Part 5113 - Simplified Acquisition Procedures

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(Revised 01 October 2024)

Subpart 5113.2 - Actions At or Below the Micro-Purchase Threshold

5113.201 General.

(a) Delegation of micro-purchase authority.

(i) The Assistant Secretary of the Army (Acquisition, Logistics and Technology) has management responsibility of the purchase card program. See Appendix GG for further delegation. The senior contracting official designates the Level 3 agency/organization program coordinator (A/OPC) (see Appendix EE).

(ii) Installation commanders or activity directors shall appoint the purchase card billing official as the certifying officer for purposes of certifying payments to the paying office (disbursing officer) for purchase card issuer invoices. Certifying officers are financially liable for erroneous payments resulting from the performance of their duties in accordance with Title 31, United States Code, section 3328.

(iii) CCOs shall do the following:

(A) Develop internal operating procedures and incorporate appropriate controls in the command or installation Internal Control Program; however, the Level 3 A/OPC will develop written Government purchase card (GPC) program internal control requirements, reporting mechanisms and surveillance plans for all activities under their purview. Procedures and controls shall place minimum burdens on cardholders while still maintaining the integrity of the program.

(B) Designate the Level 4 A/OPC.

(C) Issue delegations of authority to cardholders. The CCO may further delegate this authority in writing to the A/OPC.

(D) Approve training course content and instructor qualifications.

(E) Ensure prescribed training of cardholders and approving officials.

(F) Ensure appropriate functional participation in the development and administration of the program (e.g., finance and accounting, director of logistics, director of public works, legal counsel, etc.).

(G) Perform oversight reviews on approving officials to ensure cardholder adherence to policy and procedures.

(*1*) Conduct reviews not less frequently than annually.

(*2*) Review accounts with significant dollar or transaction volume on a more frequent basis.

(H) Ensure the safeguarding of convenience checks to ensure good stewardship and discourage and detect fraudulent actions with the checking accounts. Ensure the proper auditing of checking accounts on an annual basis. A duly appointed, disinterested third party will conduct audits. The management control checklist of the GPC must include the annual audit requirement.

(iv) A/OPCs shall –

(A) Serve as the purchase card focal point at each activity;

(B) Establish, and maintain current cardholder and billing official accounts;

(C) Coordinate with resource managers, spending limits and finance and accounting data used in establishing cardholder and billing official accounts;

(D) Not establish accounts or allow the certification of invoices by billing officials until the CCO or A/OPC issues required letters of delegations and appointment letters to cardholders and billing officials/certifying officials; and

(E) Perform oversight and surveillance of all accounts under the purview of that A/OPC.

(v) Billing officials shall –

(A) Ensure that the transactions are legal, proper, necessary and correct in accordance with Government rules and regulations;

(B) Ensure that adequate documentation is available for individual transactions;

(C) Ensure the facts presented in documents for payment are complete and accurate;

(D) Take appropriate action to prevent two or more payments for the same transaction;

(E) Ensure proper implementation of dispute procedures when questions arise on transactions;

(F) Provide copy of certifying officer appointment letter with signature card to the A/OPC; and

(G) Certify and forward the official invoice to the paying office within five days of receipt. Consider electronic invoice received on the first day following the end of the billing cycle.

(vi) Cardholders shall do the following:

(A) Reconcile purchases actually made within three working days of receipt of their monthly statement of account. Consider electronic statement of account received on the first day following the end of the billing cycle.

(B) Maintain a log of purchases. The log shall be the cardholder log within the bank's electronic access system.

(c) Training r equirements.

(i) The CCO or A/OPC shall not delegate authority to cardholders and billing/certifying officials until these individuals receive training and orientation covering the use of the card. The Defense Acquisition University purchase card course is mandatory for all cardholders and billing officials. Locally developed training is permissible, but it must specifically cover federal, defense, and departmental regulations, policies and procedures pertaining to micro-purchases and simplified acquisition procedures, as applicable. Orientation shall address GSA, card-issuing bank and installation-unique policies.

(ii) Cardholders and billing/certifying officials shall receive procurement ethics training. Training shall advise cardholders and certifying officials of financial liability under the program for billing/certifying and accountable officials.

(iii) The CCO may require additional training depending on the thresholds and circumstances established for the card's use.

(g) The HCA shall make the determination as described in FAR 13.201(g). See Appendix GG for further delegation.

5113.202-90 Purchase guidelines.

(a) CCOs or A/OPCs should delegate micro-purchase authority to the lowest possible level. A/OPCs shall issue purchase cards only to individuals who have received the orientation/training on the purchase card program as required in these procedures.

(b) CCOs and A/OPCs shall not issue cards to contractors. If contractors working on cost type contracts request cards, the contractor will forward their request to the Contracting officer for the cost-reimbursable contract. If that office preliminarily determines that they are eligible, the contractor will then file a request for eligibility determination with the GSA SmartPay Contracting officer.

(c) CCOs or A/OPCs may authorize cardholders to utilize the GPC as a payment instrument for orders made against Federal Supply Schedule contracts, calls written against a blanket purchase agreement or orders placed against indefinite delivery/indefinite quantity contracts that contain a provision authorizing payment by purchase card.

(d) The purchase card may also provide a streamlined way of paying for contracts other than those listed in paragraph (c). Prior to using the card this way, the contracting office shall determine that use of the card for payment is in the best interest of the Government. The determination shall address any increase in price and/or administrative costs to use the card versus the costs of processing the payment without the card.

(e) The purchase card may also be used to pay for Government-owned materiel or Government-performed services received from other Government sources (i.e., Document Automated Printing Service (DAPS), GSA, Defense Logistics Agency).

5113.270-90 Use of the Government commercial purchase card.

Appendix EE contains the Army’s GPC operating procedures. Use of the purchase card must meet the following conditions in addition to conditions imposed by the GSA’s SmartPay Master Contract:

(a) Each transaction should involve a single delivery and payment. Receipt of the item should be within the billing cycle or by the time of receipt of the monthly report to simplify monthly reconciliation.

(b) Cardholders shall not break down (split) requirements into several purchases merely to avoid any requirement that applies to purchases exceeding the micro-purchase threshold.

(c) Cardholders shall advise merchants or vendors at the time of the transaction that items purchased with the card are “for Official United States Government use.” Most states will exempt purchases made by the Government from state and local taxes.

(d) Cardholders shall initially attempt to settle disputes with the merchant. If the merchant refuses to work with the cardholder, or if 45 days have passed without resolution since receipt of the statement containing the questionable transaction, the cardholders shall formally dispute the transaction with the card-issuing bank.

(e) When using the purchase card to pay for services and/or supplies received from other Government sources (e.g. , DLA, GSA) stores or depots, procurement thresholds do not apply.

(f) Army organizations have the authority to use the GPC up to micro-purchase thresholds at DoD nonappropriated fund instrumentalities (NAFIs), including Army and Air Force Exchange Service facilities, provided the resale activities are within scope of the particular NAFI’s charter. Overseas organizations may make purchases up to $50,000 from exchanges only (vice NAFIs) and may use the purchase card as a method of payment.

(g) Use the purchase card as a method of payment for all commercial training $25,000 and below for the following:

(1) Standard Form 182, Authorization, Agreement and Certification of Training, in accordance with United States Code 41 for civilians.

(2) Department of the Army Form 2171, Request for Tuition Assistance Army Continuing Education System, provides financial assistance for voluntary off-duty education Programs in support of soldiers’ professional and personal self development. The Department of the Army Form 2171 is the obligation document for education programs and services authorized under 10 U.S.C. 2007 and Army Regulation 621-5 Army Continuing Education System. The Tuition Assistance Program authorizes advance payments in accordance with Army Regulation 621-5. Training and education office personnel must approve all course enrollments prior to start of class.

(3) Use of the GPC is the preferred method of payment for soldiers’ tuition when the Centralized Tuition Assistance Management in GoArmyEd processes the request, funding, approval and enrollment verification of the specific course. Single purchase limits will be set commensurate to the level of the consolidated GPC invoice submitted by each university or college.

(h) The following dollar limits apply:

(1) For stand alone purchases, the single purchase limit is the micro-purchase threshold except for the following:

(i) $2,000 for purchases covered by the Wage Rate Requirements (Construction) statute.

(ii) $2,500 for purchases covered by the Service Contract Labor Standards statute.

(2) For payment against existing contracts, the limit is as identified in the contract.

(3) For convenience checks, the threshold is one-half the micro purchase threshold.

(4) For contingency or humanitarian operations as authorized in a specific appropriations act or an Executive Order, the applicable act or order may adjust the micro-purchase threshold.

Subpart 5113.3 - Simplified Acquisition Methods

5113.302 Purchase orders.

5113.302-3 Obtaining contractor acceptance and modifying purchase orders.

(b) It is not necessary to modify a purchase order to document a shortage in the final shipment, provided the shortage is within the permissible variation in quantity, if any, established in the purchase order.

5113.303 Blanket purchase agreements (BPAs).

5113.303-1-90 General.

(a) It is preferable to have multiple BPAs for similar items and to establish prices using reverse auctions among BPA holders. If quantities are too small and not conducive to using a reverse auction, then when practicable, Contracting officers should establish pre-priced BPAs by negotiating firm unit prices for specific periods of time or by incorporating suppliers’ price lists or catalogs in BPAs.

(b) Contracting officers should not establish blanket purchase agreements for supplies or services when the use of unpriced purchase orders is appropriate (see FAR 13.302-2).

5113.303-2-90 Establishment of BPAs.

(a) The Contracting officer shall do the following:

(1) Ensure that those individuals authorized to place calls under BPAs have received training and orientation in accordance with paragraph (b).

(2) Provide a copy of the BPA to individuals authorized to place BPA calls.

(3) Ensure that individuals have ready access to price lists or catalogs incorporated in BPAs. The use of reverse auctions to determine pricing among BPAs is the preferred method.

(4) Provide suppliers the names of individuals authorized to place calls.

(5) Inform individuals authorized to place calls that they may not further delegate the authority to others.

(b) Training for use of BPAs is the same as that required for the use of purchase cards. Orientation must focus on the BPA process, except that if the same individual will also be a purchase cardholder, BPA orientation must be in addition to the purchase card program orientation. The chief of the contracting office is responsible for approving training course content and instructor qualifications when someone outside the contracting office provides the training.

5113.303-5 Purchases under BPAs.

(b)(1) Individual purchases under BPAs established in accordance with FAR 13.303-2(c)(3) may exceed the simplified acquisition threshold.

(2) Individual purchases of commercial items under BPAs, other than BPAs established in accordance with FAR 13.303-2(c)(3), may exceed the simplified acquisition threshold up to the dollar limitation specified in FAR 13.500.

(c) Sole source individual commercial item purchases exceeding the simplified acquisition threshold shall comply with the documentation requirements of FAR 13.501(a).

5113.303-6 Review procedures.

(b) In addition to the review procedures in FAR 13.303-6, Contracting officers who authorize individuals to place calls under BPAs shall –

(i) Ensure that individuals equitably distribute calls among suppliers with BPAs;

(ii) Ensure that individuals do not split requirements to evade monetary limitations;

(iii) Require that individuals refer all cases where prices are not considered to be reasonable to the Contracting officer for consideration; and

(iv) Maintain continuing surveillance over individuals to ensure compliance with acquisition regulations.

5113.305 Imprest funds and third party drafts.

5113.305-3 Conditions for use.

(a) The Assistant Secretary of the Army (Acquisition, Logistics and Technology) shall make the approval as described in FAR 13.305(a). See Appendix GG for further delegation.

5113.306-90 Standard form 44, purchase order - invoice - voucher.

(a) The Contracting officer signature constitutes certification of fund availability under the appropriation cited on the order. The Contracting officer is responsible for ensuring that funds are available and for entering the proper accounting classification on the order.

(b) When the bulk funding concept defined at FAR 13.101 is used, the Contracting officer must inform the finance and accounting officer at the close of each accounting month of the amount of all purchases made from the bulk funding accounting by use of the Standard Form 44.

(c) If the supplier agrees, the Contracting officer may hold completed Standard Forms 44 until the end of a month and prepare Standard Form 1034 as the payment voucher with the Standard Forms 44 attached as sub-vouchers. In such cases, the Contracting officer signature on Standard Form 1034 will be sufficient in place of a signature on each Standard Form 44 attached. If the supplier does not agree to use this procedure, or if a time payment discount offered is not possible because of this procedure, the Contracting officer must process the individual Standard Form 44 without delay to take the time payment discount.

Subpart 5113.5 - Simplified Procedures for Certain Commercial Items

5113.500 General.

(c)(1) The HCA, on a non-delegable basis, has the authority to make the determination as described in FAR 13.500(c)(1).