-type: none"> • Abuse (Intentional) • Misuse (Unintentional) • Potential Internal Fraud (Malicious Intent) • Administrative Discrepancy (Unintentional) • External Fraud (Malicious Intent)
<ul style="list-style-type: none"> • No Findings Identified (Case Closed) 	<ul style="list-style-type: none"> • No Disciplinary Category Determination Necessary (Case Closed)

NOTE: Delinquencies are reportable disciplinary category determinations. However, since they are identified at the Managing Account, not transaction, level they are not associated with DM cases.

Consistent with the monthly operational transaction management and account reconciliation processes, rather than waiting until the end of the month, A/BOs should complete Daily DM case reviews throughout the billing cycle to promote timely resolution (e.g., transaction dispute, Cardholder re-training) when warranted. However, mandatory DM case completion dates (see Table III-3 below) are tied to the billing cycle end date to allow adequate time for validation of delivery and acceptance of the items/services purchased.

Upon completion of the A/BO case review and A/BO DM Case Questionnaire, IOD notifies the A/OPC that their action is required. The A/OPC is required to “close the case” by documenting concurrence or non-concurrence (e.g., reject it back to the A/BO requesting additional information) with any finding(s) and disciplinary category determination(s), and recording any corrective action(s) taken/planned. Table III-2 summarizes the available corrective actions taken/planned.

⁸ This list of findings is in a descending ranking with the most significant at the top of the list. This ranking will be used in the Semi-Annual HA Review Report and Monthly A/OPC Review Report, where only the most significant finding is reported.

GPC IOD Corrective Actions Taken/Planned
Table III-2

Corrective Actions Taken/Planned ⁹
<ul style="list-style-type: none">• Elevate to investigative agency• Elevate through chain of command• Suspend or remove employee from program• Reimbursement to program• Formal supervisory counseling (repeat finding, personnel action)• Card suspended or canceled• Refresher training• Informal counseling• Resolve administrative discrepancy• Report as external fraud• Request merchant credit/dispute the transaction

At their discretion, A/BOs and A/OPCs may identify additional transactions for review using the IOD tool. These cases shall be assessed following the normal DM case review process.

A/OPCs and A/BOs are required to ensure a DM case is initiated for each of their findings and disciplinary category determinations. Complete records of findings and disciplinary category determinations are necessary to automate required GPC Reporting Requirements and ensure accurate information is available for use by individuals responsible for management and oversight of GPC programs.

In the event the Primary A/BO or A/OPC cannot complete a DM case review, their Alternate must complete it in accordance with the timelines in Table III-3.

The A/OPC may “Defer” an A/BO from the requirement to timely complete a DM case review only when both the Primary and Alternate A/BO are unavailable to conduct a review under two conditions: 1) due to deployment, and 2) due to exemption (e.g., prolonged illness or other absence, ongoing investigation, etc.). The deferment may not exceed 30 days without prior OA/OPC approval; for small organizations that do not have an OA/OPC, the CPM must grant approval. The OA/OPC must ensure that all deferred reviews are completed at the time of the Semi-Annual HA Review Report submission.

Failure to close all non-deferred cases within 30 days of the end of each billing cycle may result in suspension of the A/BO’s Managing Account. Table III-3 shows the Daily DM Case Review cycle.

⁹ This list of corrective actions taken/planned is in a descending ranking with the most significant at the top of the list. This ranking will be used in the Semi-Annual HA Review Report and Monthly A/OPC Review Report, where only the most significant finding is reported.

Daily DM Case Review Cycle
Table III-3

	DM Case Review Cycle Milestones	Compliance Mechanism
DM Cases Initiated Daily for Review	Throughout Billing Cycle	Not applicable (N/A)
A/BO DM Reviews Complete	<p>SHOULD complete reviews throughout the billing cycle (rather than waiting until the end of the month) to promote timely resolution (e.g., transaction dispute, Cardholder re-training);</p> <p>SHOULD complete reviews within 5 days of the billing cycle end date¹⁰;</p> <p>MUST complete reviews within 30 calendar days of the billing cycle end date.</p> <p>NOTE: Any case the A/OPC refers back to the A/BO for additional review may require action through day 55.</p>	N/A
A/OPC Cases Closed	<p>SHOULD complete reviews within 30 calendar days of the billing cycle end date.</p> <p>NOTE: Any case the OA/OPC refers back to the A/BO for additional review may require action through day 55.</p> <p>MUST complete reviews within 55 calendar days of the billing cycle end date.</p>	<p>A/OPCs may suspend Managing Accounts with open DM cases 30 days after billing cycle end date.</p> <p>OA/OPCs must suspend Managing Accounts with open cases 55 days after the billing cycle end date.</p>

GPC accounts that are suspended because they have remaining open DM cases may be reactivated only after written approval (can be email) from an individual who is at least one level above the person who initiated the suspension (e.g., if the A/OPC suspends the account, an OA/OPC or CPM must approve account reactivation) if any cases remain open. The A/OPC may reactivate accounts without additional approval if all cases are closed.

B. Monthly A/OPC Reviews

Monthly A/OPC reviews are conducted to promote and measure compliance with purchasing and management internal controls and provide reasonable assurance of the effectiveness of these controls to mitigate program risk. This review may be considered complete only if 100 percent of all DM cases open during the billing cycle under review have been closed in IOD or granted “Deferred” (i.e., deployment or exemption) status.

¹⁰ GPC policy requires A/BOs to review 100 percent of their transactions each month and states it is a best practice to certify/approve the Managing Account Billing Statement within 5 business days of the billing cycle end date to maximize refunds.

A/OPCs are required to conduct a Monthly A/OPC Review each billing cycle. During each Monthly A/OPC Review, A/OPCs must:

- i. Validate that all DM cases are closed.
- ii. Assess the key purchasing and management internal controls (e.g., span of control, delinquencies, training). Key GPC Program controls are calculated and displayed in the Monthly A/OPC Review Report that is generated by IOD.¹¹ Reference I shows the Monthly A/OPC Review and Semi-Annual HA Review Reports—Format, Data Sources, and Calculation Methodologies.
- iii. Perform a summary assessment that includes 100 percent of all transactions NOT flagged by IOD to: a) ensure awareness of purchasing activity within their hierarchy; and b) identify purchasing and behavior patterns not otherwise identified by IOD (e.g., patterns that span multiple Cardholder and/or Managing Accounts) or that may otherwise require A/OPC action. AxOL transaction detail reports are available for use in performing these reviews.
 - (1) At their discretion, the A/OPC may identify additional transactions for review using the IOD tool. The A/BO is required to assess these transactions as part of the normal DM case review process and timeline.
 - (2) A/OPCs are required to ensure a DM case is created for each of their findings and disciplinary category determinations. Complete records of findings and disciplinary category determinations are necessary to automate GPC reporting requirements and ensure accurate information is available for use by individuals responsible for management and oversight of GPC programs.

A/OPCs are required to document completion of their review in IOD by completing the A/OPC Monthly Check List.

The IOD tool ensures A/OPC Monthly Check Lists are automatically submitted to the OA/OPC (can include up to two Oversight A/OPC tiers). OA/OPCs are required to log in to IOD each cycle to spot-check the Monthly Reviews conducted by the A/OPCs and/or O/AOPCs directly below them in the hierarchy. OA/OPCs must electronically certify in IOD that they conducted their monthly reviews. IOD includes a dashboard showing completion of the process at each level.

If the monthly review cannot be completed using IOD because the A/BO and/or A/OPC and their alternates are deployed and have insufficient access to the application, the OA/OPC may then mark them as DEPLOYED in IOD and approve completion of the monthly review cycle. The A/BO and or A/OPC will complete the monthly review manually then update the audit tool upon completion of the deployment.

A/OPCs must complete their monthly review within 30 calendar days of the end of the billing cycle. OA/OPCs each have 10 calendar days to complete their monthly review. Table III-4 shows the Monthly A/OPC Review Cycle Dates.

¹¹ Some internal controls may initially require manual entry early in the SP3 period of performance, but will evolve to automatically populated data as system capabilities and interfaces are developed.

Monthly A/OPC Review Cycle Dates
Table III-4

	Review Cycle Milestones	Compliance Mechanism
A/OPC Completes Monthly Review and A/OPC Monthly Check List in IOD	Cycle End Date + 30 days	N/A
OA/OPC Completes Monthly Review and Certifies Completion in IOD	Cycle End Date + 40 days	OA/OPCs may suspend the appropriate account(s) at 30 days if DM cases and A/OPC Monthly Reviews are not complete.
Higher Tier OA/OPC Completes Monthly Review and Certifies Completion in IOD (If more than one Level)	Cycle End Date + 50 days	Higher Tier OA/OPC may suspend the appropriate account(s) at 40 days if DM cases and A/OPC Monthly Reviews are not complete.
CPM Completes Review and Certifies Completion in IOD	Cycle End Date + 55 days	CPM suspends appropriate account(s) at 55 days if DM cases and A/OPC Monthly Reviews are not complete.

Component or local GPC policy/procedures may establish tighter A/OPC Monthly Review completion dates, but under no circumstance shall the final A/OPC due date exceed 30 days past the cycle end date. Compliance with the due date is critical for timely workflow/submission of all IOD reviews and related GPC reporting requirements.

C. Semi-Annual HA¹² Reviews

Semi-Annual HA Reviews shall be conducted and performed in IOD at the end of the March and September billing cycles and are a consolidation of the previous six monthly reviews (20 March – 19 September and 20 September – 19 March each year). They are conducted to ensure adherence to internal controls and facilitate senior management’s awareness of their GPC program’s health (e.g., strengths and areas requiring improvement), and to help them promote the interdisciplinary communication necessary for successful GPC program operations (e.g., is the program appropriately resourced, do supervisors engage to resolve performance issues and take disciplinary action when warranted, are Resource Managers vested in supporting timely resolution of payment issues to maximize refunds).

The Semi-Annual HA Review shall be initiated by the A/OPC in IOD. It is an aggregation of the A/OPC organization’s six previous Monthly A/OPC Reviews. Reference I shows the Monthly and Semi-Annual Review Reports—Format, Data Sources, and Calculation Methodologies.

¹² The HA roles and responsibilities are defined in the Reference F, section 2.3.1.1 Head of the Activity.

A/OPCs are required to: brief their review results to their own HA (appraising the HA of program strengths and any concerns within their organizations), obtain the HA's signature on the Semi-Annual HA Review Report, provide a scanned version of the signed report and other review documents (if any / as required) to the OA/OPC at the next higher tier above them in the hierarchy, and certify they have completed their HA Semi-Annual Reviews in IOD. A/OPCs are required to retain their final signed documents.

OA/OPCs (up to two tiers), if assigned, are required to: summarize the reports provided by the A/OPCs or O/AOPCs at the tier directly below them in the hierarchy, review the results with their HA, obtain their HA's signature on their Semi-Annual HA Review Report, provide a scanned version of the signed report and other consolidated review documents (if any / as required) to the OA/OPC or CPM at the next higher tier above them in the hierarchy, and certify they have completed their HA Semi-Annual Reviews in IOD. OA/OPCs are required to retain their final signed documents.

All HA reviews must be completed and provided to the CPM no later than 15 June and 15 December of each year. CPMs are required to brief their Component's HA and provide their review results to the Agency Program Management Office no later than 15 July and 15 January of each year.