



ACQUISITION  
AND SUSTAINMENT

## OFFICE OF THE UNDER SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON  
WASHINGTON, DC 20301-3000

MEMORANDUM FOR COMMANDER, UNITED STATES CYBER  
COMMAND (ATTN: ACQUISITION EXECUTIVE)  
COMMANDER, UNITED STATES SPECIAL OPERATIONS  
COMMAND (ATTN: ACQUISITION EXECUTIVE)  
COMMANDER, UNITED STATES TRANSPORTATION  
COMMAND (ATTN: ACQUISITION EXECUTIVE)  
DEPUTY ASSISTANT SECRETARY OF THE ARMY  
(PROCUREMENT)  
DEPUTY ASSISTANT SECRETARY OF THE NAVY  
(PROCUREMENT)  
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE  
(CONTRACTING)  
DEFENSE AGENCY AND DOD FIELD ACTIVITY DIRECTORS

SUBJECT: Department of Defense SmartPay® 3 Government-wide Commercial Purchase  
Card Oversight and Reporting – SP3 Transition Memorandum #12

- References: (1) Defense Pricing and Contracting memorandum, “Department of Defense  
SmartPay® 3 Government-wide Commercial Purchase Card Policies,  
Procedures and Tools – SP3 Transition Memorandum #6,” dated April 18,  
2019
- (2) “Monthly A/OPC and Semi-Annual HA Review Reports—Format, Data  
Sources, and Calculation Methodologies” dated June 16, 2020  
[https://www.acq.osd.mil/dpap/pdi/pc/SmartPay3\\_TI\\_and\\_PCET.html](https://www.acq.osd.mil/dpap/pdi/pc/SmartPay3_TI_and_PCET.html)

Reference 1 specified updates to the Department of Defense (DoD) Government-wide  
Commercial Purchase Card (GPC) policies, procedures and electronic program management and  
control compliance tools that are mandated for use by all 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 GPC SmartPay® (SP) 3 tailored task orders. However,  
Components’ ability to comply with the mandate to fully deploy use of Insights On Demand’s  
(IOD) oversight capabilities no later than (NLT) March 1, 2020 has been hindered.

Specifically, technical issues have impacted the ability to meet this due date. As a result of  
both US Bank hierarchy and system interface challenges, numerous Service transactions were  
not subject to data mining (DM) in a timely manner. This resulted in a case “backlog” (i.e.,  
cases that were not referred to a GPC program official for action in a timely manner). These  
same challenges also hampered Defense Components’ ability to run accurate, consolidated  
mandatory oversight reports at each level of the hierarchy for use in completing the oversight  
review processes required in Reference 1. These issues impacted programs with more complex  
hierarchies (e.g., those run by the Services) more significantly than flatter programs (e.g., those  
run by smaller Defense Agencies).

Because of these technical issues and the advent of the COVID-19 pandemic, the requirement to suspend purchasing under accounts with either open DM cases or incomplete Monthly or Semi-Annual Head of Activity (HA) Reviews could not be implemented Department-wide without resulting in significant mission impact. As a result, the Department has accumulated “aged” cases (i.e., cases that were referred to a GPC program official for action in a timely manner, but that have not been completed, plus remaining open backlog cases) and therefore, cannot yet fully account for the findings, determinations, and actions taken in response to GPC violations.

Deployment of reliable versions of the checklists, reports, and certifications required to fully implement the SP3 oversight tools mandated by Reference 1 was completed July 9, 2020.

Therefore, DoD Component Senior Procurement Executives and Heads of Contracting Activities are responsible for ensuring completion of the Monthly Agency/Organization Program Coordinator (A/OPC) and Semi-Annual HA Review processes and DM case closure in accordance with the below schedule. This includes enforcement of mandatory purchasing suspension for accounts with incomplete Monthly A/OPC or Semi-Annual HA Reviews or open DM cases for the period under review. On a case-by-case exception bases, CPMs are authorized to lift purchasing suspensions for mission critical purchases with open DM cases or incomplete reviews; this authority may not be delegated below the CPM.

Review Name / Required Action	Transactional Period	Mandatory Purchasing Suspension Date <sup>1</sup>
Monthly A/OPC Review (April 2020 cycle)	3/20/2020 - 4/19/2020	8/31/2020
Monthly A/OPC Review (May 2020 cycle)	4/20/2020 - 5/19/2020	8/31/2020
Monthly A/OPC Review (June 2020 cycle)	5/20/2020 - 6/19/2020	8/31/2020
Semi-Annual Head of Activity Review (1 <sup>st</sup> Half FY 20)	9/20/2019 - 3/19/2020	8/31/2020
Semi-Annual Head of Activity Review (2 <sup>nd</sup> Half FY 20)	3/20/2020 - 9/19/2020	1/8/2021
Case Closure for transactions from the 2 <sup>nd</sup> Half of FY19	3/20/2019 - 9/19/2019	10/30/2020
Case Closure for transactions from the 1 <sup>st</sup> Half of FY 19	11/30/2018 - 3/19/2019	12/30/2020

The Attachment 1 checklist, summarizing the key GPC SP3 program oversight deployment milestones, is provided to track the Component’s progress in deploying the mandated SP3 oversight procedures. Senior leadership attention and immediate action is required to promote compliance. Compliance will:

<sup>1</sup> Reference 1 specified timeframes for authorized A/OPC and Oversight A/OPC account purchasing suspensions are superseded by the above dates. They remain in effect for all subsequent review cycles. Component and Local procedures can authorize earlier purchasing suspension dates.

- ensure statutory and policy requirements to use effective systems, techniques, and technologies to prevent or identify potential fraudulent purchases are met;
- allow contracting personnel to continue to focus on higher dollar value actions, rather than be called on to complete work that suspended Cardholders will be ineligible to process;
- prevent potential disruption to mission due to extended purchasing lead time.

Attachments 2 and 3 specify Monthly A/OPC and Semi-Annual Head of Activity specific exceptions and associated guidance that CPMs are authorized to implement if the automated control compliance validations resident in the DM tool prohibit full compliance with Reference 1's mandate to use IOD to document review results.

Defense Components that submitted a request for a waiver from use of the tools mandated in Reference 1 are required to begin submission of a completed version of Reference 2 for the Semi-Annual HA Review to DPC or their designee in accordance with the schedule identified in the table above. Completion of the Semi-Annual HA Report data will be accomplished via submission of the Reference 2 spreadsheet (or any later versions published on DPC's webpage) or as otherwise mandated using the Procurement Integrated Enterprise Environment. All subsequent Semi-Annual HA Review submissions are due to DPC or their designee NLT January 15 and July 15 each year.

Lastly, given the issues identified above, as authorized in OMB M-17-26, "Reducing Burden for Federal Agencies by Rescinding and Modifying OMB Memoranda," dated June 15, 2017, for FYs 2019, 2020 and beyond DoD will maintain the data as described in Attachment 4 for its own use and management of the DoD charge card program.

Necessary policy changes will be incorporated into the next issuance of the DoD Charge Card Guidebook, or its successor policy.

Additional information about DoD SP3 Transition requirements is available at [https://www.acq.osd.mil/dpap/pdi/pc/SmartPay3\\_TI\\_and\\_PCET.html](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 12." My point of contact is Ms. Denise Reich, [denise.a.reich.civ@mail.mil](mailto:denise.a.reich.civ@mail.mil).

Kim Herrington,  
Acting Principal Director,  
Defense Pricing and Contracting

Attachments:  
As stated

Attachment 1  
SmartPay® 3 Oversight Milestone Check List

The following Checklist is provided to guide Government-wide Commercial Purchase Card (GPC) Head of Activities (HAs)<sup>1</sup> in assessing their Component/Activity’s deployment progress. This Checklist also provides detailed information designed to help GPC Leads<sup>2</sup> comply with SmartPay® (SP) 3 Transition Memo 6’s requirements:

	Required Action	Mandated Completion Date <sup>3</sup>	Planned Completion Date	Actual Completion Date
1.	<b>Publish Component/local guidance for transitioning to the Memo 6 oversight procedures.</b>	<b>11/30/2019</b>		
	<ul style="list-style-type: none"> <li>i. HAs must validate that their GPC Lead documented any interim oversight procedures used during the transition from the SP2 Annual Managing Account Review oversight process (SP2 ended November 30, 2018) to full deployment of the SP3 three-pronged oversight approach described in Memo 6 (now required to be fully implemented as shown below). These procedures will serve as the baseline against which the Component’s compliance will be measured during any review or audit performed that includes the transition period.</li> <li>ii. GPC Leads at each level should be able to: 1) describe if, and for how long, SP2 procedures were retained (e.g., continued to perform Annual Monthly Agency (MA) reviews); or 2) affirm when the Memo 6 procedures were fully adopted; and/or 3) detail the compensating processes used to address any Insights On Demand (IOD) limitations encountered.</li> </ul>			
2.	<b>Document any additional policies/mechanisms used to ensure GPC program compliance with acquisition regulations.</b>	<b>9/30/2020</b>		
	<ul style="list-style-type: none"> <li>i. HA must validate the Component has documented the role of Program Management Review (PMR) / Navy Procurement Performance Management Assessment Program (PPMAP) team in assuring: <ul style="list-style-type: none"> <li>a. GPC program compliance with acquisition regulations (e.g., through periodic detailed transaction file reviews); and</li> <li>b. GPC program oversight is being conducted in accordance with applicable policy.</li> </ul> </li> <li>ii. HA must validate the Component has documented how critical GPC Internal Controls are included in the Component’s overall Internal Control Review Process.</li> </ul>			
3.	<b>Monthly A/OPC Review</b>			
	<ul style="list-style-type: none"> <li>i. Component Level HAs must validate that the Monthly Agency/Organization Program Coordinator (A/OPC) Review process is completed using IOD for all cycles beginning with the April 2020 cycle</li> </ul>			

<sup>1</sup> The HA is the senior-most person in an organization that employs Agency/Organization Program Managers (A/OPCs). The HA can delegate his or her GPC oversight functions no lower than the Commanding Officer’s deputy, the Chief of Contracts or Head of Procurement, or the Chief of Contracts’ deputy or Head of Procurement’s deputy. Each Component must determine which of its roles will serve as the HA and document that determination in Component/local procedures. If a Defense Agency or Activity has been designated HCA authority as defined in FAR Part 2, their HA is the HCA or the HCA’s deputy, who must be an individual in a management position not to exceed one level below the HCA. Under no circumstances can a CPM serve as the HA.

<sup>2</sup> For purposes of this issuance, the term “GPC Lead” means A/OPCs, Oversight A/OPCs, Component Program Managers (CPMs), and other individuals responsible for operational oversight and management of Component GPC programs.

<sup>3</sup> In the event the mandated completion date lands on a weekend or holiday, the deliverable is due on the preceding business day.

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(includes transactions made from 3/20/2020 - 4/19/2020). The requirement to complete the Monthly Review process within 55 days after the end of the billing cycle under review must be implemented NLT the July 2020 billing cycle.

- See Attachment 2 for additional authorized exceptions.

- ii. CPMs must proactively manage the Monthly A/OPC Review process to ensure timely completion.
- iii. CPMs must ensure all DM cases<sup>4</sup> made during the billing cycle under review are closed before they complete/certify their Monthly A/OPC Review; this requirement is mandated beginning with the April 2020 billing cycle and for all subsequent cycles, except those in a deployed or exempt status.
  - See Attachment 2 for additional authorized exceptions.
- iv. On 6/29/2020 the Monthly HA Report (Phase 1) was deployed in the four IOD workbenches. Due to irregularities and errors experienced on previous versions of this reports, GPC Leads are expected to use existing Access Online reports to validate the data on their Monthly A/OPC Review Report prior to completion of each review cycle.
  - a. In the event errors are identified, A/OPCs, Oversight (O) A/OPCs, and CPMs shall make pen and ink changes to correct their report and attach a scanned version of the corrected report on the IOD messages tab. CPMs must ensure a consolidated list of issues/errors is captured to ensure appropriate corrective action can be taken. The IOD help desk must be notified as appropriate.

a)	A/OPC:	<b>Cycle End Date + 30 Days</b> For April/May/June Cycles 8/12/2020		
<ul style="list-style-type: none"> <li>i. Initiates the Monthly A/OPC Review upon billing cycle end.</li> <li>ii. Validates all DM cases, except those in a deployed or exempt status, are closed.</li> <li>iii. Validates and assesses the key purchasing and management internal controls summarized on the Monthly A/OPC Review Report.</li> <li>iv. Performs a summary assessment (e.g., using bank reports) of 100% of the transactions made during billing cycle to ensure awareness of purchasing activity, and identify purchasing and behavior patterns not otherwise identified by IOD or other means.</li> <li>v. Ensures a data mining case is created for each finding and disciplinary category determination he/she independently identifies (i.e., not flagged by IOD).</li> <li>vi. Completes the IOD Monthly Checklist and electronically certifies he/she has completed all of his/her A/OPC Monthly Review responsibilities.</li> <li>vii. Is authorized to reduce account purchasing limits to \$1 for any account with open data mining cases at 30 days after the cycle end date, or sooner if authorized by Component/Local policy.</li> </ul>				
b)	O A/OPC(s) (Up to Two Levels):	<b>Cycle End Date + 50 Days</b> For April/May/June Cycles 8/21/2020		
<ul style="list-style-type: none"> <li>i. Validates all DM cases, except those in a deployed or exempt status, are closed.</li> <li>ii. Spot-checks the Monthly A/OPC Reviews conducted by individuals below him/her in the hierarchy.</li> <li>iii. Validates and assesses the key purchasing and management internal controls summarized on the Monthly A/OPC Review Report.</li> </ul>				

<sup>4</sup> As used in this document the term “all DM cases” means all cases from the cycle under review, plus deferred cases (i.e., cases that an A/OPC determined could not be closed due to deployment or exemption), plus aged cases (i.e., cases for transactions made during previous cycles).

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	<ul style="list-style-type: none"> <li>iv. Ensures a data mining case is created for each finding and disciplinary category determination he/she independently identifies (i.e., not flagged by IOD).</li> <li>v. Electronically certifies in IOD that he/she has completed all of his/her Monthly O A/OPC Review responsibilities.</li> <li>vi. Is authorized to reduce account purchasing limit to \$1 for any account with open data mining cases or incomplete subordinate A/OPC Monthly Reviews at 40 - 50 days after cycle end date, or sooner if authorized by Component/Local policy.</li> </ul>			
c)	CPM:	<b>Cycle End Date + 55 Days</b> For April/May/June Cycles 8/31/2020		
	<ul style="list-style-type: none"> <li>i. Validates all DM cases, except those in a deployed or exempt status, are closed.</li> <li>ii. Spot-checks the Monthly A/OPC Reviews conducted by individuals below him/her in the hierarchy.</li> <li>iii. Validates and assesses the key purchasing and management internal controls summarized on the Monthly A/OPC Review Report.</li> <li>iv. Electronically certifies in IOD that he/she has completed all of his/her Monthly A/OPC Review responsibilities.</li> <li>v. Enforces mandatory account purchasing suspension for accounts with open data mining cases or incomplete Monthly A/OPC Reviews at 55 days after cycle end date, or sooner if authorized by Component policy.</li> </ul>			
4.	<b>Semi-Annual HA Review</b>			
	<ul style="list-style-type: none"> <li>i. Component Level HAs must validate that the Semi-Annual HA Review process is completed using IOD as described below no later than 1/15 and 7/15 each year beginning with the first half of FY 2020 (includes transactions made from 9/20/2019 - 3/19/2020).             <ul style="list-style-type: none"> <li>• See Attachment 2 for additional authorized exceptions.</li> </ul> </li> <li>ii. CPMs must proactively manage the Semi-Annual HA Review process to ensure completion of all required reviews using IOD as described below             <ul style="list-style-type: none"> <li>• See Attachment 2 for additional authorized exceptions.</li> </ul> </li> <li>iii. CPMs must proactively manage their Component's DM case closures to ensure all DM cases for transactions made prior to the September 20, 2019 are closed no later than December 31, 2020.</li> <li>iv. GPC Leads at each level are required to brief their HA and obtain their HA's signature on the IOD Semi-Annual HA Report before certifying they have completed their Semi-Annual HA Review as described below.             <ul style="list-style-type: none"> <li>• See Attachment 2 for additional authorized exceptions.</li> </ul> </li> <li>v. Due to irregularities and errors experienced on these reports to date, GPC Leads are expected to use existing Access Online reports to validate the data on their Monthly A/OPC Review Report prior to completion of each review cycle.             <ul style="list-style-type: none"> <li>a. In the event errors are identified, A/OPCs, OA/OPCs and CPMs shall make pen and ink changes to correct their report and attach a scanned version of the corrected report on the IOD messages tab. CPMs must ensure a consolidated list of issues/errors is captured to ensure appropriate corrective action can be taken. The IOD help desk must be notified as appropriate.</li> </ul> </li> </ul>			

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SmartPay® 3 Oversight Milestone Check List

a)	A/OPC	For 1 <sup>st</sup> Half FY 2020 8/12/2020		
<ul style="list-style-type: none"> <li>i. Initiates the Semi-Annual HA Review upon completion of the Monthly A/OC Review Process for billing cycles ending 19 March (~14 May) and 19 September (~14 Nov). <ul style="list-style-type: none"> <li>• See Attachment 2 for additional authorized exceptions</li> </ul> </li> <li>ii. Ensures all DM cases for transactions made during the six billing cycles under review are closed.</li> <li>iii. Is authorized to reduce account purchasing limit to \$1 for any account with open data mining cases at 30 days, or sooner if authorized by Component/Local policy.</li> <li>iv. Briefs review results to his/her HA using validated IOD Semi-Annual Report data (apprising the HA of program strengths and concerns) and obtains the HA's signature on the Semi-Annual HA Review Report. <ul style="list-style-type: none"> <li>• See Attachment 2 for additional authorized exceptions</li> </ul> </li> <li>v. Provides a scanned version of the signed report and other review documents (if any / as required) to the GPC Lead directly above him/her in the hierarchy.</li> <li>vi. Certifies he/she has completed his/her Semi-Annual HA Review in IOD.</li> <li>vii. Retains his/her final signed documents.</li> <li>viii. Develops and implements a plan to correct any management control violations identified as a result of the Monthly A/OPC and Semi-Annual HA Reviews are timely executed.</li> <li>ix. Develops and implements a proactive plan to ensure all DM cases for transactions made from November 30, 2018 through September 19, 2019 are close no later than December 31, 2020.</li> </ul>				
b)	O A/OPC(s) (Up to Two Levels):	For 1 <sup>st</sup> Half FY 2020 8/21/2020		
<ul style="list-style-type: none"> <li>i. Summarizes the reports provided by the A/OPCs or O A/OPCs below him/her in the hierarchy.</li> <li>ii. Validates all DM cases for transactions made during the six billing cycles under review are closed.</li> <li>iii. Is authorized to reduce account purchasing limit to \$1 for any account with open data mining cases or incomplete reviews at 40 (1<sup>st</sup> Level) / 50 (2<sup>nd</sup> Level) days, or sooner if authorized by Component/Local policy.</li> <li>iv. Briefs review results to his/her HA using validated IOD Semi-Annual Report data (apprising the HA of program strengths and concerns) and obtains HA's signature on the Semi-Annual HA Review Report prior to completing/certifying their Semi-Annual HA Review.</li> <li>v. Provides a scanned version of the signed report and other consolidated review documents (if any / as required) to the O A/OPC or CPM at the tier directly above him/her in the hierarchy.</li> <li>vi. Certifies he/she has completed his/her HA Semi-Annual Reviews in IOD.</li> <li>vii. Retains his/her final signed documents.</li> <li>viii. Develops and implements a plan to validate that A/OPC actions to correct management control violations identified as a result of the Monthly A/OPC and Semi-Annual HA Reviews are timely executed.</li> <li>ix. Develops and implements a proactive plan to validate that A/OPCs are timely executing plans to ensure all DM cases for transactions made prior to the September 20, 2019 are closed in accordance with the schedule in SP3 Transition Memo #12.</li> </ul>				
c)	CPM:	For 1 <sup>st</sup> Half FY 2020 8/31/2020		
<ul style="list-style-type: none"> <li>i. Confirms all DM cases for transactions made during the six billing cycles under review are closed.</li> <li>ii. Reduces account purchasing limit to \$1 for any account with open data mining cases or incomplete 55 days, or sooner, to ensure timely completion of the review cycle.</li> </ul>				

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	<ul style="list-style-type: none"> <li>iii. Briefs review results to his/her HA using validated IOD Semi-Annual Report data (apprising the HA of program strengths and concerns).</li> <li>iv. Obtains the HA’s signature on the Semi-Annual HA Review Report.</li> <li>v. Certifies he/she has completed their Semi-Annual HA Review.</li> <li>vi. Provides results to DPC for use in DoD GPC Reporting Required by OMB and in the Integrated Solutions Team governance process.</li> <li>vii. Confirm that A/OPC actions to correct management control violations identified as a result of the Monthly A/OPC and Semi-Annual HA Reviews are timely executed.</li> <li>viii. Confirms A/OPC plans to close all DM cases for transactions made prior to the 9/20/2019 are timely executed.</li> </ul>			
d)	HAs			
	<ul style="list-style-type: none"> <li>i. Participate in Semi-Annual HA Review process reviewing key management controls</li> <li>ii. Ensure the program is appropriately staffed to promote effective and efficient program execution, perform appropriate oversight, and enforce policy compliance.</li> <li>iii. Appropriate disciplinary action is taken for all cases involving disciplinary category violations.</li> <li>iv. Validate that any Tier 2 tailoring of the DM business rules implemented is appropriate.</li> <li>v. Confirm A/OPC plans to close all DM cases for transactions made prior to the 9/20/2019 are timely executed.</li> </ul>			
5.	<b>Complete issuance of required JAM Appointments</b>			
	<ul style="list-style-type: none"> <li>i. Ensures Component policies related to appointing Certifying Officers (Financial Management) and delegation of procurement authority (acquisition) are followed.</li> <li>ii. Particular attention should be paid to the four available JAM GPC special designations<sup>5</sup> that result in issuance of a SF-1402 (Contracting Officers Warrant).</li> </ul>			
		<b>Mandated Completion Date</b>	<b># Issued / Total To be Issued (%)</b>	<b>Actual Completion Date</b>
a)	CPMs	11/26/2018	/ ( %)	
b)	O A/OPCs (if applicable to your Component)– Individuals responsible for overseeing the work of other A/OPCs Note: Can result in issuance of a warrant.	7/31/2020	/ ( %)	
c)	A/OPC (Individuals responsible for directly overseeing Approving/Billing Official (A/BO) Managing Accounts and Cardholder Accounts)	8/31/2020	/ ( %)	

<sup>5</sup> Contract Ordering Official Cardholder and Overseas Simplified Acquisition Cardholder, A/OPC with Delegating Authority, Oversight A/OPC with Delegating Authority JAM appointments result in issuance of a limited scope warrant.

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	Note: Can result in issuance of a warrant.			
d)	GPC Certifying Officers (DD Form 577)	9/30/2020	/	( %)
e)	A/BOs	10/30/2020	/	( %)
f)	GPC Cardholder (Includes Convenience Check Account /Holders)	12/31/2020	/	( %)

Additional GPC Oversight and Governance Information:

1. DPC will rely on the signed Semi-Annual HA data provided by CPMs to accomplish DoD GPC reporting required by OMB<sup>6</sup>. Additionally, DPC will update visual trending of statistical and violation information to identify trends in GPC use and variances and share relevant information across the Enterprise during GPC Component Program Manager Monthly Calls.
2. The GPC Integrated Solutions Team (IST) is DoD’s GPC governance body. It is responsible for reviewing trends and changes in the charge card industry and the Federal GPC Program; identifying any necessary adjustments to the Bank Team's electronic capabilities, DoD’s GPC enterprise tools, and/or DoD GPC policies; and identifying and approving changes to the Data Mining rules. During its bi-annual (twice per year) meetings the IST reviews relevant data mining case information, data and recommendations provided by the Bank Team (e.g., percentage of data mining cases created for review; frequency with which each rule is triggered and associated DM case disposition, and information about the findings, determinations, and corrective actions identified), and results of the Semi-Annual HA process to inform its decision making.
3. Additionally, by 1<sup>st</sup> Quarter Fiscal Year (FY) 2021 DPC plans to initiate a soft launch of a new Procurement Integrated Enterprise Environment (PIEE) module called the Purchase Card Oversight Module (PCOM). Once fully functional PCOM will facilitate conduct of Data Mining Case Validation Reviews (CVR) on a quarterly basis. The CVR process will consist of a review of a statistically valid sample of closed data mining cases to determine whether A/BOs and A/OPCs documented accurate conclusions during the daily GPC Data Mining Case Review process. Once fully deployed, information from the Data Mining CVR process will be provided to the IST to further inform its decision making. DPC anticipates the CVR process will be beta tested with production data in 1<sup>st</sup> and 2<sup>nd</sup> Quarter FY 2021 with deployment targeted for 3<sup>rd</sup> quarter FY 2021.

<sup>6</sup> See Attachment 4 for additional information.

Attachment 2  
Authorized Policy Exceptions

This document specifies Monthly Agency/Organization Program Coordinator (A/OPC) and Semi-Annual Head of Activity (HA) exceptions and associated guidance that Department of Defense (DoD) Governmentwide-Commercial Purchase Card (GPC) Component Program Managers (CPMs) are authorized to implement if the validations resident in the data mining (DM) tool prohibit full compliance with the mandate to use Insights on Demand (IOD) to document Monthly A/OPC and Semi-Annual HA Review results. The system enforced control compliance validations are:

Monthly A/OPC Reviews:

- Closure of all DM cases for transactions made during the period under review, except deferred cases.

Semi-Annual HA Review:

- Closure of all DM cases for transactions made during the period under review.
- Completion of the 6 Monthly A/OPC Reviews up through the GPC hierarchy to the CPM for the billing cycles included in the semi-annual cycle.

**Terms:**

1<sup>st</sup> half of fiscal year (FY) 2020 – Includes GPC billing cycles from October 2019 through March 2020 for transactions made from September 20, 2019, through March 19, 2020.

2<sup>nd</sup> half of FY 2020 – Includes GPC billing cycles from April 2020 through September 2020 for transactions made from March 20 through September 19, 2020.

Agency Program Management Office (PMO) – Office of the Under Secretary of Defense (Acquisition and Sustainment)/Defense Pricing and Contracting (DPC) or its designee.

All DM Cases – Includes cases from the cycle under review, deferred cases (i.e., cases that an A/OPC determined could not be closed due to deployment or exemption), and aged cases (i.e., cases for transactions made during previous cycles). Cases that were not referred in a timely manner at the initiation of SmartPay<sup>®</sup> (SP) 3 due to technical issues, sometimes referred to as “backlog cases” are considered aged cases.

IOD – The DM and program oversight tracking tool provided to the DoD GPC Programs under the SP3 tailored task orders.

Manual Process – When a GPC Program Lead prints a copy of an IOD Report and makes pen and ink changes to correct errors or provide missing data. When a Manual Process is used, Components instructions shall direct GPC Leads to attach a scanned version of the report on the IOD messages tab. These attachments are visible to others above them in the hierarchy, and are retained for 6 years.

Attachment 2  
Authorized Policy Exceptions

**Monthly A/OPC Review Process:**

**Summary of Allowable Exceptions:**

While A/OPCs are required to conduct on-going monthly oversight of their GPC programs using available resources (e.g., Access Online Reports), and A/OPCs should be completing their Monthly A/OPC Review Check Lists in IOD within 30 days of the billing cycle under review, CPMs may authorize:

- a) Program Leads to use IOD to concurrently initiate and complete their Monthly A/OPC Review Check Lists and run the A/OPC Monthly Review Reports for the April, May and June 2020 cycles for simultaneous review up the GPC hierarchy to the CPM NLT August 31, 2020.
- b) Program Leads to use a Manual Process to complete the Monthly A/OPC Review process when errors and omissions are identified on the report.

**Policy:**

1. DoD GPC CPMs shall proactively manage conduct of the Monthly A/OPC Review Process each month commencing no later than (NLT) April 2020 billing cycle (covers transactions from March 20 – April 19, 2020). This is necessary for Components to be able to complete the Semi-Annual HA Review process for the 2<sup>nd</sup> half of FY 2020 to be completed in IOD.

*Note:* If all 6 Monthly A/OPC Reviews are not completed in IOD, the Semi-Annual Review process for the second half of FY 2020 cannot be completed.

2. CPMs must ensure closure of all DM cases, except those in a deployed or exempt status, made during the billing cycle(s) under review prior to completing/certifying each of their Monthly A/OPC Reviews.

*Note:* If all DM cases are not closed in IOD, the Semi-Annual Review process for the second half of FY 2020 cannot be completed.

3. CPMs are authorized to issue procedures that grant the following exceptions to the SP3 Transition Memo #6 Monthly A/OPC Review process requirements for only the April and May 2020 billing cycles:
  - a) The requirement to complete/certify the Monthly A/OPC Review process in IOD for the April and May 2020 billing cycles (for transactions made March 20 to May 19, 2020), including review up the hierarchy to the CPM, may be delayed to NLT August 31, 2020.
  - b) Following the schedule of the June 2020 billing cycle, Program Leads are authorized to reduce the account purchasing limit to \$1 under accounts for which: i) all DM cases for transactions made during the April, May and June 2020 billing cycles, except those in a deferred due to deployment or exemption status, have not been closed; or ii) the Monthly A/OPC Reviews for the April, May and June 2020 billing cycles have not been completed.
  - c) NLT August 31, 2020, CPM are required<sup>1</sup> to reduce the account purchasing limit to \$1 under accounts for which: i) all DM cases for transactions made during the April, May and June 2020 billing cycles, except those in a deferred due to deployment or exemption status, have not been closed; or ii) for which the Monthly A/OPC Reviews for the April, May and June 2020 billing cycles have not been completed.

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<sup>1</sup> On a case-by-case exception bases, CPMs are authorized to lift purchasing suspensions for mission critical purchases with open DM cases or incomplete reviews; this authority may not be delegated below the CPM.

Attachment 2  
Authorized Policy Exceptions

**Semi-Annual Head of Activity (HA) Review Process 1<sup>st</sup> half FY 2020:**

**Summary of Allowable Exceptions:**

For the Semi-Annual HA Review process, CPMs may authorize:

- a) Program Leads to forego the requirements to brief Semi-Annual HA Review results and obtain the signature of their HA on the Semi-Annual HA Report for the 1<sup>st</sup> half of FY 2020 only.
- b) Program Leads to concurrently conduct their Semi-Annual HA Review for the 1<sup>st</sup> half of FY 2020 and the Monthly A/OPC Review processes for the April, May and June 2020 cycles beginning for simultaneous review up the GPC hierarchy to the CPM NLT August 31, 2020.
- c) A/OPCs, Oversight (O) A/OPCs and CPMs to use a Manual Process to document the results of the Semi-Annual HA Review for the 1<sup>st</sup> half of FY 2020 only.
  - i. Eliminate the requirement for A/OPCs to manually sign the Semi-Annual HA Review Report as long as a policy mandate is issued requiring all A/OPCs to run their Semi-Annual and Findings and Determinations Reports and validate the accuracy of the data, and report any errors and control non-compliances identified on the Report to the O A/OPC directly above them in the hierarchy.

**Policy:**

1. DoD GPC CPMs shall proactively manage conduct of all Semi-Annual HA Review processes commencing NLT the 1<sup>st</sup> half of FY 2020.
2. CPMs shall confirm closure of all DM cases for transactions made during the 1<sup>st</sup> half of FY 2020 prior to completing/certifying their Semi-Annual HA Review for that period and submitting it to the Agency PMO NLT August 31, 2020.
3. CPMs are authorized to issue procedures that grant the following exceptions to the SP3 Transition Memo #6 Semi-Annual Review process requirements for only the 1<sup>st</sup> half of FY 2020:
  - a) The requirement to brief and obtain the signature of HAs at each level of the GPC hierarchy on the report may be waived and replaced by the requirement for review and signature of the Semi-Annual HA Report by each A/OPC, through their O A/OPC(s) to the CPM for submission to the Agency PMO.
    - i. The requirement for A/OPCs to manually sign the Semi-Annual HA Review Report may be waived as long as a policy mandate is issued requiring all A/OPCs to run their Semi-Annual and Findings and Determinations Reports and validate the accuracy of the data, and report any errors and control non-compliances identified on the Report to the O A/OPC directly above them in the hierarchy.
  - b) The requirement to use IOD to document the Semi-Annual HA review for the 1<sup>st</sup> half of FY 2020 may be waived and replaced with a CPM-managed Manual Process. This exception is granted to ensure Components that did not complete/certify the Monthly A/OPC Reviews for October 2019 through March 2020 billing cycles in IOD, including review up the hierarchy to the CPM, are able to fulfill their oversight responsibilities by documenting conduct of this mandatory Semi-Annual review process outside of IOD.
    - i. The requirement for A/OPCs to manually sign the Semi-Annual HA Review Report may be waived as long as a policy mandate is issued requiring all A/OPCs to run their Semi-Annual and Findings and Determinations Reports and validate the accuracy of the data, and report any errors and control non-compliances identified on the Report to the O A/OPC directly above them in the hierarchy.

Attachment 2  
Authorized Policy Exceptions

- c) Components are authorized to complete the Semi-Annual HA Review process for the 1<sup>st</sup> half of FY 2020 and provide the results to the Agency PMO NLT August 31, 2020; extension of due dates for A/OPC and O A/OPC reviews is also authorized.
  - i. Enforcement of authorized A/OPC and O A/OPC purchasing suspension (e.g., reduction of the account purchasing limits to \$1) for accounts with incomplete Monthly A/OPC Reviews for the billing cycles under review or that have open DM cases for transactions made during the 1<sup>st</sup> half of FY 2020, including any deferred cases, should be in accordance with the timeframes specified in Memo #6 (i.e., 30 days for A/OPCs and 40-50 days for O A/OPCs).
  - ii. Enforcement of mandatory CPM purchasing suspension<sup>2</sup> (e.g., reduction of the account purchasing limits to \$1) for accounts that have incomplete Monthly A/OPC Reviews for the billing cycles under review or that have open DM cases, including any deferred cases, for transactions made during the first half of FY 2020 shall be implemented NLT August 31, 2020.
- 4. Components not using IOD's Semi-Annual HA Review capabilities shall require:
  - I. A/OPCs to:
    - a) run the following 3 reports:
      - i. Semi-Annual HA Review Report for 1<sup>st</sup> half of FY 2020<sup>3</sup>;
      - ii. Findings and Determinations Report for the 1<sup>st</sup> half of FY 2020; and
      - iii. Findings and Determinations Report for the period of November 30, 2018, through September 19, 2019.
    - b) complete the Attachment 3 Semi-Annual HA Review Check List Table.
    - c) review the reports and Attachment 3 to:
      - i. identify actions required to address management control violations, and
      - ii. establish a plan to track all DM cases (includes all deferred, backlog and aged cases) to closure NLT August 31, 2020.
    - d) sign their Semi-Annual HA Review Report and provide a scanned version of the signed report<sup>4</sup>, a summary of the actions required, and the plan from the preceding (c i. and ii.) to the O A/OPC or CPM at the next higher tier above them in the hierarchy, unless waived by Component policy.
    - e) retain their final signed documents, unless waived by Component policy.
  - II. O A/OPCs (up to two tiers), if assigned, to:
    - a) review and summarize the A/OPCs or O A/OPCs submissions from the tier directly below them in the hierarchy.
    - b) develop and implement a plan/methodology to validate that both the A/OPC actions to correct any management control violations identified, and A/OPC plans to eliminate all open DM cases are timely executed.
    - c) sign their Semi-Annual HA Review Report and provide a scanned version of it and other consolidated review documents (if any/as required) to the O A/OPC or CPM at the next higher tier above them in the hierarchy.

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<sup>2</sup> On a case-by-case exception bases, CPMs are authorized to lift purchasing suspensions for mission critical purchases with open DM cases or incomplete reviews; this authority may not be delegated below the CPM.

<sup>3</sup> Several data fields including questions from the Semi-Annual and Monthly A/OPC Review Check Lists will not be populated on the rendered report.

<sup>4</sup> GPC Leads can attach scanned files on the IOD messages tab. These attachments are visible to others above them in the hierarchy, and are retained for 6 years.

Attachment 2  
Authorized Policy Exceptions

- d) retain their final signed documents.
- III. CPMs to:
- a) review and summarize the A/OPCs or O A/OPCs submissions from the tier directly below them in the hierarchy.
  - b) develop and implement a plan/methodology to confirm that both the A/OPC actions to correct management control violations, and the A/OPC plans to close all open DM cases are timely executed.
  - c) sign their Semi-Annual HA Review Report and provide a scanned and electronic version of it to the Agency PMO NLT August 31, 2020.
  - d) retain their final signed documents.

**Semi-Annual Head of Activity (HA) Review Process 2nd half FY 2020 and forward:**

- 1. DoD GPC CPMs shall ensure completion of the Semi-Annual HA Review process for the 2<sup>nd</sup> half of FY 2020 and all subsequent reviews using IOD. This process shall comply with the requirements of DoD SP3 Transition Memo #6, including the new requirement to complete of the Semi-Annual HA Review Checklist.

**Case Closure for Aged Cases from FY 2020:**

- 1. All DM Cases for transactions made from November 30, 2018, through September 19, 2019, must be completed as follows:

Review Name	Transactional Period	Mandatory Purchasing Suspension Date
Case Closure for 2 <sup>nd</sup> Half of FY 2019	3/20/2019 - 9/19/2019	10/30/2020
Case Closure for 1 <sup>st</sup> Half of FY 2019	11/30/2018 - 3/19/2019	12/31/2020

## Attachment 3

## Semi-Annual HA Review Checklist Table

As required by Attachment 2, guidance issued by Component Program Managers authorizing use of a manual process to complete the Semi-Annual Head of Activity (HA) Review for the first half of FY 2020 shall require Agency/Organization Program Coordinator (A/OPC) to complete the following Semi-Annual HA review Checklist Table. Completion of this information will ensure capture of identical data fields across the Department.

	Question Text	Additional Information	A/OPC Response
1	How many transactions were disputed during the reporting period?	Provide a straight count of the number of transactions that were disputed during the reporting period. The number of disputed transactions can be determined by running the Transaction Detail report in Access Online for transactions in Disputed Status.	
2	What was the dollar value of the disputed transactions?	Provide the sum of the \$ value of all transactions disputed during the reporting period. The number of disputed transactions can be determined by running the Transaction Detail report in Access Online for transactions in Disputed Status and then totaling the Transaction Amount column.	
3	How many Convenience Check Accounts exist in your program?	Provide a straight count of the number of Convenience Check Accounts in your program's span of control. The number of accounts can be determined by running the Cardholder Account List report including Account Detail in Access Online.	
4	How many Convenience Check Accounts were NOT audited within the last 12 months?	Provide a straight count of the number of Convenience Check Accounts that have <b>NOT</b> been audited within the last 12 months as required by DoD FMR Volume 10, Chapter 23. (Paragraph titled Reconciliation of Convenience Check Accounts).	
5	How many Approving/Billing Officials (A/BOs) are in your program? (Number of individuals, not accounts)	Provide a straight count of the number of individuals (not accounts) who serve as a Primary or Alternate A/BO on your program. Any individual who serves as a Primary or Alternate A/BO on more than one account is counted only once.	
6	How many A/BOs in your program do NOT have documented evidence of training per current instruction? (May not exceed the number of Approving/Billing Officials reported above)	Provide a straight count of the number of individuals who serve as a Primary or Alternate A/BO on your program who have <b>NOT</b> completed training per current instruction. A listing of DoD mandated training requirements by role is available at: <a href="https://www.acq.osd.mil/dpap/pdi/pc/training.html">https://www.acq.osd.mil/dpap/pdi/pc/training.html</a> . Check Component and Local policy for additional requirements.	
7	Reason why not all Approving/Billing Officials are trained:	Failure to complete mandatory training requirements is a serious program violation. Acceptable reasons are limited to deployment to an area with limited internet connectivity, serious illness or other similar circumstance.	

Attachment 3  
Semi-Annual HA Review Checklist Table

<b>8</b>	How many A/OPCs are in your program? (Number of individuals, not accounts)	Provide a straight count of the number of individuals who serve as a Primary or Alternate A/OPC on your program. Individuals who serves as both a Primary and Alternate A/BO are only counted once.	
<b>9</b>	How many A/OPCs in your program do NOT have documented evidence of training per current instruction? (May not exceed the number of A/OPCs reported above)	Provide a straight count of the number of individuals who are Primary or Alternate A/OPCs on your program who have <b>NOT</b> completed training per current instruction. A listing of DoD mandated training requirements by role is available at: <a href="https://www.acq.osd.mil/dpap/pdi/pc/training.html">https://www.acq.osd.mil/dpap/pdi/pc/training.html</a> . Check Component and Local policy for additional requirements.	
<b>10</b>	Reason why not all A/OPCs are trained:	Failure to complete mandatory training requirements is a serious program violation. Acceptable reasons should be limited to deployment to an area with limited internet connectivity, serious illness or other similar circumstance.	
<b>11</b>	How many HAs are in your program? (Number of individuals, not accounts)	Provide a straight count of the number of individuals who serve as a HA on your program. The HA is the senior-most person in an organization that employs an A/OPC. The HA can delegate his or her GPC oversight functions no lower than the Commanding Officer's deputy, the Chief of Contracts or Head of Procurement, or the Chief of Contracts' deputy or Head of Procurement's deputy. Each Component must determine which of its roles will serve as the HA and document that determination in Component/local procedures. If a Defense Agency or Activity has been designated HCA authority as defined in FAR Part 2, their HA is the HCA or the HCA's deputy, who must be an individual in a management position not to exceed one level below the HCA. Under no circumstances can a CPM serve as the HA.	
<b>12</b>	How many HAs in your program do NOT have documented evidence of training per current instruction? (May not exceed the number of HAs reported above)	Provide a straight count of the number of individuals required to sign the Semi-Annual HA Report who have <b>NOT</b> completed training per current instruction. A listing of DoD mandated training requirements by role is available at: <a href="https://www.acq.osd.mil/dpap/pdi/pc/training.html">https://www.acq.osd.mil/dpap/pdi/pc/training.html</a> . Check Component and Local policy for additional requirements.	
<b>13</b>	Reason why not all HAs are trained:	Failure to complete mandatory training requirements is a serious program violation. Acceptable reasons are limited to deployment to an area with limited Internet connectivity, serious illness, or, other similar circumstance.	

Attachment 4  
DoD Plan  
GPC Reporting Required by OMB

The Office of the Under Secretary of Defense for Acquisition and Sustainment, Defense Pricing and Contracting (DPC) will maintain the following data for its own use and management of the Department of Defense (DoD) Governmentwide Commercial Purchase Card (GPC) program as authorized in Office of Management and Budget (OMB) Memorandum M-17-26, “Reducing Burden for Federal Agencies by Rescinding and Modifying OMB Memoranda,” dated June 15, 2017, and to comply with the reporting requirements in OMB Circular A-123, Appendix B, dated January 15, 2009, for FY 2019 and OMB Circular A-123, Appendix B, dated August 27, 2019, for FY 2020.

**I. Data Sources:**

- SmartPay® (SP) 2 Army, Air Force and Defense Agencies – U.S. Bank Reports (calendar month based) from October 1, 2018, through November 29, 2019, including the GPC Program Summary Statistical, Summary Rebate, Convenience Check Data, Payment Plus Hierarchies, and OMB Data Reports pushed to DPC by US Bank.
- SP2 Navy – Charge Card Program Management Division (CCPMD) data (billing cycle-based) from September 20 – November 29, 2018. Note: Navy data will include 11 more days (9/20/2018 – 9/30/2018) than the rest of DoD based on these reporting/process differences resulting from Navy’s SP3 bank transition.
- SP2 and FY 2019 SP3 total employees identified using DMDC DoD Personnel, Workforce Reports & Publications from:  
[https://www.dmdc.osd.mil/appj/dwp/dwp\\_reports.jsp](https://www.dmdc.osd.mil/appj/dwp/dwp_reports.jsp)
- SP2 and SP3 GPC Component Program Manager (CPM) responses to DPC data calls (until full deployment of the SP3 Semi-Annual HA Review Process).
- SP3 DoD-wide U.S. Bank Reports from November 30, 2018 and forward (until full deployment of the SP3 Semi-Annual HA Review Process) including the GPC Program Summary Statistical, Summary Rebate, Convenience Check Data, Payment Plus Hierarchies, and OMB Data Reports pushed to DPC by US Bank.
- FY 2019 Consolidated Data Mining (DM) Case Information provided by the Bank Team after aged cases (including deferred, backlog and exempted) cases are closed (anticipated 1<sup>st</sup> Quarter FY 2021).
- Delinquency data provided by the Card Issuing Bank.
- SP3 DoD-wide data from the Semi-Annual Review Process conducted using the Bank Team provided DM and oversight tracking tool, Insights on Demand (IOD).
- DoD DPC Guidance for DoD, OMB, Office of Federal Financial Management Quarterly Statistical Reporting
- DoD DPC Guidance for OMB, Semi-Annual Violations Reporting

**II. Statistical Reporting**

**A. Phase 1**

The data sources described in Section I above support the Quarterly Statistical Reporting required in OMB Circular A-123, Appendix B, dated January 15, 2009.

Attachment 4  
DoD Plan  
GPC Reporting Required by OMB

FY 2019 statistical reporting includes Table 1's data elements and associated visual trending which, in accordance with OMB memorandum M-17-26, dated June 25, 2017, DoD will capture for its own use and management of the DoD GPC Program. This data will be collected using the reports pushed to DPC by US Bank.

*Table 1. Data Elements and Associated Visual Trending, FY 2019*

Column	Data Element	Period
A	Agency	Q
B	Number of Cards	Q
C	Number of Active Accounts	Q
D	Percentage of Employees that are Cardholders	Q
E	Net Number of New Accounts (New Less Cancelled)	Q
F	Charge Card Dollars Spent	Q
G	Total Refunds Earned	Q
H	Percentage of Potential Refunds Earned	Q
I (FOUO)	Number of Cases Reported to the Office of Inspector General or A/OPC for Possible Card Misuse and/or Abuse	A
J (FOUO)	Number of Administrative and/or Disciplinary Actions Taken for Card Misuse, Including Delinquency (if known)	A
K (FOUO)	Number of Administrative and/or Disciplinary Actions Taken for Convenience Check Misuse	A
L (FOUO)	Ratio of Purchase Cardholders to Approving Officials (Span of Control)	Q
M (FOUO)	Average Number of Monthly Purchase Card Transactions Reviewed per Approving Official	Q
N (FOUO)	Number of Purchase Cardholders with Contracting Warrants above the Applicable Micro-Purchase Threshold	A
O (FOUO)	Number of Purchase Cardholders with Transaction Limits Greater than the Applicable Micro-Purchase Threshold Who Do Not Hold Contracting Warrants	A
P (FOUO)	Total Number of Individuals Authorized to Write Convenience Checks	Q
Q (FOUO)	Total Number of Convenience Checks Written	Q
R (FOUO)	Number of Checks Written over the Applicable Micro-Purchase Threshold	Q
S (FOUO)	Number of Checks Written at or under the Applicable Micro-Purchase Threshold	Q

Legend:

Attachment 4  
DoD Plan  
GPC Reporting Required by OMB

	Collect from Component Program Managers only once for FY 2019 at the conclusion of the billing cycle ending 9/19/2019
	Provided by the Bank Team only once after aged cases are closed.
A	Annual
Q	Quarterly

B. Phase 2

The data sources described in Section I above support the Statistical Reporting required in OMB Circular A-123, Appendix B, dated August 27, 2019.

FY 2020 and beyond statistical reporting includes the data elements in Table 2 and associated visual trending which DoD will capture semi-annually for its own use and management of the DoD GPC Program. This data will be collected following completion of the Semi-Annual Head of Activity (HA) Review process. This data will also fulfill the requirement to furnish statistical information to CCCM no later than 90 calendar days after the end of the fiscal year, including guidance in Smart Bulletin No. 030, GSA SmartPay® – OMB Circular No. A-123, Appendix B, Agency Reporting to GSA/CCCM; Submission Implementing Guidance, dated December 18, 2019, and any subsequent issuances.

*Table 2. Data Elements and Associated Visual Trending, FY 2020 and Beyond*

#	GPC Statistical Data Requirements OMB Circular A-123 Appendix B of 8/27/2019	HA Line #	DoD Semi-Annual HA Review Report Field
1	Count of Accounts <sup>1</sup>	30	Number of Credit Card Accounts (Excludes Convenience Check Accounts) <i>PLUS</i>
		31	Number of Convenience Check Accounts (Excludes Credit Card Accounts)
2	Total number of accounts across the charge card program as compared to the prior reporting period	30	Reporting Period (# of Credit Card Accounts + # of Convenience Check Accounts <i>MINUS</i>
		31	Prior Period (# of Credit Card Accounts + # of Convenience Check Accounts)
3	Total charge card dollars spent	1	Dollar Value of Transactions
4	Total refunds earned	4	Total Refunds Earned During the Reporting Period (Refunds are Earned Quarterly)
5	Ratio of the number of confirmed violations reported pursuant to P .L. 112-194 as compared to the number of valid transactions within the reporting period*	18	Number of Cases Closed with a Determination <i>DIVIDED BY</i>
		1	Number of Transactions (Excluding Credits)

<sup>1</sup> Count of Accounts is number of active accounts capable of executing a non-payment transaction at the point in time when the report is run.

Attachment 4  
DoD Plan  
GPC Reporting Required by OMB

6	Ratio of Approving/Billing Officials (A/BOs) to purchase cardholders (span of control)	34	Span of Control Policy Exceptions – Card Accounts to a Managing Account (Number of Accounts over 7:1)
7	Number of purchase cards with transaction limits over the micro-purchase threshold	33	Number of Purchase Card <i>Accounts</i> with Single Purchase Limits over the Micro Purchase Threshold (\$10,000)
8	Total number of convenience checks written	2	Number of Convenience Checks Written
9	Number of checks written over micro-purchase threshold	36	Number of Convenience Checks over the Convenience Check Threshold (\$5,000)
10	Number of checks written under micro-purchase threshold	3	Number of Convenience Checks Written under The Convenience Check Threshold (\$5,000)
11	Total dollar amount of checks written	2	Dollar Value of Convenience Checks Written

### III. Violations Reporting

The violations reporting requirements specified in PL 112-194, Government Charge Card Abuse Prevention Act of 2012, and addressed in OMB Memorandum M-13-21, “Implementation of the Government Charge Card Abuse Prevention Act of 2012,” dated September 6, 2013, do not apply to the DoD GPC Program. No similar reporting requirement is identified in 10 U.S.C. 2784: Management of Purchase Cards, which specifies requirements applicable to DoD’s GPC Program.

In accordance with DoD GPC policy, DM Case Reviews are conducted to prevent and identify improper purchases and document findings, determinations and corrective actions taken (i.e., close cases) using IOD. The DoD DM Case Review process requires both the A/BO and A/OPC to take action in IOD to close every case opened, both when a transaction violates established DoD tiered business rules, and also when a GPC Lead initiates a case review to record findings and disciplinary category determinations, and any associated corrective action taken/planned for other identified violations.

DoD will leverage this Case Review process for its own use and management of the DoD GPC program as authorized in OMB Memorandum M-17-26, “Reducing Burden for Federal Agencies by Rescinding and Modifying OMB Memoranda,” dated June 15, 2017. DoD will track IOD cases closed with a determination of Internal Fraud (Malicious Intent), Misuse (Unintentional), and Abuse (Intentional)<sup>2</sup> as “violations.”

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<sup>2</sup> IOD’s case management functionality automatically assigns all high-risk transactions for review to determine which transactions are to be classified under one of the five disciplinary categories (three of which are violations: internal fraud, misuse, and abuse; and two of which are not: external fraud, and administrative discrepancy) standardized across the Department in the Office of the Under Secretary of Defense for Acquisition and Sustainment memorandum “Final Government-wide Commercial Purchase Card Disciplinary Category Definitions Guidance,” dated January 27, 2020. This memo also defines a sixth disciplinary category (delinquencies, which are violations), however, as explained below, delinquencies occur at the Managing Account, not transaction level, and hence cannot

Attachment 4  
DoD Plan  
GPC Reporting Required by OMB

This data, which will be collected semi-annually following completion of the Semi-Annual HA Review process, will serve as a summary description of the confirmed “violations” identified, as well as a summary description of the “personnel action taken” (i.e., Corrective Actions Taken/Planned)<sup>3</sup>.

Additionally, DoD will leverage its Integrated Solutions Team (IST) governance process to review and mature these review and reporting processes over time

DoD recognizes that OMB Circular A-123 B, dated August 27, 2019 signaled an increased emphasis on management of delinquencies compared to the previous release. But, while Circular Attachment 6, Table 4 includes delinquency as a Disciplinary Category Determination, it clearly states that delinquencies are not reportable violations.

Delinquencies are unlike the other disciplinary categories defined in the Circular in that they cannot be tied to a single transaction, rather they are realized at the Managing Account Level. Some examples of when delinquencies can result include:

- when a Resource Manager provides an invalid line of accounting
- when a cardholder (CH), A/BO, Certifying Officer or Disbursing Office does not timely approve, certify, or pay a GPC statement/invoice, which includes all transactions made by all subordinate cardholders during the billing cycle

Therefore, DoD does not leverage its transaction-based DM case review process to capture any findings, determinations and corrective actions taken/planned as a result of delinquent accounts. However, the dollar value of delinquencies will be tracked on the Semi-Annual Head of Activity Report once the necessary information is pushed by the bank to the DM vendor for inclusion. In addition, to further mitigate risk of delinquency the following compensating controls are used by DoD:

- DoD policy requires CHs to frequently review transactions throughout the billing cycle, using the card-issuing bank’s Electronic Access System.
- DoD policy requires CHs and A/BOs to reconcile statements as soon as possible to maximize refunds.
- The card-issuing bank suspends any billing account that goes 60 days delinquent (90 days from the posting date). If any such account goes 180 days delinquent the entire activity will be suspended. Upon payment receipt, the suspension is automatically lifted.

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be captured by the transaction-based case management tool; additionally, OMB Circular A-123, Appendix B does not require delinquency reporting. IOD captures all the transaction-based disciplinary category determinations and the associated corrective actions taken.

<sup>3</sup> OMB Circular A-123 Appendix B and P.L. 112-194 require the following: 1) a summary description of confirmed violations involving misuse of charge cards following completion of a review by the agency or by the Inspector General of the agency and 2) a summary description of all adverse personnel action, punishment, or other action taken based on each violation.

Attachment 4  
DoD Plan  
GPC Reporting Required by OMB

- DPC reviews bank-provided delinquency reports and highlights issues during monthly CPM phone calls for CPMs action.