



DEPARTMENT OF THE NAVY

NAVAL SEA SYSTEMS COMMAND
1333 ISAAC HULL AVE SE
WASHINGTON NAVY YARD DC 20376-0001

IN REPLY TO

NAVSEA
4300
Ser 02/107
30 JUL 2002

NAVSEA
4300/7101.1B
Ser 01P1/014
26 July 2002

JOINT MEMORANDUM

From: SEA 01/02

Subj: USE OF GOVERNMENT PURCHASE CARD FOR FOOD AND PERSONAL
TYPE ITEMS

Ref: (a) Naval Audit Service Draft Report (2001-157) of
29 Mar 02

Encl: (1) Procedures for Approval of Food and Personal Item
Purchases

1. The purpose of this correspondence is to issue policy to ensure responsible use of the Government purchase card. It applies to both headquarters and field activities.

2. Reference (a) cites the following items as subject to special scrutiny: food, clothing, and other 'personal type items' such as merchandise items given as honorary or informal awards. While normally the purchase of personal type items is prohibited with appropriated funds, in certain very strictly defined situations where there is a legitimate government need, these types of items can be procured. Since they normally cost under \$2500, proper use of the purchase card is almost always an issue when procuring these types of items. Recommendation 13 of reference (a) requires a separate approval process for the purchase of give-away items in relation to employee recognition programs. In order to comply with this recommendation, and to ensure that all of the above items are only purchased to meet a legitimate government need, we are instituting special controls on the procurement of personal type items. These controls, along with amplifying guidance, are provided in enclosure (1). Please forward enclosure (1) to all purchase card holders, Approving Officials (AOs) and Agency Program Coordinators (APCs) who report to your organization.

3. Anyone found to be not following these procedures will have their purchase card privileges suspended immediately, and on a

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case by case basis, the person certifying the purchase may be required to reimburse the government for any improper purchases.

3. In order to assist us in getting a handle on the magnitude of any issues that may exist in this area, headquarters and all field activities are asked to provide the NAVSEA Level 3 APCs (Susan Cassatt (CassattSL@navsea.navy.mil) at (202) 781-2835 or Cheryl Tryon (TryonCA@navsea.navy.mil) at (202) 781-4178) with a list of all food purchases made since 01 October 2001. This list should be provided by 30 September 2002.

4. While food and other personal type item purchases are not 'big ticket' items, like ships or missiles, misuse of funds for these kind of items gives decision makers the idea that the persons responsible cannot be trusted to manage public funds. We ask that you join us in working together as a team to help maintain the Navy's reputation for integrity through adherence to these policies. If you have specific questions, or require further assistance or training in the proper use of appropriated funds for items bought with the purchase card, please contact Seth Leventhal (LeventhalSL@navsea.navy.mil) at (202) 781-2736.

K.L. White CMAA, SC, USN

K. WHITE
Contracts/Deputy Commander

R. C. Storey

R. C. STOREY
Comptroller/Deputy Commander
Acting

Distribution:

SEA 01K
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NSWC
NUWC
NOC
PEO TSC
PEO EXW
PEO MUW
PEO DD21
PEO CV
SNDL FKP/C84B

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Distribution:

NSWC Crane (APC L. Combs)
NSWC Indian Head (APC S. Bowie)
NSWC Carderock (APC L. Unger)
NSWC Dahlgren (APC P. Coron)
NSWCDET Coastal System Station (APC P. Morris)
NSWC Corona (APC G. Schroder)
NSWC Port Hueneme
NUWC Keyport (APC S. Glasgow)
NUWC Newport (APC L. Harkness)
NAVSEA Logistic Center (APC J. Wert)
NAVSEA Logistic Center DETLANT (APC K. Boone)
NISMO Headquarters (APC K. Hogwood)
NISMO Portsmouth (APC F. Hood)
NISMO Philadelphia (APC J. Flaherty)
NISMO Pearl Harbor (APC M. Won)
MISMO Bremerton (APC G. Galassi)
NAVSEA EODTECH (APC P. Swann)
Naval Shipyard Norfolk (APC S. Johnston)
Naval Shipyard Portsmouth (APC J. Allen)
Naval Shipyard Puget Sound (APC E. Williams)
SUPSHIP Bath (APC L. Snyder)
SUPSHIP Groton (APC P. Rich)
SUPSHIP Jacksonville (APC J. Nettuno)
SUPSHIP Newport News (APC S. Wallace)
SUPSHIP New Orleans (APC P. LeBlanc)
SUPSHIP Pascagoula (APC R. Beatty)
SUPSHIP Portsmouth (APC W. Hutesnpiller)
SUPSHIP San Diego (APC R. Craig)
SUPSHIP Puget Sound (APC LT Hanner)
SUPSHIPDET Pearl Harbor (APC D. Jackson)
AEGIS Technical Representative (APC J. Hasenmayer)
AEGIS Combat System Center (APC J. Tye)
AEGIS Training Readiness Center HQ (APC S. Stein)
AEGIS TRCDET San Diego (APC D. Noyes)
AEGIS TRCDET Norfolk (APC D. Knight)
AEGIS TRCDET Mayport (APC R. Briley)
AEGIS TRCDET Pearl Harbor (APC T. Sanborne)
AEGIS TRCDET Philadelphia (APC B. Jones)
NOSSA (APC D. Florshutz)
SUBMEPP (APC L. Sparkman)
Naval Experimental Diving Unit (APC R. Harasin)
NAVSEA HQ (APC T. Prunier)

Procedures for Approval of Food and Personal Item Purchases

The guidance below applies to the following types of purchases:

- Food
- clothing
- merchandise items given as honorary or informal awards
- any other personal type items (i.e. items normally bought for personal, not governmental purposes)

The following controls will be placed on food/personal item purchases to ensure responsible utilization of appropriated funds:

A. At NAVSEA Headquarters individuals must:

- First research the SEA 01P web site (<http://www.navsea.navy.mil/sea01p/index.html> - see section on purchase card) to determine whether the use of appropriated funds could be considered allowable.
- Obtain approval from your directorate/PEO certifying that the purchase is necessary for efficient/effective operation of the office.
- Obtain approval from SEA02 APC (Tom Prunier, (202) 781-3914, PrunierTL@navsea.navy.mil) and SEA01P Budget Policy office (Seth Leventhal, (202) 781-2736, LeventhalSL@navsea.navy.mil) certifying that the purchase meets all tests for proper use of appropriated funds and for use of the purchase card.
- Maintain written or electronic documentation of approval on file.

B. At field activities individuals must:

- First research this memo or the SEA 01P web site (<http://www.navsea.navy.mil/sea01p/index.html> - see section on purchase card) to determine whether the use of appropriated funds could be considered allowable.
- Obtain approval of the Commanding Officer of the field activity certifying that the purchase would be necessary for efficient/effective operation of the office.
- Maintain written or electronic documentation of approval on file.
- Send copy of approval to Susan Cassatt, (202) 781-2835, CassattSL@navsea.navy.mil or Cheryl Tryon, (202) 781-4178, TryonCA@navsea.navy.mil

AMPLIFYING GUIDANCE:

- ✓ The general rule established by the Comptroller General is that the purchase of food and personal items is prohibited. However, there are a few exceptions to the rule. Please refer to SEA 01P web site <http://www.navsea.navy.mil/sea01p/index.html> (Click on "Special Feature: Proper use of appropriated funds for purchase card

holders") for clarification on these rules any time you are considering the use of appropriated funds for food or personal type items.

- ✓ Please note that the guidance for light refreshments at conferences has recently been revised. In order to purchase light refreshments, a majority of the attendees (at least 51%) have to be in a travel status. Activities are not permitted to provide light refreshments to non-federal travelers unless they provide a mechanism for non-federal individuals to pay for such provisions they may be provided. The monies collected must be deposited in the Treasury as Miscellaneous Receipts.
- ✓ While use of merchandise awards may be allowable in certain cases, they must be used sparingly to avoid a perception that the items are in fact being bought as gifts, not awards. Be especially careful when using food as an award. While food can be a valuable incentive, its use must be carefully monitored and limited to special situations. Overuse, routine and indiscriminate approval, or overly extravagant use of food and merchandise as awards could make it necessary for us to prohibit the use of food or merchandise as an award at NAVSEAHQ and NAVSEA field activities.
- ✓ On the web site a number of additional "AWARD WARNINGS" have been posted on topics such as use of gift certificates and avoidance of direct involvement with charitable programs. Please study and carefully consider these warnings whenever you are asked to use the purchase card for these purposes.