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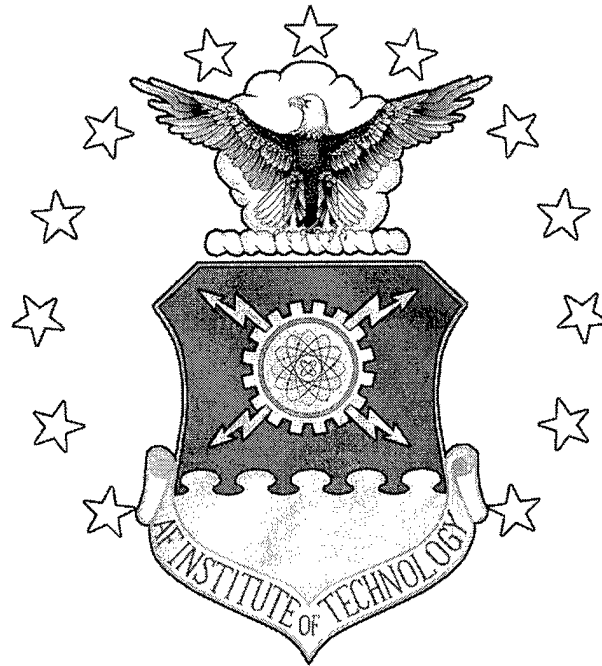
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**A CRITICAL ANALYSIS OF THE AIR
FORCE'S INTERNATIONAL MERCHANT
PURCHASE AUTHORIZATION CARD
(IMPAC) PROGRAM**

THESIS

Roy D. Thrailkill, Captain, USAF

AFIT/GAQ/ENV/01M-14

DEPARTMENT OF THE AIR FORCE
AIR UNIVERSITY

AIR FORCE INSTITUTE OF TECHNOLOGY

Wright-Patterson Air Force Base, Ohio

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AFIT/GAQ/ENV/01M-14

A CRITICAL ANALYSIS OF THE AIR FORCE'S INTERNATIONAL
MERCHANT PURCHASE AUTHORIZATION CARD (IMPAC) PROGRAM

THESIS

Presented to the Faculty

Department of Systems and Engineering Management

Graduate School of Engineering and Management

Air Force Institute of Technology

Air University

Air Education and Training Command

In Partial Fulfillment of the Requirements for the
Degree of Master of Science in Acquisition Management

Roy D. Thrailkill, B.G.S.

Captain, USAF

March 2001

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Roy D. Thraikill, B.G.S.
Captain, USAF

Approved:



William K. Stockman (Chairman)

28 FEB 01

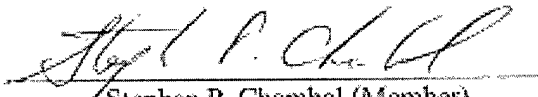
date



David Petrillo (Member)

28 FEB 01

date



Stephen P. Chambal (Member)

28 FEB 01

date

Acknowledgments

I would like to express my sincere appreciation to my faculty advisor, Lt Col Bill Stockman, for his guidance and support throughout the course of this thesis effort. His insight and experience was certainly appreciated. I would, also, like to thank Captain Stephen Chambal for his assistance in organizing and editing this thesis effort.

A special thanks goes out to my wife [REDACTED], and my children, [REDACTED] and [REDACTED]. Without their encouragement and support, this project would not have been completed.

Roy D. Thrailkill

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Abstract

The United States Air Force (USAF) purchased over \$1.3 billion worth of goods and services with the IMPAC in fiscal year (FY) 2000 alone. The proliferation of the IMPAC has changed the way organizations procure goods and services and empowered them with a tool to increase their procurement flexibility and responsiveness. These benefits have been accompanied by regulatory and procedural constraints that have presented challenges to key participants of this streamlined purchase process. This thesis addresses documented deviations of the IMPAC program's execution from its theoretical design.

This thesis describes the structure of the IMPAC program, analyzes the execution of the IMPAC purchase process, and documents and investigates the program's recorded deviations from established procedures. The investigation of these deviations is conducted through exploratory research. The chosen methodology is interviewing IMPAC Installation Program Coordinators (IPCs) at selected locations.

The results of the study indicate that IPCs recognize many factors that contribute to the program's procedural shortcomings that often result in the execution of inappropriate or inefficient IMPAC transactions. Some of the findings of this study are used to provide succinct recommendations on how to improve the program. Recommendations include conducting more efficient training of program participants, and consolidating written guidance applicable to the program. Other findings offer opportunities for further research in areas including the establishment of standards for determining the ideal level of IPC staffing based on a specific location's account size, and expansion of the IMPAC's use beyond its traditional micropurchase role.

A CRITICAL ANALYSIS OF THE AIR FORCE'S INTERNATIONAL
MERCHANT PURCHASE AUTHORIZATION CARD (IMPAC) PROGRAM

I. Introduction

Background

On 28 Apr 97, General Ronald R. Fogleman, then Air Force Chief of Staff, issued a memorandum to all Air Force Major Command (MAJCOM) commanders directing them to have every organization under their command "establish an IMPAC account and use the IMPAC as the preferred method of obtaining the bulk of micropurchase items". He noted that over the previous year, over 628,000 purchase transactions, exceeding \$249M in total value, had been executed under the IMPAC program (Fogleman, 1997). Since that time, Air Force use of the IMPAC has increased dramatically. 2,480,193 IMPAC transactions were executed in fiscal year (FY) 1999, with a total value of \$1.086B, while in FY 2000, 2,764,006 IMPAC transactions were executed with a total value of \$1.309B (DoD Purchase Card Program Management Office, 2000).

The implementation of the Air Force's IMPAC program has changed the way many organizations procure goods and services priced under \$2,500. They are no longer required to route AF Form 9s through numerous organizations for approval before sending them to the local contracting office. Nor do they have to wait for the contracting office to process the order along with numerous other orders under \$2,500 that do not require competition under the law, and wait for their goods to be delivered by contractors. Now, with the IMPAC, organizations can simply task an approved cardholder to order

the items they need via the phone or the World Wide Web (WWW), or have them visit a local contractor to purchase the desired items.

Problem Statement

The greater procurement flexibility organizations now possess is also accompanied by additional responsibilities that many of their cardholders may not understand. Proper coordination with various base organizations that was done as a matter of course under previous Air Force Form 9 procedures may be overlooked as cardholders simply contact contractors directly. Furthermore, cardholders may not be aware of their obligations to use mandatory sources specified in the Federal Acquisition Regulation (FAR), nor may they be familiar with the various directives generated by the acquisition community that impact what they can purchase with their IMPACs. The creation of IMPAC accounts has also burdened cardholders with the responsibility to rotate micropurchase requirements among vendors, document purchases, and maintain IMPAC account balance information.

The growth of the IMPAC program has also increased the responsibilities of the Installation Program Coordinators (IPCs) and Approving Officials (AOs) charged with administering and monitoring accounts at installations with IMPAC capabilities. General Fogleman's 28 April 1997 memorandum noted the need for MAJCOM commanders to implement an "aggressive cardholder training program and an appropriate means to ensure cardholders do not misuse the card" (Fogleman, 1997). It becomes more difficult to comply with such a mandate as the number of cardholders, and the number of transactions they execute, continues to increase. As of September 2000, the Air Force

had 85,109 active IMPAC accounts (DoD Purchase Card Program Management Office, 2000). The USAF Internal Procedures for Using the International Merchant Purchase Authorization Card (IMPAC) states that “All acquisition, supply, and finance regulations apply to IMPAC purchases” (IMPAC Internal Procedures 1997: section 5.3.5.3.1). The directive to effectively oversee such a large, continuously expanding, program highlights the need for IPCs to: effectively train new AOs and cardholders, monitor accounts, and disseminated newly generated IMPAC guidance to both AOs and cardholders.

The results of numerous Air Force Audit Agency (AFAA) audits of wing-level IMPAC programs conducted in FY99 and FY00 reveal that, generally, IMPAC programs are effectively managed by IPCs and AOs, but problems do exist. IMPAC program audits conducted over this period noted numerous deficiencies, including:

- “[N]oncompliance and abuse” of the IMPAC program (AFAA DR099034, 1999:1)
- Cardholders splitting requirements in order to circumvent the micropurchase threshold (AFAA DT099007, 1998:2)
- Cardholders executing unauthorized purchases with the IMPAC (AFAA WP000047, 2000:3)
- Cardholder transactions exceeding the micropurchase threshold (AFAA EL099009, 1998:4)
- Cardholders not coordinating with proper base personnel before purchasing computer and telecommunication equipment (AFAA DT099007, 1998:5)
- Cardholders not coordinating with proper base personnel before purchasing hazardous materials (AFAA WS000012, 1999:10)
- Cardholders not coordinating with proper base personnel for the alteration of real property (AFAA WM099032, 1999:2)
- Cardholder failure to maintain purchase documentation (AFAA DT099007, 1998:2)

- IPCs not conducting AO and cardholder training (AFAA EL099009, 1998:2)
- Inadequate inspection of cardholder accounts by IPCs (AFAA WS099018, 1999:2)
- Poor account oversight by AOs (AFAA EL099009, 1998:3)
- Cardholders using the IMPAC to procure goods and services already under contract (AFAA EA099066, 1999:4)
- Cardholders failing to procure goods and services from mandatory sources (AFAA EB099076, 1999:3)

With over \$1B worth of goods and services being procured annually with the IMPAC, even a small percentage of unauthorized, duplicated, and illegal purchases have the potential to waste millions of taxpayer dollars. A thorough assessment of existing program problems facilitates the formulation of specific recommendations on how to improve program execution.

Research Objectives

An assessment of the impediments faced by IMPAC IPCs will be undertaken in order to determine how well they understand their responsibilities, and carry out their duties under the IMPAC program. The goal of this assessment is not to highlight IMPAC program problems at specific locations, but rather to ascertain the general condition of the management and oversight functions of the CONUS Air Force IMPAC program. The research objectives of this assessment are divided into five components:

- Document impediments that IPCs face in program administration and oversight that negatively affect the IMPAC program's execution
- Determine where in the IMPAC program information flow breaks occur that ultimately contribute to deviations from established procedures

- Determine if the IMPAC training process is effective
- Employ research results to provide recommendations for program improvement
- Provide recommendations for future IMPAC-related research

Research Scope

This research effort will examine IMPAC operations at selected CONUS operational Air Force wings. The goal of this approach is to capture as many IPCs with comparable responsibilities under the IMPAC program while excluding operations with unique micropurchase requirements (i.e. units with unusual or classified missions). After obtaining an understanding of the proper execution of the Air Force's IMPAC program through a thorough literature review and documenting recurring program problems, the research focus will shift to providing recommendations on how to improve program execution. The research will primarily capture data at the IPC level.

Research Methodology

Data collection will be conducted through two research methodologies: a literature review, and interviews. The literature review will focus on existing writings and guidance applicable to the IMPAC process within the Air Force, as well as written guidance by commercial contractors who are part of the IMPAC process. The goals of the literature review are to understand how the program is designed to operate in theory, and gain an understanding of where procedural deviations occur. The literature review

will also play a pivotal role in determining which aspects of the program need to be examined more closely, as well as provide a foundation for questionnaire development.

Interviews will be the data collection method used with IPCs to determine how well they are able to execute the oversight functions of their programs and the impediments they face when doing so. The goal of the interviews is not to document specific IMPAC program management problems at any one location. Rather, it is to determine how well IPCs, and their staffs, are able to manage their account bases. Special attention will be paid to how they disseminate information to their AOs and cardholders, how they manage their accounts on a daily basis, and how they conduct surveillance over their programs. A motivation behind conducting interviews with the IPCs, instead of using surveys, is to establish a rapport with them in order to facilitate obtaining personal insight that may contribute to providing recommendations for program improvement.

Research Limitations/Applicability

This research will focus on the execution of IMPAC programs at wing-level CONUS Air Force bases. It is expected that the results of this research effort will be applicable, at least in part, to all CONUS Air Force bases that maintain IMPAC programs. Conclusions drawn from collected data may not be applicable to organizations with unique micropurchase requirements, but the interview process will attempt to capture information that can be used by the greatest number of IMPAC program participants possible.

Research Contributions

The intent of this research is to provide a practical assessment of the training and oversight functions of the Air Force IMPAC program. The results of this research will help policy makers to gain an understanding of how well the program is being managed and operated.

Another predicted product of this research is a list of specific recommendations on how to structure and conduct training of IMPAC program participants. As the Air Force IMPAC program continues to grow and operate as a decentralized program, participants must understand their responsibilities and limitations while still being able to enjoy the flexibility the IMPAC provides.

As the Air Force IMPAC program continues to grow, its possibilities as a procurement and payment vehicle become more visible. With the IMPAC program now well established at many CONUS Air Force installations, emphasis on the IMPAC's potential is shifting from procuring micropurchase items, to larger, more unconventional uses of the IMPAC such as use as a payment vehicle on major acquisition contracts (Durant and Speer, 1999:9). Although such initiatives can be viewed as the next logical step in exploring the IMPAC's evolution, the operation of the program in its current form still deserves careful observation; particularly at the operational level where so many transactions are executed.

Summary

This research will provide Air Force policy makers with information on the training and oversight functions of the IMPAC program, and the problems faced by program participants tasked to execute these functions. This chapter started by providing some background on the IMPAC program describing its growth into a \$1B program in the Air Force. Next, it addressed some of the specific problems of the program uncovered by AFAA audits, providing justification for research in this arena. Finally, it addressed the specific issues to be explored during this research, the methodology to be used when collecting data, and possible contributions this research will make to the Air Force.

II. Literature Review

Introduction

This chapter presents a literature-based foundation for understanding the Air Force's IMPAC program's operation. It focuses on the execution of IMPAC purchases, administration of the program at the point where funds are expended, and how expenditures are documented, monitored, and controlled.

First, a brief history of the IMPAC program is provided along with support of the benefits of the program. Next, the structure within which the IMPAC program operates in the Air Force, and the general responsibilities of key participants, is explored. The third part of this review outlines how the IMPAC purchase process is supposed to operate in theory. The next section documents written guidance applicable to the IMPAC process that affects program administration and purchase execution. The fifth section explores the responsibilities of the IMPAC program participants charged with training and program oversight. Finally, the key findings from numerous AFAA audits are presented, contrasting the theoretical operation of the IMPAC program versus the actual, AFAA-documented operation.

IMPAC Program History

The IMPAC is the Air Force component of a Government-wide commercial credit card program developed to facilitate the procurement of commodities and services priced under \$2,500 (DoD IG 99-129, 1999:1). The Federal Acquisition Streamlining Act (FASA) of 1994 established the \$2,500 micropurchase threshold, and section 1(f) of

Executive Order 12931, issued 13 October 1994 by President Clinton, directed heads of agencies involved in the procurement of supplies and services to:

Expand the use of the Government purchase card by the agency and take maximum advantage of the micro-purchase authority provided in the Federal Acquisition Streamlining Act of 1994 by delegating the authority, to the maximum extent practicable, to the offices that will be using the supplies or services to be purchased (Clinton, 1994).

In 1994 and 1995 interim rules governing the use of the Government purchase cards were incorporated into the FAR, and on 10 January 1995 the Air Force issued internal procedures designed to provide guidance on how to use the IMPAC within the Air Force (DoD IG 99-129, 1999:1; AFAA 96064011, 1997:1).

In addition to affording organizations greater procurement flexibility, the implementation of the IMPAC program has also eased the administrative burdens associated with the processing of purchase orders by local procurement activities and reduced the number of invoices that the Defense Finance and Accounting Service (DFAS) is required to pay (DoD IG 99-129, 1999:1). Furthermore, a 1997 study conducted by the Air Force Logistics Management Agency (AFLMA) found that the total cost of processing procurements with the IMPAC to be \$67.07 per transaction versus a cost of \$82.12 when using traditional small purchase techniques (Perry, 1997:1).

Air Force IMPAC Program Structure

The United States Air Force Internal Procedures for Using the International Merchant Purchase Authorization Card (IMPAC) describes the responsibilities of the IMPAC program participants (IMPAC Internal Procedures 1997: section 5.1). The key

participants in the Air Force IMPAC program are: SAF/AQCO, Major Command Program Coordinators (MAJCOM PCs), installation commanders, Servicing Contracting Officers (SCOs), IPCs, AOs, and cardholders. Their general responsibilities, within the scope of the IMPAC program, are explored below.

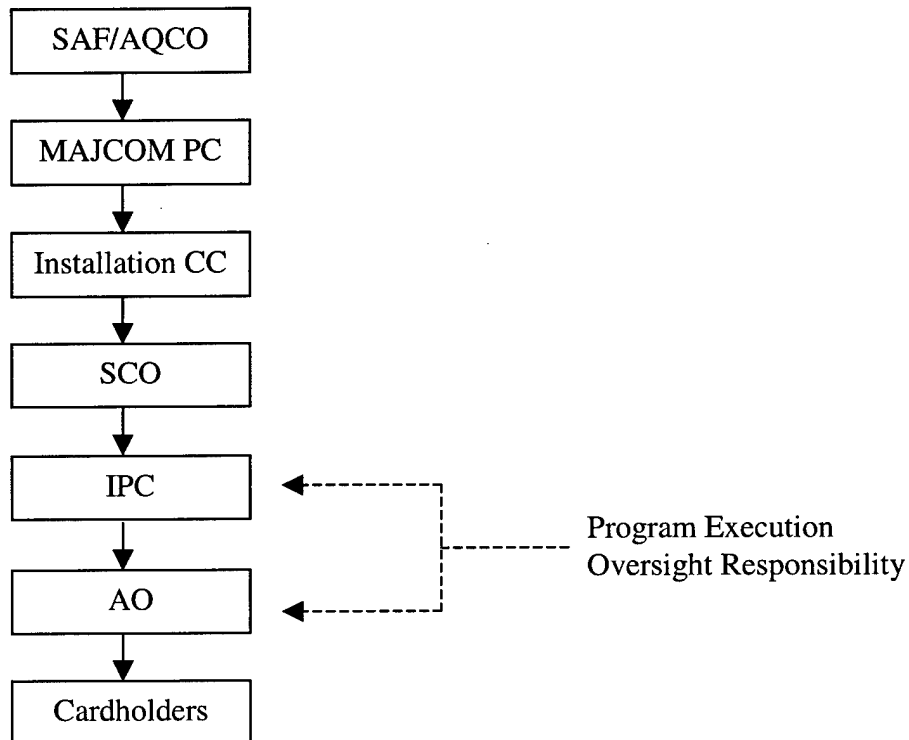


Figure 1: Air Force IMPAC Program Structure (AF IMPAC Internal Procedures, 1997)

SAF/AQCO. At the Air Force level, SAF/AQCO is designated the Agency Program Coordinator (APC). His general responsibilities include:

- Administering the IMPAC program within the Air Force
- Establishing IMPAC policies and guidelines for Air Force implementation

- Acting as a liaison between the Air Force and external agencies with regard to IMPAC issues
- Providing information to IMPAC program participants (IMPAC Internal Procedures 1997: section 5.1.2).

MAJCOM PC. Beneath the APC in the IMPAC program administration process lie the MAJCOM PCs. Each MAJCOM must appoint a command-level IMPAC PC. A primary responsibility of the MAJCOM PC is to act as a liaison between SAF/AQCO and the installation-level PCs (IMPAC Internal Procedures 1997: section 5.2.1).

Installation Commander. The installation commander, at locations with IMPAC capabilities, has the overall responsibility for operation of the IMPAC program at his installation (IMPAC Internal Procedures 1997: section 5.3.1). The installation commander has the authority to discipline cardholders that abuse or violate program procedures, as well as terminate individual IMPAC cardholder privileges.

Servicing Contracting Officer. Once granted authority from the MAJCOM level, the SCO has the authority to delegate micropurchase authority to IMPAC cardholders. This is accomplished via a delegation letter provided to the cardholder after successful completion of initial IMPAC training. The SCO also assigns the responsibility of conducting the daily administration of the IMPAC program to an IPC.

Installation Program Coordinator. General responsibilities of the IPC include: acting as a liaison between the installation IMPAC account base and the servicing bank, establishing individual IMPAC accounts, and maintaining a current listing of all AOs and cardholders under his jurisdiction. Another key area of responsibility for IPCs involves

training AOs and cardholders. After training AOs and cardholders, the IPC then assumes the responsibility of conducting surveillance of their accounts and identifying violations of proper procedures (IMPAC Internal Procedures 1997: section 5.3.3). The training and oversight responsibilities of IPC are described in more detail later in the chapter.

Approving Official (AO). The AO oversees IMPAC purchase transactions by IMPAC cardholders. The AO must be in the cardholder's chain of command, cannot be a cardholder himself, and cannot be the AO for his immediate supervisor. General responsibilities of the AO include: recommending dollar limits to the IPC for individual cardholders, ensuring cardholders don't exceed established purchase limits, reconciling cardholder statements, and reporting the loss or theft of cards to the IPC. The AO also has responsibility of making sure cardholder transactions are appropriate and executed in accordance with established procedures (IMPAC Internal Procedures 1997: section 5.3.4). The administrative and oversight responsibilities of AO are described in more detail later in the chapter.

Cardholder (CH). Cardholders represent the final link in the Air Force IMPAC program structure. Cardholders actually execute IMPAC transactions. The numerous sources of written guidance that govern cardholder conduct under the IMPAC program are explored later in the chapter.

IMPAC Purchase Process

After successfully completing initial IMPAC training from the local IPC and receiving their cards, cardholders can execute IMPAC transactions. Appendix B flowcharts a

typical IMPAC purchase of a commodity item, priced under \$2,500, of a type not previously purchased by the using organization, and requiring no special clearances by other base agencies.

Appendix B is provided to show how relatively straightforward the IMPAC purchase process can be in some instances. Not identified in Appendix B are numerous other policies, provisions of Air Force Instructions, regulations, procedures, directives, and memorandums that impact the IMPAC purchase process. Depending upon what goods or services are being acquired, and their price, the process can become much more complicated. The following section explores some of the additional factors that cardholders must take into account when making IMPAC purchases.

Additional IMPAC Purchase Considerations

Contributing to the complexity of the purchase process is guidance contained in other documents applicable to the program that outline procedures for specific purchases. There are many regulations, directives, and instructions that govern IMPAC program participants' procurement and professional conduct. Additional guidance applicable to the program is presented below.

General Cardholder Responsibilities. As noted in chapter 1, "All acquisition, supply, and finance regulations apply to IMPAC purchases" (IMPAC Internal Procedures 1997: section 5.3.5.3.1). Additional requirements that cardholders must comply with, include:

- Documenting all IMPAC purchases

- Ensuring funds are available before making purchases
- Engaging only in firm-fixed price transactions
- Ensuring the desired supply or service is not available through a mandatory source before executing any transaction with a commercial vendor
- Rotating sources
- Determining price reasonableness
- Verifying that goods and services are provided in accordance with the vendor agreement (written or verbal)

Pre-Purchase Authorizations. Some IMPAC purchases must be approved by an external organization prior to execution. Table 1 below provides a list of such purchases.

Table 1. IMPAC Purchases Requiring Authorization

Purchase	Authorization Required By:	Reference
Hazardous and potentially materials	Base bioenvironmental engineer and HAZMART	3.2.1
Communications and computer equipment	Installation communications unit	3.2.2
Telephone instruments and expansion plug-in cards	Installation communications unit	3.2.3
Medical items	Base Medical Logistics Officer	3.2.4
Paid advertisements	Wing Commander, or head of contracting agency	3.2.5
Visual information, electronic digital imaging and video equipment and services	Host Base Visual Information Multimedia Manager	3.2.6
Supplies purchased with RSD, SSD, or GSD obligation authority for resale	AF/ILSP, after coordination with DFAS/AN	3.2.7
Rental/lease of motor vehicles	Chief of Transportation	3.2.8

Rental/lease of materials handling equipment or aircraft support equipment	Appropriate Group/Deployed Commander	3.2.8.1
Centrally managed items related to weapons systems	IMM or Chief of Supply	3.2.9
Non-expendable budget code equipment and supplies	Local equipment monitor	3.2.10
Repair services	Base Contracting Office	3.2.11
Ozone depleting substances	Ref. HQ USAF/CVA memorandum dated 14 Jul 93	3.2.12
Construction services up to \$2,000	Base Civil Engineer	3.2.13
Civil engineering material and real property (installed equipment)	Base Civil Engineer	3.2.14
Professional services	Local contracting office	3.2.16

Source: IMPAC Internal Procedures 1997: section 3.2

Unauthorized IMPAC Transactions. The list below outlines procurement actions that constitute unauthorized use of the IMPAC (IMPAC Internal Procedures 1997: section 3.3).

- Cash advances
- Travel related purchases (with exceptions)
- Rentals or leases of land or buildings exceeding 30 days
- Purchase of aviation, diesel, or gasoline fuel or oil for aircraft and motorized vehicles (with exceptions)
- Repair of leased vehicles when the lease provides for service/maintenance
- Purchase of major telecommunications services systems
- Purchase of hazardous/dangerous items

- Purchase of janitorial, yard and maintenance services already covered under an existing contract (except in emergency situations)
- Purchase of repair services already covered under contract (except in emergency situations)
- Purchase of printing or copying services from commercial sources
- Purchase of personal services
- Purchase of classified and sensitive items
- Purchase of construction services exceeding \$2,000
- Purchase of Moral Welfare and Recreation (MWR) items
- Purchase of Individual Equipment and Organizational Clothing

Additional Procurement Guidance. In addition to the procurement requirements and restrictions noted above, cardholders are obliged to comply with written guidance that applies in general to all IMPAC purchases, and further guidance that takes effect when purchasing specific goods and services. Table 2 below outlines sources of guidance that cardholders must comply with in addition to the USAF Internal Procedures for Using the International Merchant Purchase Authorization Card (IMPAC):

Table 2. Additional IMPAC Purchase Guidance

Source	Applicable to:	Reference
FAR Part 13	All IMPAC purchases	FAR 13.003; AFAA EO000062, 2000:5
FAR Part 8	All IMPAC purchases	FAR 8.704
<u>AFI 33-103, Communications and Information: Requirements Development and Processing</u>	Communications and computer equipment and software, telephone instruments and expansion plug-in card purchases	AFI 33-103, 1999:3; IMPAC Internal Procedures; 1997: section 3.2

<u>DoD Directive 5500.7: Standards of Conduct</u>	All IMPAC purchases	DoD Directive 5500.7; 1993:2; IMPAC Internal Procedures; 1997: Exhibit 4
<u>DoD 7000.14-R, Financial Management Regulation: Contract Payment Policy and Procedures, Vol. 10</u>	All IMPAC purchases	AFAA EO000062, 2000:5
<u>AFI 65-601, Volume 1, Financial Management: Budget and Guidance Procedures</u>	All IMPAC purchases	AFI 65-601, Volume 1, 1994:21; AFAA EO000062, 2000:5
<u>DoD Directive 5500.7-R: Joint Ethics Regulation</u>	All IMPAC purchases	IMPAC Internal Procedures; 1997: Exhibit 4
<u>AFI 65-106, Financial Management: Appropriated Fund Support of Morale, Welfare, and Recreation and Nonappropriated Fund Instrumentalities</u>	MWR-related purchases	AFI 65-106, 1994:5
<u>AFI 24-301, Transportation: Vehicle Operations</u>	Rental/lease of motor vehicles	AFI 24-301, 1998:42; IMPAC Internal Procedures; 1997: section 3.2

Training and Program Oversight

IPCs and AOs are the parties in the IMPAC program tasked to implement and execute aggressive cardholder training programs, disseminate information to cardholders, and ensure that cardholders do not abuse the card. Their oversight responsibilities are expanded upon below.

Training. IPCs are charged with the responsibility to train AOs and cardholders. Cardholders must complete IMPAC training before receiving their cards. Current written guidance recommends that new cardholders receive a minimum of four hours of training before receiving their cards (IMPAC Internal Procedures 1997: section 5.3.3.3.1). The

USAF Internal Procedures for Using the International Merchant Purchase Authorization

Card (IMPAC) lists twenty required training areas that IPCs must cover during their training sessions (IMPAC Internal Procedures 1997: section 5.3.3.3.2). Many of the training areas listed are broad, and include:

- USAF Internal Procedures for Using the International Merchant Purchase Authorization Card (IMPAC)
- Cardholder and AO guides provided by the commercial banks involved with the IMPAC program
- Funding document maintenance, account certification, and billing procedures
- Federal, defense, and departmental acquisition regulations, policies, and procedures
- Ethics training for cardholders and AOs not employed in contracting and procurement (at the discretion of the local IPC)

After completing their initial training new cardholders must sign a statement of training verifying that:

- They have received IMPAC training
- They have been provided IMPAC training materials for future reference
- They understand penalties associated with misuse of the IMPAC (IMPAC Internal Procedures 1997: section 5.3.3.3.1)

Program Oversight. Once cardholders have received their cards and their accounts are activated, the local IPC and AOs assume the responsibility of monitoring cardholder transactions. IPCs are to conduct surveillance on each cardholder account under their jurisdiction at least annually, and new cardholders should be randomly inspected by the IPC within three months of receiving their cards. The USAF Internal Procedures for Using the International Merchant Purchase Authorization Card (IMPAC) provides a

sample surveillance checklist for IPCs to use when inspecting cardholder accounts. IPCs are to conduct random inspections of accounts of cardholders who execute more than fifty transactions annually, in addition to the annual inspection all cardholder accounts receive. IPCs are allowed to extend annual inspections to 18 months for cardholders who demonstrate exceptional performance in carrying out their IMPAC-related duties, but current program guidance does not provide specific criteria of what constitutes such performance (IMPAC Internal Procedures 1997: section 5.3.3.6).

AOs contribute to program oversight by nature of their position. They cannot be cardholders themselves and must be in the same chain of command as the cardholders whose transactions they approve. AOs are responsible for ensuring that accounts are administered and purchases are executed in accordance with established procedures. Furthermore, AOs are tasked with the broad responsibility of ensuring that cardholder transactions are appropriate, given the duties of the cardholder and the mission of the unit (IMPAC Internal Procedures 1997: section 5.3.4.2).

Documented IMPAC Program Execution

Due to all the guidance applicable to the administration and execution of the Air Force's IMPAC program it may be difficult for cardholders to comply with all of the official directives that affect their procurement activities. The DoD Joint Ethics

Regulation states:

DoD employees shall become familiar with the scope of and authority for the official activities for which they are responsible. Sound judgment must be exercised. All DoD employees must be prepared to account fully for the manner in which that judgment has been exercised (DoDD 5500.7-R; section 1-300(d))

The USAF Internal Procedures for Using the International Merchant Purchase

Authorization Card (IMPAC) states that the parties with administrative control over Air Force IMPAC operations “will not establish supplemental procedures which add tasks to cardholders or approving officials without approval of [SAF/AQCO]” (IMPAC Internal Procedures 1997: section 5.2.3). Even without the imposition of supplemental procedures at levels below the SAF/AQCO level, failure to comply with established procurement procedures within the Air Force’s IMPAC program is well documented. Appendix C summarizes the findings of numerous AFAA audits of IMPAC programs released in FY 1999 and 2000. As noted in chapter 1, the need to implement an “aggressive cardholder training program and an appropriate means to ensure cardholders do not misuse the card” (Fogleman, 1997) becomes more apparent after reviewing the IMPAC audit findings presented in Appendix C.

Summary

This literature review explored the structure of the IMPAC program in the Air Force. A brief history of the IMPAC program was provided with general support of the program’s benefits. The key participants in the IMPAC purchase and oversight processes were identified and their roles were defined. Next, the IMPAC purchase was demonstrated within the context of a simple, straightforward transaction. After establishing a baseline for understanding a simple IMPAC purchase, additional process constraints were identified. Next, the oversight responsibilities of the IPCs and AOs

were described. Finally, theoretical IMPAC program execution was contrasted against AFAA-documented performance and discrepancies were noted in Appendix C.

III. Methodology

Introduction

This chapter describes the techniques used to probe the health of the Air Force's IMPAC program's training and oversight functions. The established, written procedures that govern the program's structure and operation serve as the baseline from which the program's condition is assessed. The AFAA audits findings presented in Appendix C, and referenced in chapters one and two, support the hypothesis that actual program execution does in fact deviate from theoretical execution. Execution of the methodology described in this chapter highlights problems in the program's training and oversight functions that ultimately lead to unauthorized, improper, inefficient, and ineffective procurement by cardholders.

The chapter starts with an overview of the research design used to collect the desired data and information. The next section covers the specific data and information collection procedures used in this study. The third section describes how interview questions used in this study were formulated. Finally, the chapter concludes with a summary of how the collected data and information is organized and analyzed in order to produce meaningful output.

Research Design

"Research design is the plan and structure of investigation so conceived as to obtain answers to research questions" (Emory and Cooper, 1991:138). This research is both descriptive and exploratory in nature. It's descriptive in that it documents the deviation

of actual program execution from its theoretical design. It's exploratory in that it probes IMPAC program participants to provide insight on why this deviation occurs.

Descriptive Research. "The objective in a descriptive study is to learn the who, what, when, where, and how of a topic" (Emory and Cooper, 1991:148). The descriptive aspect of this research consists of identifying IMPAC program problems and categorizing them in a way that provides a format for establishing common themes that occur across IMPAC programs at different locations. Specifically, this research seeks to identify and document conditions that allow improper IMPAC purchases to be made.

It is clear from the review of the AFAA audits presented in Appendix C that problems do exist in the execution of the Air Force's IMPAC program. The scope of those problems cannot always be ascertained from the audits themselves. For instance, in AFAA audit report WS099001, the auditors noted that "Personnel other than the cardholder signed credit card slips and invoices" (AFAA WS099001, 1999:7). The auditors do not document how many times this occurred but add, "This is a serious violation of IMPAC procedures as the cardholder is the only person authorized to purchase goods in services" (AFAA WS099001, 1999:7). Sample sizes are normally disclosed in the AFAA audit reports presented in Appendix C although the size of the population from which they are taken is not always noted. This makes it difficult to formulate a theory on how widespread uncovered problems may be across the entire AF IMPAC program. Although the scope of specific problems may be difficult to ascertain, the fact that they do exist is well documented.

Exploratory Research. Exploratory studies are necessary when the researcher lacks “a clear idea of the problems that they will meet in the course of the study” (Emory and Cooper, 1991:144). The exploratory component of this research attempts to understand why IMPAC problems exist. Once the conditions that allow them to exist are clearly identified, recommendations can be made on how to improve IMPAC program management in order to prevent future occurrences.

It is necessary to conduct exploratory research in this study because of the uncertainty of what will be uncovered during the data collection process. The exploratory component of this effort is most appropriately aligned with the interviews of the IPCs. It is important to hear their concerns on the program’s operation in order to achieve the research objective of providing recommendations for program improvement. Presenting them with open-ended questions, and allowing them to contribute their opinions on why the program is experiencing problems, facilitates achieving this objective. Another objective of this research is to look beyond broad classifications of problems, such as inadequate training and poor surveillance, and determine their root causes and common characteristics.

Data Collection Procedures

Data will be gathered from IPCs via interviews. All interviews will be conducted in accordance with AFI 36-2601, Personnel: Air Force Personnel Survey Program and local Air Force Institute of Technology (AFIT) procedures. Participants will be reminded that their identities will not be disclosed and that their responses will not be incorporated into

this research in such a way that allows tracking back to the source. Subjects will be selected from locations whose IMPAC programs have undergone an AFAA audit within the last two years. Ten programs will be subjectively selected from the list of twenty-five IMPAC programs identified in Appendix C for analysis. Bases with more frequent severe audit findings will be selected before bases with fewer problems. It is not necessary to have a large sample of IPCs selected because of the exploratory, qualitative nature of the IPC portion of this research. In the case that a selected IPC does not want to participate in this study, another will be selected from the remaining pool.

The first step in the process is to contact IPCs, inform them of the objectives of this research, and ask for their assistance. A primary reason for contacting IPCs directly, as noted in chapter 1, is to establish a rapport with them in order to facilitate the flow of information. After asking them questions about their specific program's procedures, the nature of the research questions will shift to uncovering their opinions on how the Air Force IMPAC program can be improved.

The data collection process will not begin during the first encounter with IPCs. They will simply be informed of the nature of the study and asked if they wish to participate. IPCs who agree to participate will be then be e-mailed a list of the questions to be covered during the interview. After receiving and reviewing the interview questions some IPCs will not want to participate in the study. Precautionary steps taken to preclude such incidents include: personalization of the first e-mail message to IPCs containing the interview questions, as well as careful construction of interview questions to maximize salience. Although the personalization technique and the salience concept are more

closely aligned with survey research, they are applicable to this aspect of the research and will be implemented (Roth and BeVier, 1998:98). The personalization concept supports the goal of establishing a positive rapport with the IPCs. The salience concept supports the goal of receiving straightforward feedback on the IMPAC program's problems and IPCs' opinions on how these problems should be addressed. Questionnaire development is covered more thoroughly in the next section of this chapter.

Question Formulation

Question formulation, refinement, and implementation is facilitated by the construction of the research traceability matrix, presented in Appendix E (Memminger and Wrona, 1999:118-122). This format shows the connection between the established research objectives of this study and the interview and survey questions that are ultimately presented to IPCs. A graphical representation of the question refinement process inherent in constructing the research traceability matrix for this study is shown in Figure 2 below.

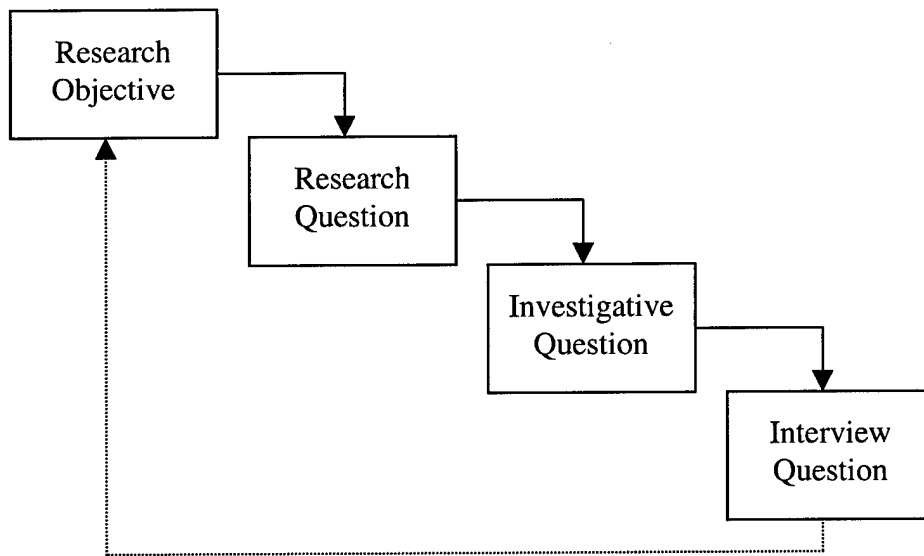


Figure 2: Graphical Representation of Research Traceability Matrix Logic Flow

Interview Questions. The interview process encompasses descriptive as well as exploratory research designs. The parts of the interview that lend themselves to descriptive research center on querying IPCs on the actions they take when managing their account bases. The goal of the interviews is not to ascertain how well IPCs they are doing their jobs, but to determine what impediments they face in carrying out their assigned duties. In accordance with AFI 36-2601, Personnel: Air Force Personnel Survey Program, IPCs will not be administered a skill or knowledge assessment. The fact that problems exist in the AF IMPAC program at the IPC level is well documented. IPCs will be asked questions germane to those areas to see if they also experience them.

The exploratory part of the interview process entails asking IPCs about how the IMPAC program could be improved. They will be asked open-ended questions in order to facilitate thoughtful responses, but questions will be focused on a specific area of the

IMPAC program (i.e. training, volume of applicable guidance, program oversight, etc.). It is expected that IPCs' responses to exploratory questions will incorporate their subjective opinions, but they will be asked to provide as much support for their responses as possible. Their thoroughness of their responses should positively contribute to achieving the research objective to provide recommendations for program improvement.

Analysis of Collected Information

The primary source of data is the IPC interview responses. The interview results will be analyzed for similarity across responses on subjective aspects of the program, particularly on why purchase execution deviations occur and what can be done to reduce them. IPCs will be contacted over the phone and their responses transcribed onto paper. Answers to straightforward questions regarding aspects of their program such as the number of AOs and cardholders in their account base can be easily and accurately recorded. Answers to open-ended questions requiring subjective assessments by respondents will be recorded on paper ensuring that the spirit of responses is appropriately captured. Interview input, along with the literature review results will assist in achieving established research objectives.

Summary

This chapter described the methodology used to achieve the established research objectives. First, the research designs used in this study were explored. Next, the data collection procedures used to obtain the targeted data and information were described.

The third section covered the development of interview questions and showed how the questions ultimately asked of respondents are linked to research objectives. The chapter concluded with a summary of how the collected data and information is used to support the research objectives.

IV. Results and Analysis

Introduction

This chapter summarizes the findings of this research study. The results of the IPC interviews are presented beneath the research objective heading that each interview question supports. Appendix D lists the interview questions used in the exploratory phase of this research and Appendix E presents the research traceability matrix used to tie interview responses to research objectives.

Research Objective 1

Document impediments that IPCs face in program administration and oversight that negatively affect the IMPAC program's execution.

Table 3 below summarizes the IPC responses that support this research objective.

Table 3. Summary of Interview Responses – Research Objective 1

IPC	Full-Time	Number of CHs (Range)	Number of AOs (Range)	Size of Support Staff	Necessary Manning
000	Y	600-800	200-300	3	Y
001	Y	900-1100	200-300	2	Y
002	Y	300-500	100-200	1	Y
003	Y	500-700	50-100	1	Y
004	Y	200-400	50-100	1	Y
005	Y	200-400	50-100	1	N
006	Y	400-600	50-100	.5	N
007	Y	500-700	200-300	1	N
008	Y	500-700	100-200	0	N
009	Y	900-1000	100-200	0	N

The primary motivation behind asking IPCs about the size of their AO and CH account bases was to establish a standard for comparing IMPAC programs within this research study. It also provided a mechanism by which to establish a rapport with the IPC since such data would most likely be readily available. In every case the IPC had the most recent numbers on the size of their AO and CH account bases. All respondents maintained the information in a spreadsheet or a database.

Every interviewee was a full-time IPC. One of the motivations behind asking this question stemmed from audit results that indicated that at some locations IPC positions were manned part-time by employees who had other responsibilities within the organization. Seven of the IPCs interviewed were civilians who were permanently assigned to the position while military personnel filled the other three positions. One of the military respondents stated that IPCs at his location were assigned for one-year rotations to the position.

The number of IPC support personnel ranged from no additional support beyond the IPC, to three personnel at only one location. The IPC at the location with the largest number of CHs had no support staff. When asked if they felt that they had the manning necessary successfully administer their program, half of the interviewees indicated that they did not. Many cited limited manning within the organization as a reason why they were not able to acquire additional support. When asked what the most significant impact of insufficient manning was on their ability to administer their program, four of the respondents indicated that it impacted their ability to keep up with the annual inspections of CH accounts mandated by the United States Air Force Internal Procedures

for Using the International Merchant Purchase Authorization Card (IMPAC). Three of the respondents also indicated that inadequate manning impacted their ability to field program-related questions from their AOs and CHs.

Research Objective 2

Determine where in the IMPAC program information flow breaks occur that ultimately contribute to deviations from established procedures.

All of the IPCs interviewed indicated that they used e-mail as the primary method of communicating with their AOs and CHs. Every IPC also had some program-related information posted on a World Wide Web (WWW) site that was available for AOs and CHs to view. But material on these sites was often organized to provide information to the public and not specifically designed for the benefit of the AOs and CHs. The type of information available to the public would include phone numbers of key personnel assigned to the IMPAC program at that location, and in some instances a list of all the IMPAC CHs on base along with their organizational addresses and phone numbers. This facilitated outside agencies' ability to contact CHs directly and solicit business.

One of the IPCs maintained two WWW sites that he used to post program-related information on. The first site was available to both the general public and the IMPAC account base to view, while the second was an intranet site that only people on that installation could access. This IPC posted program-related documents to the intranet site that could be downloaded and used by AOs and CHs. Included on the site were electronic copies of waiver letters CHs needed to complete before making certain

purchases, sample CH account inspection guides, IMPAC CH training dates, and training-related material that newly-appointed CHs were expected to print and bring with them to their initial CH training. The IPC indicated that the intranet site was very successful and facilitated his administration of the program because instead of having to e-mail commonly-used documents to individuals when they called and requested them, he could simply refer the caller to the intranet site and have them download the documents they needed themselves.

In addition to using e-mail and WWW sites, IPCs at select locations used facsimile transmissions and newsletters to communicate with their account bases. One IPC indicated that he used to publish a monthly newsletter, but the time constraints created as a result of the growth of the program prevented him from publishing it anymore.

When asked if they felt their methods of communication with their AOs and CHs was effective, eight of the interviewees indicated that they felt it was. One of the two who did not feel his current method of communication was effective cited constraints placed on him by the local COMM squadron which limited his ability to send blanket e-mails to large groups of individuals on base. He was required to send program-related information to AOs and they would then distribute the information to the CHs under their direction. When asked if he could be sure that the information did ultimately reach the CHs, he indicated that he had no way to be sure that it did. This question was asked to each of the IPCs during the course of the interviews, and although most seemed confident that the information they disseminated via e-mail was reaching the intended recipient, they had no effective method to ensure that the information was actually reviewed.

The other IPC who did not believe his current method of communication was effective indicated that he did not have a well-developed WWW site at his location and felt that an improved WWW site would allow him to provide a central location for AOs and CHs to retrieve commonly used material and instructions.

Research Objective 3

Determine if the IMPAC training process is effective.

Table 4 below summarizes the IPC responses that support this research objective.

Table 4. Summary of Interview Responses – Research Objective 3

IPC	Internal Procedures Sited	AFLMA Disks Used	AOs Attend CH Training	AO Additional Training	IMPAC Abuses Covered
000	N	Y	Y	N	Y
001	N	N	Y	N	Y
002	N	N	Y	N	Y
003	Y	N	Y	Y	Y
004	Y	N	Y	N	Y
005	N	N	Y	N	Y
006	N	N	Y	N	Y
007	Y	N	Y	Y	Y
008	Y	N	Y	Y	Y
009	Y	N	Y	Y	Y

Use of Internal Procedures. Of the ten IPCs interviewed, half did not mention the United States Air Force Internal Procedures for Using the International Merchant Purchase Authorization Card (IMPAC) as a source used when developing their training programs although the document lists twenty required areas that IPCs must cover during their training sessions (IMPAC Internal Procedures 1997: section 5.3.3.3.2). Within this

group of respondents, how each determined what to include in their training sessions varied greatly. One IPC stated that he had no set criteria for determining what to include in his training sessions. When asked further questions on what he covered during the mandatory four hours of training dictated by the United States Air Force Internal Procedures for Using the International Merchant Purchase Authorization Card (IMPAC), he stated that his training program content varied over time and focused on the problems most recently experienced by CHs in the time period leading up to the current training session.

Two of the IPCs who did not site the United States Air Force Internal Procedures for Using the International Merchant Purchase Authorization Card (IMPAC) as a source when developing their training sessions indicated that their CH and AO training sessions consisted primarily of briefings by base personnel indirectly associated with the IMPAC program at that location. Although they did not specifically site the mandatory training areas as a part of their training programs, many of the briefings given by base personnel did cover mandatory training areas.

The fourth IPC who did not site the United States Air Force Internal Procedures for Using the International Merchant Purchase Authorization Card (IMPAC) as a training program content source stated that his training program content was provided to him by his commander who had worked on IMPAC programs at other locations. The IPC was uncertain as to whether what was included in his training program in its current form was in accordance with what the written guidance mandated.

The fifth IPC stated that he used the AFLMA IMPAC training disks as his primary tool when conducting training sessions. He stated that he had been using the disks for over two years and found them to be very effective. Additional analysis of this respondents interview responses is included in the next section.

AFLMA IMPAC Training Disks. As shown in Table 4, only one of the IPCs interviewed currently uses the disks in his training sessions. Two other IPCs did state that they had used the disks in the past when conducting training, but not now. One of these two did use the disks in a limited capacity. He would provide AOs and CHs who requested additional IMPAC training the disks for them to use as refresher training.

When asked why the disks weren't used, IPCs provided different responses, but one common reason why they were not used stemmed from the fact that the information included in the training was outdated. These respondents felt the program had changed a great deal since the disks were first published and needed to contain more current information before they could be used effectively again. One IPC felt the training sequence on the disks was too long, while another did not use the disks because he felt the information was too generic and did not contribute to the training process at his location.

The IPC who did use the disks noted that the disks needed to be updated, but still used them to provide framework for his training sessions. He stated that he supplemented the information on the disks with additional information as needed and would stop the training session when necessary to note changes in outdated procedures and policies covered on the disks.

AO Training. All AOs at all locations studied in this research were required to attend CH training. Only four locations required AOs to attend any training in addition to the standard CH training. The type of additional training that AOs received varied across programs. At one location, AOs received further training from the local Budget Office. At the other three locations additional AO training was provided by the IPC, but in varying forms. Two IPCs added AO-specific training to the end of the standard CH training sessions, while another forwarded additional AO training material via e-mail.

Identification of Frequent CH Abuses. All of the IPCs interviewed indicated that they made their AOs and CHs aware of the most frequent CH abuses. The method of communication did vary across responses. Some IPCs would identify IMPAC abuses during their training sessions, either by addressing them during their lectures or giving the attendees a written document outlining frequent abuses. Other IPCs periodically forwarded documented abuses to AOs and CHs via e-mail. At one location IMPAC abuses were covered by the IPC in his periodic newsletter.

Research Objective 4

Employ research results to provide recommendations for program improvement.

The three interview questions that supported this research objective were included in the dialogue with the IPCs in order to hear their opinions on what they considered to be the most significant problems within the IMPAC program. After identifying the problem areas, they were then asked why they believed these conditions existed and what could be done about them. They were also asked about what they considered to be the most

challenging aspect of administering their program in order to look for trends across responses.

Problem Areas. Half of the interviewees identified administrative factors as the most significant, recurring IMPAC-related problem they had witnessed. Specifically they noted recurring problems with CHs not documenting purchases in CH logs and not maintaining accurate account balances. When asked why they thought this occurred three stated that they thought CHs simply did not want to take the time to document purchases or they expected their AO to log the purchase after it had been made. One of the IPCs in this group said he believed that CHs did not take the time to adhere to procedures because being a CH was an additional duty that many people did not want and would therefore put minimal effort into the process.

When asked what needed to be done to remedy poor documentation, the most frequent response related to having AOs maintain more effective control over the CHs under their authority. IPCs expressed concerns over AOs not actually approving purchases before they were made, but rather allowing CHs to execute purchases without checking with them first.

Various responses were received from the IPCs who did not site administrative problems as the most significant, recurring problem they had witnessed. One IPC noted problems with CHs requesting their purchase limits be raised to make a specific purchase over \$2,500, and then making additional, unauthorized purchases over the micropurchase threshold. Two other IPCs identified problems with CHs not purchasing from mandatory sources and pre-priced contracts. When asked why they thought this condition existed

they both said that CHs did not want to spend time researching existing sources before executing purchases.

Challenges. Six of the IPCs interviewed identified adhering to surveillance requirements as the greatest challenge they faced. Nearly all cited how time-consuming the inspection process can be. When asked how they would remedy this situation, all responses fell into one of two major categories: loosen surveillance requirements, or increase the IMPAC program's staff at that location.

Research Objective 5

Provide recommendation for future IMPAC-related research.

Table 5 below summarizes the IPC responses that support this research objective.

Table 5. Summary of Interview Responses – Research Objective 5

IPC	Recommended Changes
000	Develop surveillance criteria for AOs
001	None
002	Institute operating instructions clarifying what can and cannot be bought with the IMPAC
003	Raise IMPAC purchase limit to \$25,000
004	Institute standardized training program for IPCs
005	None
006	Increase manning assigned to IMPAC program
007	Increase manning assigned to IMPAC program
008	Institute operating instructions clarifying what can and cannot be bought with the IMPAC
009	Ensure IPC is an experienced contracting professional familiar in order to provide better support to AOs and CHs

As shown in Table 5, responses to questions asked in support of this research objective varied across IPCs. Some of the more thoughtful responses are explored further below.

Development of AO Surveillance Criteria. One IPC felt that standardized surveillance criteria for AOs should be developed in order to facilitate the oversight of their CHs. He cited significant variance between AOs with regard to the effectiveness with which they monitored their CH accounts and believed that a standardized surveillance system, comparable to the surveillance guide included as Exhibit 3 in the United States Air Force Internal Procedures for Using the International Merchant Purchase Authorization Card (IMPAC) for use by IPCs, would facilitate AO management of CH accounts.

Standardized Training for IPCs. One IPC noted that there was no standardized training for IPCs on how to manage IMPAC programs or conduct training. He believed that this was a serious shortcoming of the program and accounted for unnecessary variance between programs at different locations.

Experienced Contracting Professionals as IPCs. The IPC at one location cited numerous instances where his extensive contracting experience facilitated his ability to address problems experienced by CHs. He was very familiar with the various contractual tools available for recurring purchases, such as Blanket Purchase Agreements (BPAs), that could be established to assist CHs when making purchases and would advise them on how to go about establishing them when necessary. He was also knowledgeable of the details of existing contracts within the squadron that CHs could receive quantity discounts on by writing orders against.

Summary

This chapter presented a compilation of the interview data collected during this research effort and grouped it under the research objective it supports. The analysis of the collected information will be used to draw conclusions and development recommendations in the next chapter.

V. Conclusions and Recommendations

Introduction

This chapter presents conclusions and recommendations drawn from the findings presented in the previous chapter. The goals of this chapter are to build upon the reported findings to provide a summary of the conclusions that can be drawn as a result of the research, and provide a list of recommendations on how the IMPAC program can be improved. The foundation for conclusions and recommendations is found in the secondary data collected during the literature review as well as the primary data collected through the execution of the methodology for this study. As in the previous chapter, each research objective is addressed individually. The chapter concludes with a list of possibilities for future research.

Research Objective 1

The first research objective was to determine what types of problems IPCs were experiencing in program administration and oversight that impacted their ability to manage the IMPAC program at their specific location. The most significant finding in this area stemmed from the manning assigned to programs at the various locations studied. As noted in the previous chapter, half of the IPCs interviewed stated that they did not have the manning necessary to successfully administer their programs, and the IPC assigned the largest number of CHs had no support staff at all.

In Installation Report of Audit WS099001, the auditors recommended to the local contracting commander that he request, through his MAJCOM, "a HQ USAF review of

the manpower standard for the IMPAC Program Manager” (AFAA WS099001, 1998:4). They also suggested that “the manpower authorization be reengineered and tied to the number of cardholders and approving officials. The justification should include, but not be limited to, the manpower intensive inspection requirements of the program manager” (AFAA WS099001, 1998:4).

The IPCs interviewed in this study are operating their programs under the same set of guidance and instructions as IPCs across the entire CONUS USAF, so there should not be great discrepancies between programs with regard to regulatory burdens. As noted in Chapter 2, the USAF Internal Procedures for Using the International Merchant Purchase Authorization Card (IMPAC) states that the parties with administrative control over Air Force IMPAC operations “will not establish supplemental procedures which add tasks to cardholders or approving officials without approval of [SAF/AQCO]” (IMPAC Internal Procedures 1997: section 5.2.3). This should facilitate the establishment of a standardized procedure for determining how many IPC support personnel should be assigned to an IMPAC program at any location given the size of the AO and CH base.

Increasing the number of IPC support personnel should facilitate the inspection of accounts. If it is determined that increased manning is not a possible solution, relaxing the inspection requirements may be a way to decrease the administrative burden currently placed on IPCs. Selecting accounts for inspection using random sampling techniques may provide a method for IPCs to effectively inspect their account bases with some measure of reliability.

Research Objective 2

The second research objective was to determine where information flow breaks occur that ultimately contribute to deviations to established procedures. With regard to IPCs' responsibilities to provide AOs and CHs with pertinent program information, eight of the IPCs interviewed felt their methods of communication with their account bases were effective. In spite of this, documented program deviations (presented in Appendix C) are still prevalent. Although the majority of IPCs interviewed seem confident that they are getting pertinent program-related information to their AOs and CHs, they cannot be certain that program participants are actually reviewing the information and adhering to it when providing program oversight at the AO level, or executing transactions at the CH level. If it is assumed that IPCs are distributing program-related information effectively, the break in the information flow must occur at a level below the IPC. At only one location studied was the IPC required to forward information to his AOs to pass on to their respective CHs instead of sending it to CHs directly due to local COMM restraints on sending blanket e-mails. In this instance, the COMM-created constraint could contribute to the loss of information between the IPC and his CHs if the AOs are not getting the information to their CHs.

It is also possible that the causes of problems relating to deviations from established procedures stem not from a lack of knowledge of program specifics on the part of AOs and CHs, but rather on their inability to adhere to known requirements. AOs bear a significant burden to ensure that their CHs execute proper transactions. The focus of this research was at the IPC level. It is possible that the most significant breaks in the

information flow occur at levels below the IPC; most likely between the AOs and the CHs. Further research at levels below the IPC may reveal where the information flow breaks occur, and the significance of such deviations on the operation of the IMPAC program.

Research Objective 3

The third research objective was to determine if the IMPAC training process is effective. The most significant finding in support of this research objective stemmed from the fact that only half of the IPCs interviewed referenced the United States Air Force Internal Procedures for Using the International Merchant Purchase Authorization Card (IMPAC) as a source of material when developing their training programs. The document lists twenty required training areas that IPCs must cover during their training sessions (IMPAC Internal Procedures 1997: section 5.3.3.3.2). Since the AFAA audits presented in Appendix C list program-related problems at all locations, including the ten that were selected for this study, it is not certain whether inadequate IPC training of AOs and CHs contributes to deviations from program requirements. IPCs are afforded some leeway with regard to training program content as long as they cover the mandatory training areas listed in the United States Air Force Internal Procedures for Using the International Merchant Purchase Authorization Card (IMPAC).

Chapter three describes the additional constraints placed upon CHs in addition to those addressed by the United States Air Force Internal Procedures for Using the International Merchant Purchase Authorization Card (IMPAC). These constraints place a

significant burden on AOs and CHs to adhere to guidance not specifically found in the primary document impacting their behavior when executing IMPAC transactions. Researching potentially applicable guidance in each instance that a unique IMPAC transaction is executed detracts from the IMPAC's appeal as a quick, convenient tool by which to acquire goods and services. It may be impracticable to attempt to incorporate all additional guidance found in other applicable documents beyond the United States Air Force Internal Procedures for Using the International Merchant Purchase Authorization Card (IMPAC) into a single document. This noted, it may be beneficial to AOs and CHs to expand the United States Air Force Internal Procedures for Using the International Merchant Purchase Authorization Card (IMPAC) to include information from those external sources of guidance most frequently applicable to IMPAC transactions.

Research Objective 4

The fourth research objective was to employ research result to provide recommendations for program improvement. The following recommendations are derived from the preceding discussion of the first three research objectives as well as additional information taken from the interviewees in direct support of this research objective.

***Recommendation 1.** Implement a standardized system for determining adequate IMPAC IPC support staff size based upon the size of the account base.* The discussion of the first research objective in this chapter noted the fact that half of the IPCs interviewed felt they did not have the manning necessary to successfully administer their programs.

Installation Report of Audit WS099001 included a recommendation from the auditor that IPC staff manning be related to the IMPAC account base size at given locations (AFAA WS099001, 1998:4).

The implementation of such a system should not be significantly impacted by unique or unusual procurement activities at most locations since current IMPAC program guidance prohibits the imposition of additional constraints without the highest levels of approval. This system would ensure that IPCs are sufficiently manned to complete the labor-intensive administrative and surveillance requirements that the current program guidance mandates they comply with.

Recommendation 2. *Incorporate the most frequently referenced IMPAC-related information applicable to the program into a single source of guidance.* The discussion of the third research objective in this section, as well as the information presented in Chapter two of this research, noted the significant volume of information impacting CH purchases that is not in the primary source of program guidance. Consolidation of this information should facilitate the CHs' ability to reference a single source when seeking direction on the appropriateness of a purchase, or on the required steps to be taken before a specific purchase can be executed.

Recommendation 3. *Develop surveillance criteria for AOs.* Development of such criteria would provide AOs with an established standard against which to measure their CHs' performance. This plan could also include suggestions to AOs on how manage the CH accounts assigned to them, to include standardized account oversight procedures and

documents to log purchases and assess CH transactions. Such a standardized system would also facilitate IPCs' annual inspections of CH accounts.

The development of effective surveillance criteria for AOs would allow them to have a standardized method of monitoring the activities of the CHs assigned to them. It should be constructed in such a way to ensure that it is relatively simple and straightforward to use, but still provides effective oversight of CH transactions. The establishment of such a system may help to alleviate some the apprehensions associated with taking on this additional duty if it simplifies and streamlines AOs' activities.

Research Objective 5

The fifth research objective was to provide recommendations for future IMPAC-related research. These recommendations stem from the specific findings uncovered during this research, as well as those discovered during the course of the literature review.

Recommendation 1. Explore the feasibility of linking the size of the IPC staff at a given location to the size of the account base at that location.

Recommendation 2. Explore the feasibility of incorporating the most frequently referenced IMPAC-related information into a single source of guidance.

Recommendation 3. Explore the possibility of providing IPCs with standardized training to enhance their ability to manage the IMPAC program at their location.

Recommendation 4. Examine the potential use of the IMPAC as a payment vehicle on major weapons contracts.

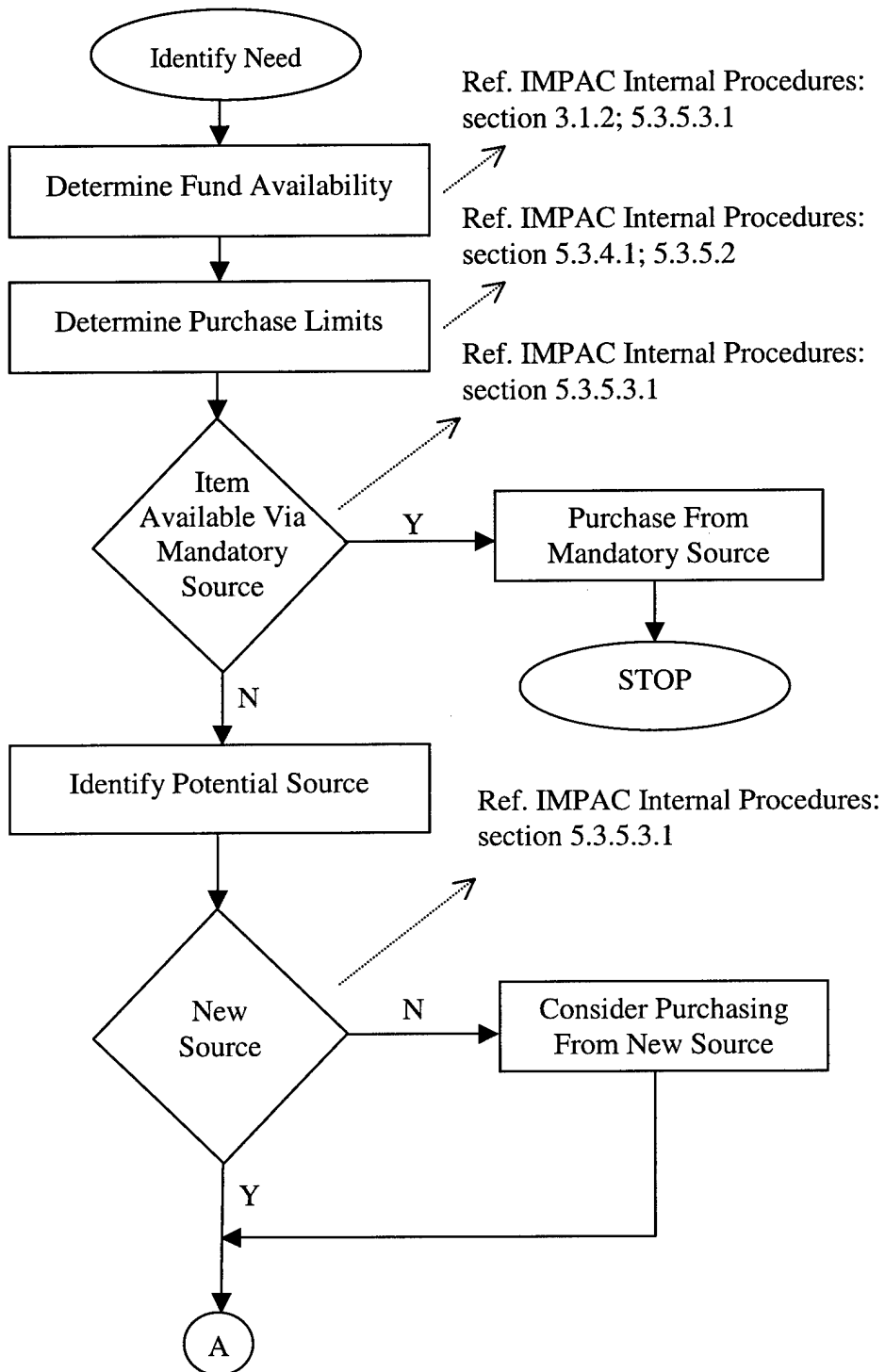
Summary

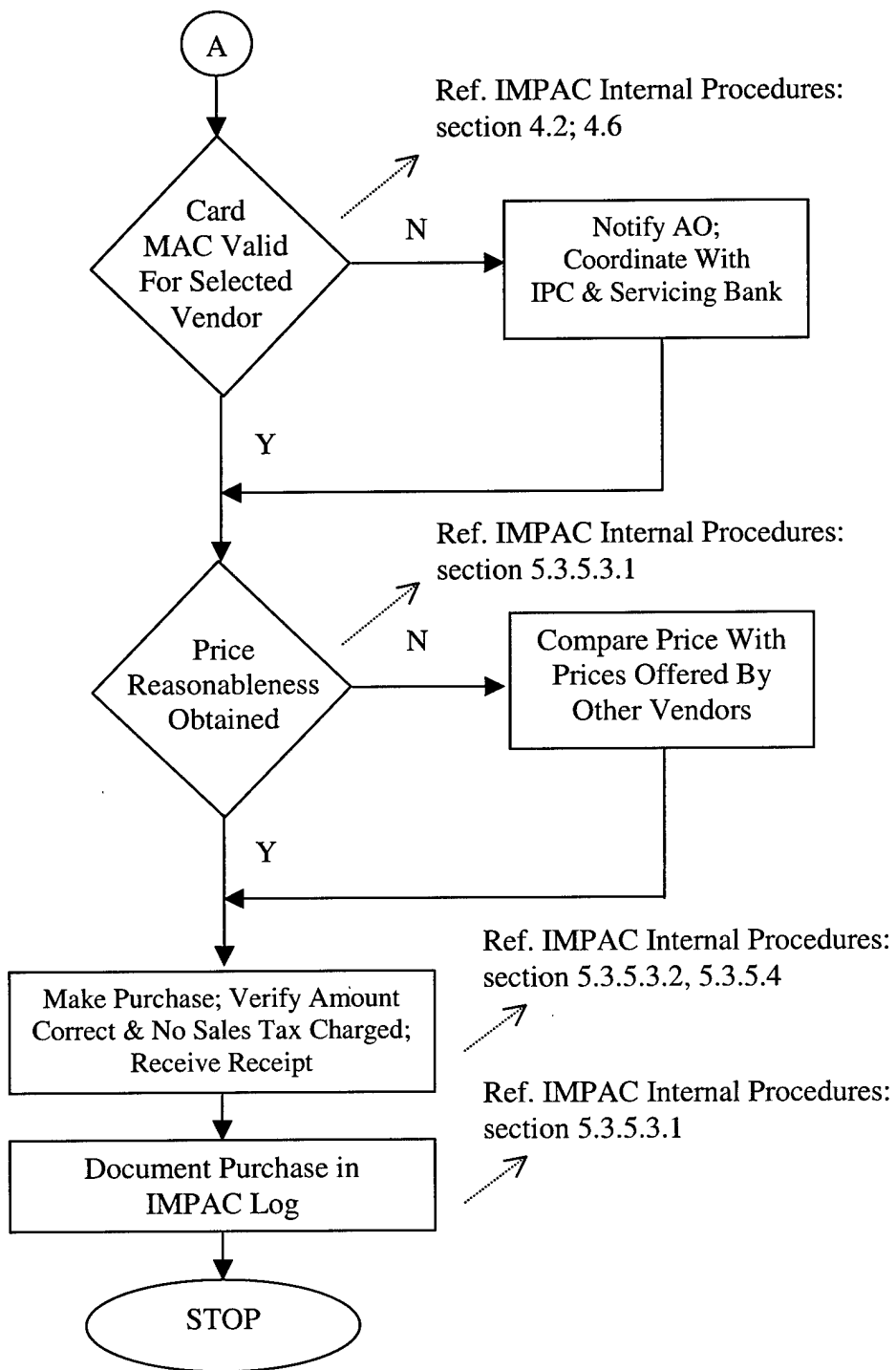
This chapter presented conclusions and recommendations drawn from the findings presented in the previous chapter. It provided a summary of the conclusions drawn from the methodology executed for this research, presented recommendations for program improvement, and provided recommendations for future IMPAC-related research.

Appendix A: List of Acronyms

AFAA	Air Force Audit Agency
AFLMA	Air Force Logistics Management Agency
AO	Approving Official
APC	Agency Program Coordinator
BPA	Blanket Purchase Agreement
CH	Cardholder
COMM	Communications Squadron
FAR	Federal Acquisition Regulation
GSD	General Support Division
IMM	Integrated Material Manager
IMPAC	International Merchant Purchase Authorization Card
IPC	Installation Program Coordinator
MAC	Merchant Activity Code
MAJCOM	Major Command
PC	Program Coordinator
RSD	Reparable Support Division
SCO	Servicing Contracting Officer
SSD	Systems Support Division
USAF	United States Air Force
WWW	World Wide Web

Appendix B: IMPAC Purchase Execution Flowchart





Appendix C – AFAA IMPAC Audit Summary

Location	Date	Audit #	Summary of Significant Findings
27th Fighter Wing Cannon AFB, NM	21 Oct 98	WR099002	<ul style="list-style-type: none"> • IPC failed to conduct annual inspection of IMPAC accounts • CHs spilt requirements to circumvent micropurchase threshold • CHs did not document IMPAC purchases • CHs did not maximize use of the IMPAC
20th Fighter Wing Shaw AFB, SC	23 Oct 98	EL099009	<ul style="list-style-type: none"> • IPC failed to provide cardholder training to 183 AOs • IPC failed to provide cardholder training to 453 CHs • Individual CH transactions exceeded micropurchase threshold • CHs did not retain IMPAC purchase documentation • CHs spilt requirements to circumvent micropurchase threshold • AO failed to properly approve transactions • CHs failed to coordinate with COMM on computer hardware and software purchases • 9 CH accounts improperly assigned "000" MAC
49th Fighter Wing Holloman AFB, NM	10 Nov 98	WN099004	<ul style="list-style-type: none"> • CHs spilt requirements to circumvent micropurchase threshold • Personnel other than cardholder signed receipts and invoices • CHs failed to coordinate with COMM on software purchases • 57 of 751 CH accounts improperly assigned "000" MAC • IPC failed to conduct annual inspection of IMPAC accounts • IPC failed to conduct surveillance of new accounts
118th Airlift Wing Nashville, TN	17 Nov 98	EB099011	<ul style="list-style-type: none"> • IPC failed to conduct annual inspection of IMPAC accounts • CHs purchased HAZMAT without HAZMART coordination • CHs did not retain IMPAC purchase documentation • AOs did not verify funding was available before authorizing purchases

Oklahoma City Air Logistics Center, OK	14 Dec 98	DT099007	<ul style="list-style-type: none"> • CHs spilt requirements to circumvent micropurchase threshold • CHs failed to coordinate with COMM on telecommunications equipment, computer, and audiovisual purchases • CH files did not contain required IMPAC documentation • IPC failed to conduct annual inspection of IMPAC accounts • No IPC account surveillance conducted since February 1997 • 9 of 59 Master Account files listed improper AO • 5 CH accounts improperly assigned "000" MAC • CHs spilt requirements to circumvent micropurchase threshold • CHs failed to coordinate with COMM on telecommunications equipment purchases • CHs did not retain IMPAC purchase documentation • AOs failed to document reviews of assigned accounts • CHs did not retain IMPAC purchase documentation • CHs inappropriately paid for shipping • IPC failed to conduct annual inspection of 22% of randomly sampled accounts
97th Air Mobility Wing Altus AFB, OK	20 Jan 99	WS099018	<ul style="list-style-type: none"> • CHs did not retain IMPAC purchase documentation • AOs failed to document reviews of assigned accounts • CHs did not retain IMPAC purchase documentation • CHs inappropriately paid for shipping • IPC failed to conduct annual inspection of 22% of randomly sampled accounts
72nd Air Base Wing Tinker AFB, OK	21 Jan 99	DT099008	<ul style="list-style-type: none"> • CHs did not retain IMPAC purchase documentation • AOs failed to document reviews of assigned accounts • CHs did not retain IMPAC purchase documentation • CHs inappropriately paid for shipping • IPC failed to conduct annual inspection of 22% of randomly sampled accounts
355th Wing Davis-Monthan AFB, AZ	05 Feb 99	WN099018	<ul style="list-style-type: none"> • CHs did not retain IMPAC purchase documentation • AOs failed to document reviews of assigned accounts • CHs did not retain IMPAC purchase documentation • CHs inappropriately paid for shipping • IPC failed to conduct annual inspection of 22% of randomly sampled accounts
939th Rescue Wing Portland International Airport, OR	06 Apr 99	WM099032	<ul style="list-style-type: none"> • CHs did not retain IMPAC purchase documentation • CHs spilt requirements to circumvent micropurchase threshold • Individual CH transaction exceeded micropurchase threshold • CH failed to coordinate with CE for alteration of real property • IPC failed to conduct annual inspection of IMPAC accounts • CHs did not retain IMPAC purchase documentation • CHs failed to purchase supplies from mandatory sources • CHs made unauthorized purchases • CHs purchased HAZMAT without HAZMART coordination • CHs did not retain IMPAC purchase documentation • CHs failed to record purchases in IMPAC log • AOs did not verify funding before authorizing purchases
167th Airlift Wing Martinsburg, WV	04 May 99	EL099056	<ul style="list-style-type: none"> • CHs did not retain IMPAC purchase documentation • AOs failed to document reviews of assigned accounts • CHs did not retain IMPAC purchase documentation • CHs inappropriately paid for shipping • IPC failed to conduct annual inspection of 22% of randomly sampled accounts
45th Space Wing Patrick AFB, FL	02 Jun 99	EB099076	<ul style="list-style-type: none"> • CHs did not retain IMPAC purchase documentation • AOs failed to document reviews of assigned accounts • CHs did not retain IMPAC purchase documentation • CHs inappropriately paid for shipping • IPC failed to conduct annual inspection of 22% of randomly sampled accounts
2d Bomb Wing Barksdale AFB, LA	13 Jul 99	EB099090	<ul style="list-style-type: none"> • CHs did not retain IMPAC purchase documentation • AOs failed to document reviews of assigned accounts • CHs did not retain IMPAC purchase documentation • CHs inappropriately paid for shipping • IPC failed to conduct annual inspection of 22% of randomly sampled accounts

59th Medical Wing Lackland AFB, TX	29 Jul 99	WR099052	<ul style="list-style-type: none"> • CHs did not retain IMPAC purchase documentation • CHs failed to record purchases in IMPAC log
37th Training Wing Lackland AFB, TX	09 Aug 99	WR099055	<ul style="list-style-type: none"> • Individual CH transactions exceeded micropurchase threshold • CHs spilt requirements to circumvent micropurchase threshold • CHs paid sales tax on IMPAC purchases • IPC failed to conduct surveillance of new accounts
14th Flying Training Wing Columbus AFB, MS	17 Aug 99	EB099098	<ul style="list-style-type: none"> • CHs did not retain IMPAC purchase documentation • AOs failed to properly approve transactions
Warner Robins Air Logistics Center, GA	30 Aug 99	DR099034	<ul style="list-style-type: none"> • CHs spilt requirements to circumvent micropurchase threshold • CHs made unauthorized purchases
28th Bomb Wing Ellsworth AFB, SD	14 Sep 99	WM099058	<ul style="list-style-type: none"> • AOs failed to properly approve transactions • CHs did not retain IMPAC purchase documentation • CHs failed to purchase goods through mandatory sources • CHs failed to record purchases in IMPAC log • Individual CH transaction exceeded micropurchase threshold
55th Wing Offutt AFb, NE	15 Sep 99	EO099056	<ul style="list-style-type: none"> • CHs spilt requirements to circumvent micropurchase threshold • AO failed to properly approve transactions
89th Airlift Wing Andrews AFB, MD	15 Sep 99	EA099066	<ul style="list-style-type: none"> • CHs spilt requirements to circumvent micropurchase threshold • CHs failed to purchase supplies from mandatory sources • Individual CH transactions exceeded micropurchase threshold • CHs did not retain IMPAC purchase documentation • IPC failed to conduct annual inspection of IMPAC accounts
22d Air Refueling Wing McConnell AFB, KS	01 Oct 99	WS099001	<ul style="list-style-type: none"> • No IPC surveillance conducted on 50 of 100 AO programs • IPC account surveillance overdue on 100 of 450 accounts • CHs paid sales tax on IMPAC purchases • Personnel other than cardholder signed receipts and invoices
375th Airlift Wing Scott AFB, IL	29 Nov 99	WS000012	<ul style="list-style-type: none"> • CHs did not retain IMPAC purchase documentation • CHs failed to record purchases in IMPAC log

375th Airlift Wing Scott AFB, IL (cont.)			<ul style="list-style-type: none"> • Billing Office CH purchased over \$15,000 of supplies with IMPAC which were never received • AO did not properly certify IMPAC purchases for payment • CHs purchased HAZMAT without HAZMART coordination • CH failed to coordinate with CE for alteration of real property • CHs made unauthorized purchases • Individual CH transaction exceeded micropurchase threshold • AOs failed to properly approve transactions • CHs did not retain IMPAC purchase documentation • CHs failed to record purchases in IMPAC log
92d Air Refueling Wing Fairchild AFB, WA	21 Dec 99	WM000015	<ul style="list-style-type: none"> • CHs made unauthorized purchases • CHs did not retain IMPAC purchase documentation • CHs split requirements to circumvent micropurchase threshold • CHs paid sales tax on IMPAC purchases • CHs failed to coordinate with COMM on software purchases • CHs did not retain IMPAC purchase documentation
21st Space Wing Peterson AFB, CO	17 May 00	WP000047	<ul style="list-style-type: none"> • CHs split requirements to circumvent micropurchase threshold • CHs paid sales tax on IMPAC purchases • CHs failed to coordinate with COMM on software purchases • CHs did not retain IMPAC purchase documentation
9th Reconnaissance Wing Beale AFB, CA	12 Jun 00	WP000056	<ul style="list-style-type: none"> • CHs split requirements to circumvent micropurchase threshold • CHs paid sales tax on IMPAC purchases • CHs failed to coordinate with COMM on software purchases • CHs did not retain IMPAC purchase documentation
509th Bomb Wing Whiteman AFB, MO	23 Jun 00	EO000062	<ul style="list-style-type: none"> • CHs split requirements to circumvent micropurchase threshold • CHs made unauthorized purchases

Appendix D: IPC Questionnaire

Interviewer: Capt Roy D. Thrailkill

1. How many cardholders are in your account base?
2. How many AOs are in your account base?
3. Is being an IPC your full-time job? If not, how many hours per week do you spend on IMPAC-related work?
4. How many people work with you in administering your IMPAC program?
5. As IPC, do you feel you have the necessary manning to successfully administer your program?
6. How do you disseminate program-related information to your cardholders (i.e. e-mail, phone calls)?
 - 6a. Do you feel this method is effective?
7. How do you disseminate program-related information to your AOs (i.e. e-mail, phone calls)?
 - 7a. Do you feel this method is effective?
8. How do you determine what material to include in your cardholder training sessions?
9. Do you use the AFLMA-published IMPAC training disks as an aid when conducting your training sessions?
 - 9a. Is there anything you would change about them?
10. Do your AOs attend the same cardholder training you provide to your cardholders?
11. Do your AOs receive any training in addition to the standard cardholder training?
12. Are your AOs and CHs aware of the most frequent IMPAC cardholder abuses?
13. What's the most significant, recurring IMPAC-related problem you have witnesses as IPC?
 - 13a. Why?

14. What's the greatest challenge you face in administering your IMPAC program?

15. What would you change about the program?

15a. Why?

15b. How?

Appendix E – Research Traceability Matrix

Research Objective	Research Questions	Investigative Questions	Corresponding Interview questions
1. Document impediments that IPCs face in program administration and oversight that negatively affect the IMPAC program's execution	1.1 Is the IMPAC staff at this location sufficient in size and experience to effectively oversee the account base?	1.1.1 How large and experienced is the IMPAC staff?	1, 2, 3, 4, 5
2. Determine where in the IMPAC program information flow breaks occur that ultimately contribute to deviations from established procedures	2.1 How do AOs and CHs know what laws, regulations, instructions, and procedures govern their IMPAC transactions?	2.1.1 How does the IPC communicate with his account base?	6, 7, 8
3. Determine if the IMPAC training process is effective	3.1 How do IPCs determine what to include in their training programs?	3.1.1 <i>Training program content</i>	8, 9
	3.2 Are AOs properly trained to oversee their assigned CH accounts?	3.2.1 What training do AOs receive that enables them to effectively manage their CH accounts?	10, 11
	3.3 Are AOs and CHs made aware of proper and improper use of the IMPAC during training sessions?	3.3.1 How are they made aware of constitutes an improper transaction?	8, 12
4. Employ research results to provide recommendations for program improvement	4.1 How can the IMPAC process be made more effective?	4.1.1 How does the IPC believe the program should be changed to improve it?	15, 15a, 15b
	4.2 What IMPAC-related problems surface most frequently?	4.2.1 <i>Determine a scope</i>	13
		4.2.2 <i>Determine a cause</i>	13a
	4.3 Are IPCs at a disadvantage in attempting to oversee their IMPAC programs?	4.1.3 What constraints do they recognize that negatively impact their program administration?	14
5. Provide recommendations for future IMPAC-related research	5.1 How can the IMPAC process be made more effective?	5.1.1 How does the IPC believe the program should be changed to improve it?	9a, 15, 15a, 15b

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Vita

Captain Roy D. Thraikill was born on [REDACTED] in Charleston, South Carolina. He graduated from Airport High School in West Columbia, South Carolina in June 1987. He enlisted in the United States Air Force in December 1989. After completing basic training at Lackland AFB, Texas in January 1990, he was assigned to the 3300th Technical Training Wing at Keesler AFB, Mississippi where he completed technical training in computer communications. In May 1990, he was assigned to the 6903rd Electronic Security Group, Osan AB, Republic of Korea where he served as a computer systems operator. In May 1991, he was assigned to Strategic Air Command Headquarters, Offutt AFB, Nebraska where he served as a mainframe computer system operator. In October 1993 he graduated from the Community College of the Air Force with an Associate in Applied Science degree in Information Systems Technology.

In January 1994, Captain Thraikill entered undergraduate studies at the University of Nebraska at Omaha where he graduated with a Bachelor of General Studies degree in December 1995. He was commissioned through Detachment 470 AFROTC at the University of Nebraska at Omaha where he served as Cadet Wing Commander during his last semester.

In June 1996, he was assigned to the 20th Contracting Squadron, Shaw AFB, South Carolina as an operational acquisition contracting officer. While stationed at Shaw, he held two flight chief positions and an unlimited warrant. In June 1998, he deployed overseas to spend five months in Al Kharj, Saudi Arabia as the 4404th Project

Management Team contingency contracting officer. In August 1998, Captain Thrailkill deployed from Al Kharj to Nairobi, Kenya to serve as the lead contingency contracting officer in the aftermath of the U.S. Embassy at that location. In September 1999, he entered the Graduate School of Engineering and Management, Air Force Institute of Technology. Upon graduation, he will be assigned to the Air Force Logistics Management Agency.

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1. REPORT DATE (DD-MM-YYYY) 20-03-2001		2. REPORT TYPE Master's Thesis		3. DATES COVERED (From - To) Sep 1999 - Mar 2001	
4. TITLE AND SUBTITLE A CRITICAL ANALYSIS OF THE AIR FORCE'S INTERNATIONAL MERCHANT PURCHASE AUTHORIZATION CARD (IMPAC) PROGRAM				5a. CONTRACT NUMBER	
				5b. GRANT NUMBER	
				5c. PROGRAM ELEMENT NUMBER	
6. AUTHOR(S) Thraillkill, Roy D., Captain, USAF				5d. PROJECT NUMBER	
				5e. TASK NUMBER	
				5f. WORK UNIT NUMBER	
7. PERFORMING ORGANIZATION NAMES(S) AND ADDRESS(S) Air Force Institute of Technology Graduate School of Engineering and Management (AFIT/ENV) 2950 P Street, Building 640 WPAFB OH 45433-7765				8. PERFORMING ORGANIZATION REPORT NUMBER AFIT/GAQ/ENV/01M-14	
9. SPONSORING/MONITORING AGENCY NAME(S) AND ADDRESS(ES) AFLMA Attn: Lt Col Lucy Yarbrough 501 Ward St Maxwell AFB Gunter Annex, AL 36114-3236 DSN: 596-4085				10. SPONSOR/MONITOR'S ACRONYM(S) Air Force Logistics Management Agency	
				11. SPONSOR/MONITOR'S REPORT NUMBER(S)	
12. DISTRIBUTION/AVAILABILITY STATEMENT APPROVED FOR PUBLIC RELEASE; DISTRIBUTION UNLIMITED.					
13. SUPPLEMENTARY NOTES					
14. ABSTRACT The United States Air Force (USAF) purchased over \$1.3 billion worth of goods and services with the IMPAC in fiscal year (FY) 2000 alone. The proliferation of the IMPAC has changed the way organizations procure goods and services and empowered them with a tool to increase their procurement flexibility and responsiveness. These benefits have been accompanied by regulatory and procedural constraints that have presented challenges to key participants of this streamlined purchase process. This thesis addresses documented deviations of the IMPAC program's execution from its theoretical design. It describes the structure of the IMPAC program, analyzes the execution of the IMPAC purchase process, and documents and investigates the program's recorded deviations from established procedures.					
15. SUBJECT TERMS IMPAC, Purchase Card, Finance, Installation Program Coordinator					
16. SECURITY CLASSIFICATION OF:			17. LIMITATION OF ABSTRACT	18. NUMBER OF PAGES	19a. NAME OF RESPONSIBLE PERSON
a. REPOR T	b. ABSTR ACT	c. THIS PAGE			Lt Col William K. Stockman, ENV
U	U	U	UU	76	19b. TELEPHONE NUMBER (Include area code) (937) 255-3636, ext 4796

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