# CHAPTER 7 – REFUNDS

**Parent topic:** Appendix - EE DEPARTMENT OF THE ARMY GOVERNMENT PURCHASE CARD OPERATING PROCEDURES

## 7-1. Refunds Overview

a. The servicing bank will provide the CPM a summary report of refunds broken down by quarter, Level 3 hierarchy, and Level 2 fund centers. The report is due 30 calendar days after the quarter ends. The servicing bank will provide training and assistance to the CPM and Level 3 A/OPCs in recalculating the Army refunds as required by DPCAP and the GSA SmartPay® 3 Contract. The servicing bank, in coordination with the CPM, will annually review refunds such as merchant credits, uncashed checks, and other miscellaneous refunds (foreign currency exchange fee) to ensure the Army receives all refunds due (both CONUS and OCONUS).

b. Any refunds or credits due to the Army may be received in a manner agreed to between the Army and the servicing bank (e.g., ACH, checks).

c. The Army will coordinate with DFAS quarterly regarding collected and outstanding refunds.

d. If DFAS does not receive the DD 1131 within 30 calendar days of the servicing bank's refund email notification, HQDA ASA/ALT (SAAR-ZR) will collect the outstanding refunds. If the refunds are not collected within 60 calendar days, DFAS will forward the refunds to Treasury account 21R3210.

## 7-2. Refund References

a. **References**.

1) DoD Charge Card Guidebook, Paragraph A.4.9

2) OMB Circular A-123 Appendix B, Paragraph 7

3) Public Law 110-116, Section 8067

4) DoD FMR Volume 10 Ch. 23 Section 230207 and Vol. 10 Ch. 2 Section 020206 and 020302

b. **DoD Charge Card Guidebook Paragraph A.4.9.1. Application of Refunds**. Pursuant to permanent authority enacted in the Fiscal Year 2008 DoD Appropriation Act, P.L. 110-116, Section 8067 and DoD FMR Vol. 10 Ch. 23 Section 230207 and Vol. 10 Ch. 2 Section 020206 and 020302, refunds attributable to the use of the GPC may be credited to operation and maintenance (O&M), or research, development, test and evaluation (RDT&E) current accounts when the refunds are received. Refunds may be applied at the Army or CH level, depending on Army policy and the issuing bank task order. See DoD FMR Vol. 10 Ch. 23 Section 230207 and Vol. 10 Ch. 2 Section 020206 and 020302.

c. **OMB Circular A-123 Appendix B Paragraph 7.5.** Unless specific authority exists allowing refunds to be used for other purposes, refunds must be returned to the appropriation or account from which they were expended and can be used for any legitimate purchase by the appropriation or

account to which they were returned, or as otherwise authorized by statute.

d. **Transaction Credits.** Transaction credits, which are funds sent back to DoD from the contracted bank resulting from returned items, billing errors, overpayments, duplicate payments, or erroneous payments, must be credited to the original appropriation from which they were disbursed.

e. Vendors and contractors offer discounts, and banks issue various government purchase cards that provide refunds to encourage early payment of their receivables. The Army will take advantage of the discount and refund offers only when it is economically justified and advantageous to the Army. The Army will follow the supporting guidelines for taking discounts and refunds found in Title 5 of the Code of Federal Regulations (CFR) 1315, FAR 32.906(e), and OMB Circular A 123, Appendix B, Chapter 7.

## 7-3. Refund Process

The process and procedure used to distribute refunds to the Army from the servicing bank is detailed in the Army Refund SOP located on the GPC PAM website.

## 7-4. Refund Distribution

a. Refunds, also referred to as rebates, will be distributed by the servicing bank via ACH (electronic funds transfer) to DFAS approximately 25 days after the quarter end (Jan 25, Apr 25, Jul 25, Oct 25) and may be distributed/allocated at the discretion of each Army Major command. Refunds must be utilized in the fiscal year when the refund was received.

b. The servicing bank will notify the GFEBS Level 2 Fund Center RM POCs by email with an attached spreadsheet providing the total ACH amount of their Level 2 Fund Center refund. POCs must be identified by the Level 2 Fund Center G8/Comptroller. DFAS will be provided a spreadsheet which contains the refund amounts for each Level 2 Fund Center.

c. Level 2 Fund Centers must decide whether the refund will be processed at their level or delegated to Level 3/4 Fund Centers, understanding it is their responsibility to monitor all refunds and the subsequent clearing. Execution requires entering FB65 in GFEBS and submitting Cash Collection Voucher (DD1131) to DFAS-IN by the Level 2 RM POC within 30 days of the servicing bank's refund email notification. The Major commands will make the determination as to how the refund will be dispersed within their command (e.g., keep refunds at HQ or major RM or disseminate to subordinate activities). GFEBS-SA to use Level 3 Headquarter Fund Centers to claim refund and distribute, if desired, using Journal Voucher (JV) entry correction, t-code FV50, which requires JV Workflow Approval.

d. Detailed reporting by the servicing bank Total Business Relationship (TBR) hierarchy will be provided to each GFEBS Level 2 Fund Center RM POC as well as the normal distribution process.

e. DFAS will process the refund in ADS 5570 using the GFEBS FB65 document number and summary LOA information provided on the DD 1131, so collection is received via DCAS interface.

## 7-5. Uncollected Refunds

Refunds not collected within 30 calendar days of the servicing bank’s refund email notification will be collected by HQDA ASA/ALT and the commands will no longer have access to the refunds for that quarter. This step provides the Army access to the refunds vice the refunds being forwarded to Treasury due to non-collection.

## 7-6. Commands not Utilizing GFEBS or DFAS for Refund Processing

The commands/activities listed below do not use GFEBS or DFAS for refund processing. The commands/activities listed in Table 7-1 will follow procedures developed between the servicing bank and their finance office.

Table 7-1: Commands/Activities Not Utilizing GFEBS/DFAS for Refund Processing

| Funds Center Name | Distribution Method |
|---|---|
| Army NAF | ACH |
| Army USACE | ACH |
| Air National Guard | ACH |
| Army Working Capital Fund - ACC | ACH |
| DOT&E, Center for Countermeasures (Agent #1743) | ACH |
| Army- Tuition (Agent #1511) (Check disbursement) | Check |