



DEPARTMENT OF THE AIR FORCE  
HEADQUARTERS AIR FORCE SERVICES AGENCY

NOV 8 2007

NAF Contracting Policy Memo # 08-C-01

MEMORANDUM FOR: AIR FORCE SERVICES COMMANDERS  
AND NAF PURCHASE CARD INSTALLATION PROGRAM  
COORDINATORS (IPC)

FROM: HQ AFSVA/SVC  
10100 Reunion Pl, Ste 304  
San Antonio TX 78216-4138

SUBJECT: Use of Third Party Payments – Policy Change

1. The attached memorandum revises the PCMPO policy regarding the use of third party payment merchants. The original policy prohibited the use of these vendors. This policy relaxes that position.
2. The new policy allows the use of a merchant who uses a third party payment method if the cardholder cannot find another merchant who can offer the service or item. The cardholder must get a detailed receipt from the merchant with the specifics of what was purchased. Additionally, we require the cardholder provide specific information in the transaction notes of the item purchased as to what was bought and why that vendor was used. Attachment 2 is a sample of what must be done in PaymentNet to identify the purchase.
4. If you have any questions, please contact my POC, Ms. Barbara Stewart, HQ AFSVA/SVCKB, DSN 487-6931.

A handwritten signature in black ink that reads "William A. Foran".

WILLIAM A. FORAN, YC-03, DAF  
Director, NAF Purchasing

Attachments:

1. PCPMO Memo on Third Party Payments
2. Instructions for identifying PayPal purchase in PaymentNet



ACQUISITION,  
TECHNOLOGY  
AND LOGISTICS

OFFICE OF THE UNDER SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON  
WASHINGTON, DC 20301-3000

OCT 17 2007

MEMORANDUM FOR ASSISTANT SECRETARY OF THE ARMY (ACQUISITION,  
LOGISTICS AND TECHNOLOGY)  
ASSISTANT SECRETARY OF THE NAVY (RESEARCH,  
DEVELOPMENT AND ACQUISITION)  
ASSISTANT SECRETARY OF THE AIR FORCE  
(ACQUISITION)  
DIRECTOR, DEFENSE AGENCIES

Subject: Use of Third Party Payments – Policy Change

This memorandum revises previous policy issued on March 7, 2005 on this subject. In that memorandum we stated that the use of a third party payment merchant was not allowed under any circumstances. These types of transactions are considered high risk in that they mask what is bought and thereby circumvent Merchant Category Code (MCC) blocking as an effective internal control.

Since the issuance of the subject memorandum, we have received persuasive feedback which cites numerous situations where the use of the third party payment merchant is unavoidable. Therefore, we are revising the existing policy to state that where it is identified that the purchase will be processed via a third party merchant, the cardholder should make every attempt to choose another merchant with whom to procure the goods and/or services. If it is still found necessary to procure using a third party payment merchant, the approving officer must ensure there is adequate supporting documentation showing that there was a detailed review of the purchase and that the use of the third party payment merchant was unavoidable.

When the recently awarded contract for a department-wide data mining application is operational, transactions where a third party payment merchant is used will be considered high risk for data mining screening purposes. As a result, they will most likely be flagged for detailed review until the application learns that these are acceptable transactions. If the transactions are not flagged, approving officials will be required to self initiate a review of a transaction in the data mining application whenever a third party payment merchant is identified.

Any questions regarding this memorandum should be directed to Ms. Sue Quinlan at 703-325-9501.

for LeAntha D. Sumpter  
Director, Purchase Card Joint  
Program Management Office



Transaction Detail - Microsoft Internet Explorer provided by USAF

Back Search Favorites

https://www6.paymerinet.com/Transaction/Detail.aspx?e=01u2ZDmgE0Q1f5o49pE1hs2b6gUPK(CERIF)JKLUC3E2RRAZ4ZP7RERHWHY7G0025DCZ0h91LDFLBRCQVUp3rwVsdFgW1Z5wZ0Y

General Information **Approval** History

<b>Settlement Method</b> Commercial Card <b>Account Number</b> *****5333 <b>Transaction Date</b> 10/31/2007 <b>Post Date</b> 11/2/2007 <b>MCC</b> 5399 <b>Merchant</b> PAYPAL 402-935-7733, CA, US  <b>Parent Merchant:</b> PAYPAL <b>Exported</b> <b>Customer Code</b> <b>Micro Reference</b> 24492157305849634499292 <b>Authorization Number</b> 017819 <b>Transaction ID</b> 29650402  <b>Original Currency</b> USD <b>Original Amount</b> \$ 197.85 <b>Tax</b> \$ 0.00 <b>Settlement Currency</b> USD <b>Total</b> \$ 197.85	<b>Approval</b> Status New Reviewed Approval 1  <b>Accounting Codes</b> Chart of Accounts <b>Acct System Flag</b> 1 - FAS Acct System <b>Base ID</b> ANMD - Hickam AFB <b>NAFI</b> 51 - Base MWR Fund <b>FAS Cost Center</b> F7 - Ticket Operations <b>FAS Cost Ctr Shred</b> None <b>FAS GLAC</b> 789 - Misc Operating Expense <b>FAS GLAC Shred</b> None <b>CMIP</b> 3420001 - HICKAM AFB MWR
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**Transaction Custom Fields**

Export Date

Exception Transaction

**Transaction Notes**  
 Paypal account, monthly charge for IT system used by ITT for operations. Invoice #35335

The transaction notes box for a Paypal payment must include what the charge was for, and if there was more than one item, the cost for each item. A detailed receipt must be obtained from the original vendor at the time of purchase. If there is a number on the receipt, that should be included in the transaction notes as well. The receipt must be retained with the Cardholder's Statement of Account Report. The AO and IPC need to be aware that PayPal purchases are considered suspicious by OSD, and when they begin their data-mining activities in mid FY08, the AO will be required to explain what the item was and why this merchant needed to be used.