USD (A&T)

UNDER SECRETARY OF DEFENSE
4000 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-4000

PERSONNEL AND READINESS

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

SUBJECT: Use of Government-Wide Purchase Cards

In support of Deputy Secretary Hamre's direction to expedite use of the government-wide purchase card, I am directing that the purchase card be the method of payment for training requests, medical services, and certain purchases made with Nonappropriated Funds. This policy is to be implemented no later than October 1, 1998.

The government-wide purchase card shall be used as the method of payment for all commercial training requests using DD Form 1556 valued at or below $25,000. Components are encouraged to issue a government-wide purchase card to those authorized to obligate and expend funds by means of the DD Form 1556. This form may be used for any currently authorized purpose, but shall cite the purchase card as the method of payment.

All medical services valued at or below $2,500 shall be procured using a government-wide purchase card unless it is determined to be inappropriate or not cost effective. The Medical Prime Vendor Program and the DoD Medical Electronic Catalog (ECAT) Program are two examples where the use of the purchase card may not be cost effective. Because of the wholesale pricing of medical products and low- cost electronic fund transfers, the purchase of medical supplies and equipment through these programs are often more effective than use of the government-wide purchase card.

Government-wide purchase cards shall not be used to purchase medical services in the following circumstances: the purchase involves a controlled substance or narcotic; the purchase must be supported by the submission of a Health Care Summary Record (HCSR) to document the nature of care purchased; the ultimate price of the medical care is subject to an independent determination that changes the price paid based on application of a mandatory CHAMPUS Maximum Allowable Charge (CMAC) determination that reduces the government liability below billed charges; where the government has already entered into a contractual arrangement with a

DISTRIBUTION MADE ON
9/30
BCL

contractor to pay for health care services without the use of a purchase card; and when the purchaser is a beneficiary seeking medical care.

DoD Nonappropriated Fund Instrumentalities (NAFIs) will use the government-wide purchase card or other preexisting commercial credit card for goods and services procured with nonappropriated funds (NAF) valued at or below $2,500 when appropriate and cost effective. DoD NAFIs will accept the government-wide purchase card in activities where personal credit cards or other purchase cards are accommodated.

Questions of a functional nature (i.e., training) should be referred to the P&R office with cognizance over the program area. Any specific questions about the government-wide purchase card, however, should be directed to agency program coordinators or the Purchase Card Management Office at (703) 681-7564.

Rudy de Leon