



ARMY ACQUISITION REFORM



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IMPAC Continues to Make an Impact

Army and DOD efforts to *reduce merchant fees* associated with acceptance of the Government Purchase Card for large payments are finally paying off. Both Master Card and VISA *approved new merchant interchange rates (fees)* for transactions with the Government in the \$4,000 - \$5,000 range. This reduction in the average 2% fee merchants pay on each card purchase will pave the way for increasing the use of the card without additional costs being passed on to the Government. Boeing was asked to evaluate the feasibility of accepting the card for payments, who, at the time, was being quoted a fee (interchange rate) of 2% or more when they accepted the card for payment and therefore would have to increase the cost of their contract items to cover the increase in costs. Boeing also found it could save as much as \$100 if they did not have to process the DOD-unique invoice (DD250) through the Defense Finance Accounting Service (DFAS) for payment and save as much as .75% of the value of the purchase if payment was made within 72 hours vs 30 days from invoice submittal. Therefore, if the merchant fee was within the .75% and \$100, no costs are passed on to the buyer (DOD). Both card association interchange rates are close to this figure, thereby making the card more attractive to wholesale and DOD-unique industries which have not heretofore accepted the card for payment.

The Fort Dix Directorate of Contracting (DOC) had been receiving a large number of complaints from contractors who were not getting paid as a result of centralizing payment offices within DFAS. Use of the IMPAC Card to ensure contractors get paid and sustain contractor performance on contract resulted in an average turnaround time of *five days* from invoice submission to payment on large dollar value contracts. The procurements covered all formal acquisitions over the simplified purchase limit of 100K. *Process steps:* Contract Administration Office is cited as the payment office; contractors submit their monthly invoice to the contract administrator; and the administrator makes payment to the contractor once the using activity submits a receiving report. The contractors that chose the Card method of payment have been pleased and more contractors are joining the program.

The TACOM-ACALA Executive for Contracting appointed two Automated Data Processing Equipment (ADPE) requirement specialists as Ordering Officers. TACOM-ACALA established several Blanket Purchase Agreements (BPAs) with multiple ADPE sources from whom the Ordering Officers will be able to solicit offers and place oral or written delivery orders to achieve the best value for the Government. The Ordering Officers will be able to place orders up to \$25,000 and use an IMPAC Visa as a method of payment.

The DOD Purchase Card Program Management Office is developing policies to further expand the use of the purchase card, including method of payment for all training requests valued at or below \$2500. For more information, visit their site at: <http://purchasecard.sarda.army.mil>.