

CHANGE REQUEST COVER SHEET

Change Request Number: 09-04A

Date Received: 10/3/2008

Title: Creation of New Section Governing FAA Purchase Cards

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Policy OR Guidance: Guidance

Section/Text Location Affected: AMS Procurement Guidance T3.2.6

Summary of Change: Creation of new AMS Guidance section governing the administration and usage of FAA purchase cards.

Reason for Change: 1. To ensure that AMS Guidance governing purchase cards can be easily located by program users, 2. Expand the language supporting proper card usage, and 3. Provide targeted language to cardholders, who are mostly outside of the contracting community.

Development, Review, and/or Concurrence: AGC-500, AJA-43, AJA-431, AJA-45, ACT, ARC, AFC-001, AJW Field Offices

Target Audience: Users of FAA Purchase Cards

Potential Links within FAST for the Change: None

Briefing Planned: No

ASAG Responsibilities: None

Potential Links within FAST for the Change: None

Links for New/Modified Forms (or) Documents (LINK 1)

Links for New/Modified Forms (or) Documents (LINK 2)

Links for New/Modified Forms (or) Documents (LINK 3)

SECTIONS ADDED:

Procurement Guidance:

T3.2.6 - Purchase Card Program [\[New Content\]](#)

Procurement Guidance:

T3.2.6 - Purchase Card Program

Section A : Purchase Card Program [\[New Content\]](#)

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Section 1 : Purchase Card [\[New Content\]](#)

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Section 3 : OMB Circular A-123 Requirements for Purchase Card Program

Management [\[New Content\]](#)

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Section 4 : Credit Card Checks [\[New Content\]](#)

Procurement Guidance:

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Section B : Clauses [\[New Content\]](#)

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Section C : Forms [\[New Content\]](#)

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Section D : Appendix [\[New Content\]](#)

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Section 1 : O [\[New Content\]](#)

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Section 2 : Appropriate Use of Credit Card Checks [\[New Content\]](#)

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Section 3 : Credit Card Check Approval Form [\[New Content\]](#)

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Section 4 : Credit Card Check Register [\[New Content\]](#)

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Section 5 : Purchase Card Training Database [\[New Content\]](#)

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Section 6 : APC Checklist Guide [\[New Content\]](#)

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Section 7 : National Checklist [\[New Content\]](#)

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National Checklist

Section 7.1 : Roles and Responsibilities [\[New Content\]](#)

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Section 7.2 : Review Checklist [\[New Content\]](#)

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Section 7.3 : Corrective Action Plan [\[New Content\]](#)

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National Checklist

Section 7.4 : Purchase Card Review Findings [\[New Content\]](#)

Procurement Guidance:

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Section 8 : Measuring the Effectiveness of the FAA Purchase Card Program

[\[New Content\]](#)

Procurement Guidance:

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Section 5 : O [\[New Content\]](#)

Procurement Guidance:

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Purchase Card Program

Section 2 : Roles and Responsibilities for Purchase Card [\[New Content\]](#)

SECTIONS ADDED:

Procurement Guidance:

T3.2.6 - Purchase Card Program

Procurement Guidance:

T3.2.6 - Purchase Card Program

Section A : Purchase Card Program

Procurement Guidance:

T3.2.6 - Purchase Card Program

Purchase Card Program

Section 1 : Purchase Card

a. *Overview.* The FAA purchase card (i.e. SmartPay Card) is an internationally accepted credit card. The purchase card is issued through General Services Administration (GSA) contract with a credit card bank, e.g., U.S. Bank. FAA employees who receive training and a Delegation of Purchasing Authority (DPA) are authorized to use the card, within the specified dollar limits, to acquire products and services.

b. *Master Contract.* GSA both administers the contract and deals with the day-to-day operations of the Government-wide Purchase Card Program. The GSA Contracting Officer is the only individual authorized to alter the terms and conditions of the contract. Copies of the contract, GS-23F-980002, may be obtained from the following address: General Services Administration, Federal Supply Service, Services Acquisition Center FCXST, Washington, D.C. 20406. The address of U.S. Bank is: U.S. Bank Government Services, P.O. Box 6347, Fargo, ND 58125-6347. The telephone number is 1-888-994-6722, or call collect to 1-701-461-2232 if outside the United States.

c. *Purpose of Card.* The FAA purchase card is intended to streamline procurement and payment procedures and to reduce the administrative burden associated with traditional and emergency purchasing of products and services under simplified purchasing. The purchase card may be used to pay for authorized FAA purchases made using other contract vehicles such as contracts, BPAs, and purchase orders, and should be the "primary purchasing method" when vendors accept credit cards for simplified purchases, unless otherwise prohibited (See AMS Procurement Guidance T3.2.2.5.A:2).

d. *Bank Authorization.* The card-issuing bank has an authorization process whereby the vendor checks via a telecommunications system each time the purchase card is used. This authorization ensures that the purchase is within the limits established for each individual account.

e. *Maximum Single Purchase Limit.* The maximum Single Purchase Limit that may be delegated to an un-warranted cardholder is \$10,000 (this limit applies to new delegations issued after January 12, 2009; all delegations issued before this date are unchanged and "grandfathered" at the limit established by the Chief of the Contracting Office in a Delegation of Purchasing Authority). Cardholders must not exceed their single and monthly purchase limits. Purchases must not be "split" in order to circumvent these single purchase limits. The Chief of the Contracting Office (COCO) may grant individual allowances (no blanket allowances) for commodity purchases over \$10,000. An allowance may include:

- (1) Supply purchases on pre-established contracts that allow for the utilization of purchase cards;

(2) Purchases through strategic sourcing initiatives (i.e. SAVES, Dell BPA); and

(3) Orders or calls on a BPA, if the cardholder is an authorized user.

f. *Emergencies*. The COCO may grant allowances for purchases over \$10,000 in response to a bona-fide emergency.

g. *Mandatory Sources and Other Requirements*. When using the purchase card, cardholders must consider the following requirements:

(1) *Strategic Sourcing Initiatives*. This includes the following:

(a) *Strategic Sourcing for the Acquisition of Various Equipment and Supplies (SAVES)*. The SAVES program is a mandatory source for some equipment and office supplies (see AMS Procurement Guidance T3.8.6).

(b) The Dell Blanket Purchase Agreement (BPA).

(2) *Federal Prison Industries, Inc. (FPI) (also known as UNICOR)*. For those products available through FPI, the procedures detailed in AMS Procurement Guidance T3.8.4, Government Sources of Products/Services, must be strictly followed.

(3) *Randolph-Sheppard Act*. The FAA must first consider the blind in the operation of vending facilities. (See AMS Procurement Guidance T3.8.4)

(4) *Javits-Wagner-O'Day Act (JWOD)*. The FAA must first consider items and services available through the AbilityOne Program (formerly JWOD) before going to other sources. (See AMS Procurement Guidance T3.8.4)

(5) *General Services Administration (GSA) Federal Supply Schedules (FSS)*. When procuring items through a GSA FSS, FAA must follow the procedures detailed under AMS Procurement Guidance T3.8.3, Federal Supply Schedules. Note that GSA is not a mandatory source for FAA.

(6) *Section 508 Requirements*. The FAA must procure products and services that comply with Federal requirements for Section 508 of the Rehabilitation Act. (See AMS Procurement Guidance T3.2.2)

(7) *Environmental Requirements*. The FAA should acquire environmentally preferable, energy and water efficient, and recycled content products and services when possible. (See AMS Procurement Guidance T3.6.3 for additional information)

h. *Split Purchase*. A split purchase is a procurement made to avoid established purchase limits, to include single purchase limits and competition thresholds. Split purchases may also include procurement intended to avoid limits governing the use of the purchase card for construction (\$2,000) or services (\$2,500). It is not necessary for the purchase to be in the

same day or made by the same cardholder to qualify as a split purchase. One-time increases can be authorized by the Chief of the Contracting Office (COCO).

i. Use of the Purchase Card as a Payment Vehicle.

- (1) The purchase card may be used as a payment tool against an existing signed contract, lease, or order. This allows users to utilize the purchase card's streamlined payment characteristics when its use alone may be otherwise restricted.
- (2) When the purchase card is being used as a payment vehicle against a contract, lease or order, all terms and conditions must be established in writing and be signed by both a warranted CO and the vendor. The contract, lease or order must specifically authorize the use of the purchase card as a payment tool.
- (3) Payments must not exceed the cardholder's Single Purchase Limit.
- (4) Each payment made using the purchase card against an existing signed contract, lease, or order must include:
 - (a) Information regarding the source contract, lease, or order, to include the contract/lease/order number, CO, award date, period of performance or delivery date, and proof of funds availability;
 - (b) A copy of the terms and conditions in the contract, lease, or order authorizing the use of the card;
 - (c) A copy of the invoice or request for payment;
 - (d) Proof of delivery;
 - (e) Evidence that the CO authorizes payment; and
 - (f) Prior approval by the Approving Official (AO) authorizing the use of the card.

j. Services Procured Using a Purchase Card.

- (1) The purchase card may be used to procure services under the following guidelines:
 - (a) The services (e.g., maintenance services) are to be ordered on an as needed basis (e.g. each time a piece of equipment breaks), and the requirement is \$2,500 or less.
 - (b) *Recurring Services.*

(i) The service requirement does not exceed one (1) year, and is \$2,500 or less per year and does not exceed the cardholder's Single Purchase Limit.

(ii) For any recurring service, the total dollar value of the service must be established at the time of the initial order, despite payment being made monthly.

(iii) The certification of funds availability must be sufficient to cover the entire term of the service, but cannot exceed one year.

(2) Purchase cards must not be used to enter into agreements containing terms and conditions that include termination costs or option periods, or which may incur any contingent liabilities (liabilities that are based on whether or not a future event occurs).

(3) The purchase card must not be used to enter into equipment or other types of leases.

(4) Maintenance agreements are not considered leases, and may be procured using the purchase card.

(5) The purchase card may be used as a payment vehicle against existing service contracts or agreements signed by a CO.

k. Construction Procured Using a Purchase Card.

(1) "Construction" means construction, alteration, or repair of buildings, structures, or other real property. For purposes of this definition, the terms "buildings, structures, or other real property" include but are not limited to improvements of all types, such as maintenance facilities, duct banks, air traffic control facilities, communication towers, radar facilities, office facilities, airport facilities, and navigational aids.

(2) The purchase card may be used to procure construction totaling \$2,000 or less, as long as it does not exceed the cardholder's Single Purchase Limit.

(3) The value of a construction project includes all related work, and may involve multiple purchases (i.e. multiple purchases towards the completion of a single construction project are included in the total value of the work). If the total value of the project is over \$2,000, the purchase card must not be used.

(4) The purchase card may be used as a payment vehicle against an existing construction contract signed by a CO.

l. Competition and Rational Basis.

(1) *\$3,000 or less.* Competition is not required for purchases of \$3,000 or less.

(2) *Between \$3,000 and \$10,000.* Competition is encouraged, but not mandatory for purchases between \$3,000 and \$10,000. Purchasers should consider the administrative cost of making the purchase versus potential savings that could result from competition. Purchases between \$3,000 and \$10,000 on a single source basis do not require a signed justification for the single source decision. However, purchasers should use sound business judgment and must document their rationale for not seeking quotes or pricing from two or more sources.

(3) Purchasers should have a rational basis for purchasing decisions. The extent of documentation substantiating purchase decisions depends on the value and circumstances of the purchase. As the value of a purchase increases, the documentation supporting the purchase should increase as well. If the purchase involves an item that is a viable exemption to an applicable prohibition or restriction (See AMS Procurement Guidance T3.2.2.5.A:4, Considerations for Restricted Purchases), then the purchaser must, despite the dollar value of the purchase, document the basis and background for the purchase. The cardholder should also document the background for actions that would appear questionable to a reasonable and prudent person with market knowledge of the products or services being purchased.

(4) *\$10,000 or more.* For approved actions that value \$10,000 or more, applicable AMS requirements for competition or single source procurement apply.

m. *Documentation.*

(1) All cardholder purchase card transactions must be supported by the following:

(a) Written proof of prior approval. (The cardholder will obtain written confirmation of any verbal approval within 10 days of receiving the verbal approval)

(b) Certification of Funds Availability. Funds certification officers must provide a written allocation of funds availability prior to any purchase. This can be done on a quarterly, semi-annual or annual basis. Cardholders are responsible for maintaining a revolving balance of available funds as each item is purchased. (The cardholder will obtain written confirmation of any verbal certification of funds availability within 10 days of receiving the verbal certification)

(c) A sales slip or invoice.

(d) Check for availability from mandatory sources. If item is not available from a mandatory source, then the rational basis

for the purchase must be documented using the standards above.

(e) Receipt of Goods or Services.

(i) For any purchase not requiring a receiving report, the FAA employee receiving the goods or services must indicate receipt by signing the sales slip or invoice.

(ii) Where the cardholder is also the receiver, another FAA employee (except for the AO) must confirm receipt of the goods or services by signing the sales slip or invoice.

(iii) Except for items considered sensitive or pilferable, independent receipt of goods or services is not required where the unit price is less than \$200 or the item is being incorporated into a project for a fixed facility.

(iv) Items that are considered sensitive or pilferable include, but are not limited to:

Weapons	Computer hard drives
Firearm periphery equipment such as scopes	External disc drives
Ammunition	Personal Data Assistants (PDA)
Cell phones	Secure fax machines
Pagers	Recording equipment
Encrypted phones	Cameras, non-disposable
Two-way radios.	Test equipment
Laptop computers	Laboratory and medical equipment

(f) Check for exceptions to prohibited purchases (see AMS Procurement Guidance 3.2.2.5A:2 and this section).

(g) Additional supporting documentation needed for special transactions such as training, convenience checks, etc.

(2) Cardholder purchase card transaction source documentation must be routed as follows:

(a) Cardholder must provide a suspense copy of the purchase card order (written proof of prior approval) for accountable personal property to the Property Delegate (Property Custodian) in the gaining organization after placing the order.

(b) Cardholder also must provide the Property Custodian (Manager) of the gaining organization written notification by

providing a copy of the purchase card order or by other acceptable means;

(c) After receiving the property, the Cardholder address must provide documentation (invoices, sales slips, packing slips and/or receiving reports) for the purchase to the Property Delegate for entry into official agency inventory system and to clear the suspense copy of the purchase card order;

(d) If the source documents have not been received within five (5) business days after the Shipping Date, the Property Delegate must contact the Cardholder to determine the status of the shipment and request copies of the source documents.

(e) More detail relating to Property Custodian/Delegates roles are located on the FAA Intranet at: <http://ats.awa.faa.gov/aaf/afz/500/processguides/processguides.html> under the title FAA Personal Property Process and Procedure Guide 5-22-06

n. Prohibited Purchases.

(1) The GSA contract stipulates that the purchase card cannot be used for the following:

(a) Long-term rental or lease of land or buildings.
Exception: The purchase card may be used to purchase short-term commercial conference and meeting-room space. (See AMS Procurement Guidance 3.2.2.5A:3 for additional information);

(b) Cash advances, including money orders; and

(c) Telephone services provided through GSA or the local Office of Information Services or Service Center Communications Office. However, telephone equipment may be purchased using the card.

(2) Use of the purchase card for personal purchases or as identification when writing personal checks is prohibited.

(3) Use of the purchase card for travel charge card or travel-related expenses is prohibited. Exception: For Washington, DC, Headquarters only, metro fare cards may be purchased for local travel for official business within the Washington, DC metropolitan area. Proper controls must be established to ensure that fare cards are not lost or stolen, and use is recorded and monitored to prevent the cards from being used for commuting to and from work. For similar services at other locations, each must be approved by the COCO prior to purchase.

(4) Use of the purchase card to obtain commercial, Government owned or leased vehicles is prohibited. Expenses incurred in the operation, maintenance, and emergency services associated with all FAA-owned and commercially leased **on-road** fueled vehicles (i.e., sedans, station wagons, trucks, sport utility vehicles (SUVs), vans (passenger and cargo), ambulances, buses, tractors, wreckers & carriers) are prohibited. The short-term rental of off-road equipment is allowable using the purchase card.

o. *Restricted Purchases.* Restrictions for all simplified purchases can be found in AMS Procurement Guidance T3.2.2.5A:4.

p. *Purchase Card Use for Non-Monetary Awards.* Refer to AMS Procurement Guidance T3.2.2.5A:2 for additional information.

q. *Third Party On-line Payments.* Cardholders are required to immediately provide the Approving Official written notification (i.e. e-mail or memorandum) when they become aware that a purchase card purchase will be processed by a third party on-line payment company. Also cardholders must provide the approving official a copy of all documentation that supports the on-line payment transaction within five days of item receipt.

r. *Acquisition of Training Services.* The FAA purchase card is encouraged for use to the maximum extent possible to acquire training. If not designated a training coordinator, it is important for the cardholder to ensure that proper coordination of training requirements has taken place prior to training being purchased, e.g. completed training checklist, needs assessment, etc.

s. *Tax Exemption.* At the time of the purchase, cardholders should advise the merchant that the purchase is for official U.S. Government purposes and therefore is not subject to state or local tax. If the vendor wants to clarify this, the back of the card includes an 888 number that may be called for verification. Exceptions do exist for certain state taxes in certain states (i.e. New Mexico or Arizona). For this reason, cardholders should contact legal counsel regarding applicability of any exemptions or other issues related to state or local taxes.

(1) A review should be made of the bank statement for inclusion of sales tax. If sales tax was included, first check for the state exception. If sales tax is charged in error, request a credit from the vendor.

(2) All newly issued purchase cards should be checked to ensure that the Operating Administration's name and the tax ID are embossed on the card.

t. *Finance Office.* Finance offices receive monthly finance office reports from the card-issuing bank that reflects summary totals of all purchases and credits of each cardholder. The finance office report represents the invoice from the bank and should be date stamped when received. The finance office is responsible for certifying payment for all authorized card purchases.

u. *Deficiencies/Disputes/Damaged Equipment*

(1) If the cardholder finds a discrepancy that is the result of item shortage, receipt of a defective or damaged item, or receipt of the wrong item, the first

step is to contact the vendor to seek resolution. The cardholder should request a replacement item or a credit from the vendor. If the vendor agrees to credit a cardholder's account, the credit will appear on the cardholder's electronic account statement the following month. On the statement, the cardholder will need to final approve both actions, also. If the item is rejected by the Government, the cardholder should return the defective, damaged or erroneous item to the vendor within 60 days of receipt.

(2) If the cardholder and vendor cannot reach an agreement on resolution of the discrepancy, then the cardholder must formally dispute the purchase on line with the bank. The bank will credit the purchase cardholder's account until the dispute is resolved.

v. Lost or Stolen Purchase Cards and/or Compromised Accounts.

(1) *Reporting Lost or Stolen Purchase Cards and/or Compromised Accounts.* The cardholder must report immediately the loss or theft of their purchase card to the APC, the approving official and the card-issuing bank in order to avoid liability for unauthorized purchases on the card. The cardholder must also report immediately to those indicated above a compromised account (i.e. identity theft) or suspicion of a compromised account. The necessary information to report to the card-issuing bank includes the cardholder's complete name, card number, and purchases made on the date of loss or theft. In the event of theft, the cardholder should also provide the bank the date that the theft was reported to the police.

(2) *Card Re-issuance.* The card-issuing bank will issue a new card to the cardholder within two working days from the time that the loss or theft is reported. A cardholder who reports more than one incident of loss or theft within a 12-month period will require authorization from the COCO in order to have another card re-issued.

w. Accounting Classification Code Adjustments. Each cardholder has a primary use or "default" accounting classification code based on the primary use of the card, i.e., whatever the office is primarily purchasing. For example, Flight Standards offices may have a primary use of the card for aircraft rental. The card may be used for purchases other than the "primary use" purpose; however, the action will require a different accounting classification code assignment. All cardholders and approving officials are required to review the monthly bank statements upon receipt each month. The cardholder is required to assign the correct object class code for each item purchased. The approving official is required to review the statement for accuracy, for potential for split purchases, and to approve each individual transaction.

x. Internal Controls. FAA management is responsible for maintaining internal controls that reduce the risk of waste, fraud, and abuse in the FAA purchase card program.

y. Non-Compliance. The purchase card is considered Government property. The FAA will comply with the FAPM Letter 2635 Code of Conduct & Discipline Order, HRPM 4.1 on Standards of Conduct, and HROI Table of Penalties for any purchase cardholder, approving official, supervisor, and manager misuse and/or fraud of Government property.

z. *Cardholder Non-Compliance.* The purchase card privileges of any cardholder found to be non-compliant with purchase card guidance twice in a six-month period will be suspended for six months. The cardholder's privileges may be restored upon completion of remedial training or permanently revoked. Notifications regarding non-compliance will be sent to the manager one level above the AO.

aa. *Organizational Standard Operating Procedures.* Organizations may establish internal standard operating procedures (SOP) for their cardholders addressing the processing of purchase card transactions (e.g. the ATO Purchasing SOP). However, SOPs must not diminish or change the intent of AMS Policy or Guidance.

bb. *Automation.* To the extent possible, FAA organizations should implement automation, such as the Purchase Card Processing System (PCPS), to initiate purchases, certify funds availability, and obtain prior approvals for purchases.

Procurement Guidance:

T3.2.6 - Purchase Card Program

Purchase Card Program

Section 3 : OMB Circular A-123 Requirements for Purchase Card Program Management

The requirement for compliance with OMB Circular A-123, Appendix B is contained in the Management Plan for the FAA Purchase Card Program. The management plan is available at the web site: <http://faapcard.amc.faa.gov>

Procurement Guidance:

T3.2.6 - Purchase Card Program

Purchase Card Program

Section 4 : Credit Card Checks

a. *Training.* Both the credit card check approving official and check writer (prior to approving or making a purchase) must complete required training. The approving official should contact the Agency Program Coordinator (APC) to schedule training.

b. *Credit Card Check Usage.* A check may be issued only when the service or goods for which payment is being made is operationally critical, cost effective and consistent with FAA procurement policies. In addition, credit card checks are to be issued only in "exceptional situations" when the use of payment mechanisms such as an automated clearinghouse, or a Government purchase card are not accepted. Specific examples of appropriate credit card check usage are found in Appendix 2.

(1) Credit card checks may only be used:

(a) Where the political, financial, or communications infrastructure does not support payment by Electronic Funds Transfer (EFT) in a foreign country;

(b) Where the payment is to a recipient within an area designated by the President or an authorized agency administrator as a disaster area;

(c) Where paying by EFT would jeopardize military or law enforcement operations or national security interests;

(d) Where a cost-benefit analysis shows that making non-recurring payments by EFT are not justified;

(e) Where an agency's need for goods and services is of such unusual and compelling urgency that the Government would be seriously injured unless payment is made by a method other than EFT; or

(f) When there is only one source for goods or services and the Government would be seriously injured unless payment is made by a method other than EFT.

(2) Credit Card checks may not be used for:

(a) The issuance of travel advances when the Government-issued travel charge card is revoked or cancelled due to delinquent payment or for personal reasons;

(b) Cash; or

(c) Travel or travel-related expenses.

c. Authorization Level.

(1) Purchases using credit card checks must be approved in advance by the second-level manager. The credit card check-approving official must initial the check register to verify that the payee does not accept the purchase card and that the issuance of the credit card check meets at least one of the requirements listed above under the section 3.b Credit Card Check Usage.

(2) If the approving official is not located at the same site as the person authorized to issue the check (check writer), verbal approval, followed by written documentation, is satisfactory. A copy of the written documentation authorizing the purchase must be provided to the check writer. A copy of the Credit Card Check Approval Form is included in Appendix 2. If the second-level manager is not readily available, another individual at that level or higher may approve the use of the check, provided that he/she can attest that the need clearly follows the guidelines stated above.

(3) If the check writer is providing the check to another employee who will actually be submitting the check to the vendor/merchant/individual for payment, and the latter employee is in a different line of business than the check writer, then the approving official will be the second-level supervisor of the employee paying the vendor/merchant/individual rather than the second level supervisor of the check writer.

d. Issuing a Credit Card Check.

(1) Credit card checks are carbon checks. The following information must be entered in the appropriate space on the check and must be written, printed in ink or typed:

(a) *Date*: Enter the date on which the credit card check was issued to vendor for purchase. The date can be spelled out (e.g., August 27, 2008) or written (8/27/08). Do not predate or postdate a credit card check.

(b) *Pay to the Order of*: Enter the name of the payee. (Individuals may not issue credit card checks payable to themselves.)

(c) *Amount*. The dollar amount of the credit card check must be written and spelled out in the space provided, (e.g., "\$126.39" and spelled out as "one hundred and twenty-six and 39/100," followed by a horizontal line out to the end of the space provided).

(d) *Memo*. (Additional Information). Enter information pertinent to the purchase, e.g., radar parts, pavement repair, emergency plumbing.

(e) *Authorized Signature*. Sign in the space provided. Your signature should be in the same format as the name printed on the credit card check, (e.g., if first, middle, and last names are spelled out in full rather than initials being used, your signed name must also be spelled out in full).

(2) Except as otherwise authorized, checks shall **only** be used for officially approved purchases and issued **only** by the individual whose name appears on the check. Documentation of the "exceptional situation" required to issue a check shall be maintained with the purchase card check file.

e. Spending Limitation.

(1) Credit card checks access the same single purchase and monthly purchase limits established by the lines of business (LOBs). The established monthly limit will cover purchases made by both the purchase card and the credit card checks. Approving officials will determine the appropriate dollar amount of single purchases limits to be established for each cardholder; however, each credit card check issued cannot exceed \$2,500.

(2) A pre-established dollar "not to exceed" limit of \$2,500 will be printed on the checks. Under no circumstances shall a check be written over \$2,500.

f. Knowing Your Balance. Cleared credit card checks are deducted from the monthly purchase limit when they actually clear the bank, not when they are written. Monthly purchase limits are renewed on the 20th of each month. You are responsible for tracking your individual available balance and reconciling cleared credit card checks. Remember any transactions made with your purchase card will also be counted toward your monthly balance. The following is important.

(1) Allow time for each credit card check to clear, which may overlap billing cycles;

(2) Ensure the monthly purchase limit is sufficient to cover written checks; and

(3) At the beginning of each billing cycle, credit card checks that appear on the statement as cleared should be deducted from your balance.

IMPORTANT NOTE: This account is different from your personal checking account because unused balances do not accumulate. Exceeding your purchase limit will result in credit card checks being returned for insufficient funds.

g. Safeguarding and Accountability of Blank Credit Card Checks.

(1) For security purposes, the following items are preprinted on the face of all credit card checks:

(a) Name and work address of the authorized credit card check holder;

(b) Legend: NOT VALID FOR MORE THAN \$2,500;

(2) Credit card checks shall be safeguarded in accordance with FAA Order 1600.6, FAA Security Risk Management Program. When not in use, checks are to be kept in a secured area, i.e., locked safe or cabinet or another secured environment approved by the servicing security element to protect them from being stolen or misused.

h. Staying Within Your Purchase Limit. It is imperative that single and monthly purchase limits not be exceeded.

i. Insufficient Check Fees. The financial institution does not charge a fee for insufficient checks; however, the vendor may charge a fee. This fee may vary depending upon the vendor and/or amount of the check.

j. Liability of Fraudulent Use.

(1) The agency is responsible for all proper charges made with the purchase card or credit card check (by a cardholder) but is not liable for any unauthorized use. Unauthorized use means the use of an account/card by a person other than the cardholder who does not have actual, implied, or apparent authority for such use and from which the cardholder receives no benefit. The cardholder and the designated billing office is responsible for notifying the financial institution when possible unauthorized use of the credit card checks has occurred.

(2) If unauthorized use has occurred, the liability of the cardholder shall not exceed the lesser of \$50 or the amount of money, property, labor, or services obtained before notification to the financial institution. Notification, either by telephone or in writing, must be given to the financial institution with pertinent information regarding the unauthorized user. The financial institution will not determine whether a purchase is authorized or made during official Government business.

k. Employee's Liability of Fraudulent Use. Disciplinary actions for theft, fraud, or intentional misuse of credit card checks by an employee will be imposed based on the applicable penalty(s) outlined in the Human Resources Operating Instructions (HROI) Table of Penalties, as well as penalties and/or legal charges brought upon by the financial institution.

l. Reporting Lost or Stolen Purchase Card and Credit Card Checks. To safeguard against intentional misuse, lost or stolen purchase cards and credit card checks must be promptly reported to US Bank and the APC.

m. Destroying Purchase Cards and Credit Card Checks.

(1) When an account has been cancelled, all related purchase cards and unused check numbers should be recorded and returned to the bank. All valid written, unused, and lost/stolen check numbers are to be reported to the financial institution. The financial institution will place stop payment on invalid checks.

(2) Once the financial institution has been notified to cancel an account, checks attempting to post after the closure date will be declined. The financial institution security associates and bank representatives will investigate each check to determine if floating checks were written by the account holder and valid for payment. If the check is valid, the checks will post to the new account number, if not, the checks will be returned for non-payment and further investigated by the financial institution.

n. Maintaining Your Credit Card Check Register. A credit card check register should be maintained to record each credit card check transaction. The credit card check number, date issued, the payee, a description of the purchase, the emergency credit card check amount, and the account fee can be entered. A sample of the Credit Card Check Register is included in Appendix 3.

o. Maintaining Receipts and Record Retention. The carbon copy of the check, the merchandise receipt and invoice must be maintained for each purchase and matched against the credit card check register. Records should be retained in the office and then archived according to the agency's Vital Record and Retention Manual. Records include the monthly statement of account, credit card check register, receipts, and all other supporting documentation.

p. Account Fees. The fees associated with writing a credit card check will be charged back to the individual check writer's LOB and will appear on the monthly statement.

q. Billing Statement. The monthly purchase card and credit card check statement will show the merchant/vendor name, the amount of the check, and the check number of all cleared checks.

r. Reconciling Your Account. The monthly statement must be cross-checked with the credit card check register, carbon copy of the check, receipt, invoice, and internal log to ensure that the register and statement amounts are the same. Any discrepancies must be resolved immediately with the financial institution. Keep in mind that cleared checks that may appear on the statement may be checks written the prior month.

s. Returned Merchandise:

(1) If there is a need to return an item to a vendor, do not accept cash or a store credit made out to the check holder. If a refund is issued in the form of store credit, it must be made out to the Federal Aviation Administration and used for a future valid purchase.

(2) In the event a refund check is received, it must be forwarded to the servicing accounting office for deposit within one business day. The original accounting classification code should be provided to credit the funds accurately.

t. *Reporting Expenditure Data.* In order to determine the effectiveness of the program, data will be required to monitor credit card check usage.

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Section B : Clauses

[view contract clauses](#)

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Section C : Forms

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Section D : Appendix

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Section 1 : O

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Section 2 : Appropriate Use of Credit Card Checks

Scenarios	Examples of Preferred Payment Methods	Allow Check Use	Comments
Emergency salary payment (disaster declared)	<ul style="list-style-type: none"> · Deposit to employee's account · Treasury check to employee 	Yes	Treasury waiver allowed where payment is to a recipient within an area designated by President or an authorized agency administrator as a disaster area.
Advance salary payment to new employee	<ul style="list-style-type: none"> · Deposit to employee's account · Treasury check to employee 	No	
Local travel	<ul style="list-style-type: none"> · Deposit to employee's account · Treasury check to employee · Employer-provided transit cards 	No	
Reimburse gas when privately-owned	<ul style="list-style-type: none"> · Deposit to employee's account · Treasury check to 	No	

vehicle is used for local travel	employee		
Purchase fuel & maintenance for Government-owned vehicles	<ul style="list-style-type: none"> · Fleet Card · Deposit to employee's account · Treasury check to employee 	No	Treasury waiver allowed where there is only once source for good or service and the Government would be seriously injured unless payment is made by a method other than electronic funds transfer (EFT).

Scenarios	Examples of Preferred Payment Methods	Allow Check Use	Comments
Payments to State/local Governments	<ul style="list-style-type: none"> · Purchase credit card · Deposit to payee's account · Deposit to employee's account · Treasury check to employee 	Limited	Treasury waiver allowed where there is only one source for good or service and the Government would be seriously injured unless payment is made by a method other than EFT.
Real property acquisitions from others involving Department of Justice	<ul style="list-style-type: none"> · Deposit to payee's account · Treasury check to payee 	Limited	Use of credit card check allowed only if such payment is required by Justice.
Radar located on farm. Farmer mows lawn or removes snow around radar	<ul style="list-style-type: none"> · Purchase credit card · Deposit to payee's account · Deposit to employee's account · Treasury check to employee 	Limited	If there is not a reasonable, cost-effective alternative to the farmer mowing the grass or removing snow, a credit card check may be used. Although every effort should be made to use or establish an account with a financial institution to which payments can be electronically deposited.
Rent aircraft, aircraft simulators	<ul style="list-style-type: none"> · Purchase credit card · Deposit to payee's account · Deposit to employee's account 	Limited	Treasury waiver allowed when there is only once source and Government would be seriously injured unless payment is made by a method other than EFT.

	· Treasury check to employee		
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Scenarios	Examples of Preferred Payment Methods	Allow Check Use	Comments
Rent equipment at locations where vendor doesn't accept credit cards & transporting equipment from another site is cost prohibitive.	<ul style="list-style-type: none"> · Purchase credit card · Deposit to payee's account · Deposit to employee's account · Treasury check to employee 	Limited	Treasury waiver allowed: 1) when there is only one source (perhaps due to remote location) & Government would be seriously injured unless payment is made by a method other than EFT, 2) when there is a need that is unusual and compelling, or 3) when the source is significantly less costly than others.
Payment for required physicals for employees	<ul style="list-style-type: none"> · Purchase credit card · Deposit to payee's account · Treasury check to payee · Deposit to employee's account · Treasury check to employee 	Limited	Treasury waiver allowed: 1) when there is only one source (perhaps due to remote location) & Government would be seriously injured unless payment is made by a method other than EFT, 2) when there is a need that is unusual and compelling, or 3) when the source is significantly less costly than others.
Payment to vendors for training	<ul style="list-style-type: none"> · Purchase credit card · Deposit to payee's account · Treasury check to payee · Deposit to employee's account · Treasury check to employee 	Limited	Treasury waiver allowed when there is only one source and Government would be seriously injured unless payment is made by a method other than EFT, or when there is a need for the training that is unusual and compelling.
Expert witness fees	<ul style="list-style-type: none"> · Purchase credit card · Deposit to payee's account · Treasury check to 	Limited	Treasury waiver allowed when there is only one source and Government would be seriously injured unless payment is made by a method other than EFT, or when there is a need that is unusual

	payee · Deposit to employee's account · Treasury check to employee		and compelling.
Reimbursement for passports & immunizations	· Deposit to employee's account · Treasury check to employee	No	

Scenarios	Examples of Preferred Payment Methods	Allow Check Use	Comments
FEDEX/UPS delivery with COD	· Purchase credit card · Deposit to payee's account · Treasury check to payee · Deposit to employee's account · Treasury check to employee	No	
One-time need for electrician, painter, plumber, etc. without bank account	· Purchase credit card · Treasury check to payee · Deposit to employee's account · Treasury check to employee	Limited	Treasury waiver allowed: 1) when there is only one source (perhaps due to remote location) & Government would be seriously injured unless payment is made by a method other than EFT, 2) when there is a need that is unusual and compelling, or 3) when the source is significantly less costly than others.
Tuition assistance	· Deposit to employee's account · Treasury check to employee	No	
Award to employee	· Deposit to employee's account · Treasury check to employee	No	

To reimburse an employee, the employee would complete a SF-1164, "Claim for Reimbursement for Expenditures on Official Business," and reimbursement would be made by direct deposit to the employee's account or by a Treasury check (see footnote 2).

When an employee does not want to be paid or reimbursed by an EFT method based on the waivers stated in 31 CFR 208.4, including "where an individual determines, in his or her sole discretion, that payment by electronic funds transfer would impose a hardship due to a physical or mental disability or a geographic, language, or literacy barrier, or would impose a financial hardship," reimbursement will be by Treasury check and not by credit card check, unless the political, financial, or communications infrastructure does not support payment by Treasury check, for example, during a declared disaster.

When paying vendors and individuals for providing goods and services, payment by EFT is required unless one of the waiver criteria stipulated in 31 CFR 208.4 applies. Since payment by Treasury check is a non-EFT method, its use must be supportable by waiver as required by 31 CFR 208.4. Payment by Treasury check is preferable to using a credit card check.

A credit card check can be issued when the service or good for which payment is being made meets the criteria set forth in 31 CFR 208.4 (see footnote 2), and is operationally critical, time critical, cost effective and consistent with FAA procurement policies. Because of the inherent inefficiencies and costs associated with processing a paper document, and because there are better controls associated with electronic payments, checks are to be issued only for "exceptional situations" when other payment mechanisms, like the purchase and travel credit cards, are not possible.

Based on 31 CFR 208.4 as implemented by the Department of the Treasury in September 1998, non-electronic funds transfer (EFT) methods may be used:

Where the political, financial, or communications infrastructure does not support payment by EFT in a foreign country;

Where the payment is to a recipient within an area designated by the President or an authorized agency administrator as a disaster area;

Where paying by EFT would jeopardize military or law enforcement operations or national security interests;

Where a cost-benefit analysis shows that making non-recurring payments by EFT are not justified;

Where an agency's need for goods and services is of such unusual and compelling urgency that the Government would be seriously injured unless payment is made by a method other than EFT; or

When there is only one source for goods or services and the Government would be seriously injured unless payment is made by a method other than EFT.

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Section 3 : Credit Card Check Approval Form

This form is to be completed when verbal approval has been granted in advance of a purchase by the second level supervisor.

Date verbal approval authorized	
Name of credit card check writer:	
Name of individual who provided check to vendor/merchant/payee:	
Vendor/merchant/payee's name:	
Did vendor/merchant accept the purchase credit card?	
Reason for authorizing the use of the credit card check:	
	Second level Approving Official's Name/Signature

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Section 4 : Credit Card Check Register

Account Number: _____						Name: _____			
Date: _____						Date: _____			
Check No.	ISSUED TO	APPROPRIATION CODE	CHECK AMOUNT \$	DATE WRITTEN	CHECK FEE AMOUNT (2.0%)	DOES VENDOR / PAYEE /MERCHANT ACCEPT PURCHASE CARD?		REASON CHECK WAS ISSUED	AUTHORIZING OFFICIAL'S SIGNATURE
						YES	NO		

Note: As a suggestion, if you have situations when the reason is the same for single or multiple vendors, you may want to develop a list of reason codes at the bottom of the form and put the reason code number in the justification block

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Section 5 : Purchase Card Training Database

Assigned Organization	Employee Name	Location	Initial Training	Refresher Training	Last 6 Digits of Purchase	Single / Monthly	Supervisors Name
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			Date	Date	Card No.	Spending Limit	
AAF-300	Joe Doe	ANE Regional Office	05/22/95	02/16/99 02/16/02	200000	\$10,000(s) \$25,000(m)	John Smith
ANI-1	Jane Doe	AAL FTW SSC	02/01/99	03/12/03	11111	\$5,000(s) \$10,000(m)	Jane Smith
AFM-800	Tom Jones	Headquarters	02/02/94	11/22/97 09/15/02	22222	\$25,000(s) \$50,000(m)	Tom Smith
ACT-51	Mary Brown	ACT Logistics	07/07/01		123456	\$10,000(s) \$25,000(m)	Sallie Jones
AMQ-300	Lucy Bird	AMQ Ops & Maintenance	10/10/93	10/08/96 10/12/99 10/15/02	54544	\$10,000(s) \$25,000(m)	Her Gordon
AEA-55	Freddie Mac	AEA Contract	05/15/02		88994	\$10,000(s) \$25,000(m)	Oscar Meyer
ASO-22	Willy Wonka	ASO Acct. Ops	04/19/00		54654	\$10,000(s) \$25,000(m)	Millie Norman
AGL-54	Rocky Moon	AGL Sup Servs	06/20/96	05/20/99 07/26/02	56555	\$10,000(s) \$25,000(m)	Madge Hair
ACE-300	Jean Bandid	ACE Med Serv	01/24/97	03/19/00	22154	\$10,000(s) \$25,000(m)	Howard Troy
ASW-620	George Green	ASW Safety Std	09/18/98	10/10/01	54545	\$10,000(s) \$25,000(m)	Troy Ackman
AWP-420	Sky Coral	AWP Resource Mgt.	02/09/95	02/18/98 03/03/02	54545	\$10,000(s) \$25,000(m)	Siera Surfer
ANM-53	Renee News	ANM Acq.	08/28/02		24123	\$10,000(s) \$25,000(m)	Dan Ruther

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Section 6 : APC Checklist Guide

Government Purchase Card and Check Evaluation Report				
Number	Check List	Comply	Non Comply	Not Applicable
1	PRIOR APPROVAL			
	Purchase card – The cardholder obtains and documents the approval of the approving official and checks the funds available balance before purchase is made. The cardholder will obtain written confirmation of any verbal approval within 10 days of receiving the verbal approval. AMS Procurement Guidance [T3.2.6]			
	Credit card check – Purchases using credit card checks must be approved in advance by the second line manager who approves purchase card purchases. [AMS Procurement Guidance T3.2.6]			
	If the approving official is not located at the same site as the person authorized to issue the check (check writer), verbal approval followed by written documentation is satisfactory. The check writer must complete the credit card check approval form when verbal			

	approval has been granted in advance of a purchase by the second level supervisor [AMS Procurement Guidance T3.2.6.and Appendix 2]			
2	AUTHORIZED USE			
	Purchase card – The purchase cardholder must safeguard the purchase card and card number. Only the individual whose name appears on the purchase card is authorized to use it. [AMS Procurement Guidance T3.2.6]			
	Credit card check – Checks shall only be used by the individual whose name appears on the check. [AMS Procurement Guidance T3.2.6] Check writers shall safeguard checks and keep in a secured area (i.e. locked safe cabinet or another secured environment) AMS Procurement Guidance T3.2.6]			
3	DOCUMENTATION			
	Purchase Card – All purchase card transactions made by a cardholder must be supported by a purchase approval, a certification of funds availability, documents such as a sales slip or invoice, check for availability from mandatory source, and a receiving report or independent receipt of goods. Cardholders must retain purchase card documentation for six years and three months from date of purchase. Cardholders must notify and provide all card documentation to approving official before cardholder transfers to another office or leaves FAA [AMS Procurement Guidance T3.2.6]			
	Credit card check – The credit card check writer must obtain the initials of the approving official on the check register to verify that the payee does not accept the purchase card. [AMS Procurement Guidance T3.2.6.]			
	Check writer should maintain a record of each check transaction in the check register [AMS Procurement Guidance T3.2.6]			
	Check writer must turn in carbon copy of check, merchandise receipt and invoice and match against credit card check register. Credit card check records should be retained in credit card check writer's office [AMS Procurement Guidance T3.2.6]			
4	PROHIBITED PURCHASES			
	Purchase Card – The GSA contract stipulates that the purchase card may not be used for the following: [AMS Procurement Guidance T3.2.6]			
	a. Rental or lease of land or buildings (except short-term commercial conference and meeting room space may be purchased			
	b. Cash advances, including money orders			
	c. Telephone services controlled by the GSA or the local Office of Information Services or Regional Communications Office (except telephone equipment may be purchased)			
	The use of the purchase card for personal purchases or as identification when writing personal checks is prohibited. [AMS Procurement Guidance T3.2.6]			
	The use of appropriated funds for the following purposes is prohibited: [AMS Procurement Guidance T3.2.2.5A:2]			
	a. Food items for meetings and conventions (except that the purchase card can be used to purchase light refreshments, e.g. coffee,			

	tea, donuts, etc. for award ceremonies)			
	b. Gifts to include store gift cards/certificates, office retirements			
	c. Membership fees for individual employees (except the Agency may purchase membership in a society or association in its own name);			
	d. Personal expenses and furnishings, including clothing, decorations and food for personal use or consumption (except as authorized by HRP 9.2. The purchase card may be used to purchase clothing that is required to perform job duties			
	e. Drinking water (except as identified in AMS Procurement Guidance T3.2.2.5A:2)			
	f. Subscriptions to publications or magazines, not relating to official duties			
	g. Rental of aircraft by persons not in aircraft related positions			
	h. Fans, air conditioning and cooling equipment, space heaters and heating equipment, except as properly installed for general use in connection with the maintenance and operations requirements for the site			
	i. Water coolers, or vacuum cleaners and other household appliances (except as requisitioned for general use by the authorities charged with building maintenance and equipment)			
	The purchase card cannot be used to purchase real property (land, buildings, or other structures) [AMS Procurement Guidance T3.2.2.5A:2]			
	Use of the purchase card, in lieu of the travel charge card, for travel-related expenses is prohibited [AMS Procurement Guidance T3.2.6]			
	Use of the purchase card to obtain Government owned or leased vehicles is prohibited [AMS Procurement Guidance T3.2.6]			
	Credit card checks – credit card checks may not be used for the following: [AMS Procurement Guidance T3.2.6]			
	a. The issuance of travel advances when the Government-issued travel charge card is revoked or cancelled due to delinquent payment or for personal reasons			
	b. Cash			
5	RESTRICTED PURCHASES			
	Purchase card – Federal funds used to purchase, lease or rent plasma displays or personal data assistants (PDAs) including Blackberries, require written justification from the affected associate or assistant administrator. The acquisition of high cost, high quantity items (e.g. computer equipment, hand-held radios, snowmobiles or any item over the amount of \$500) or sensitive items should be centrally purchased within the service center, center or Headquarters LOB to take advantage of the economies of scale and equipment standardization [AMS Procurement Guidance T3.2.6]			
	Credit card checks – Credit card checks may only be issued in “exceptional situations” when the use of payment mechanisms such as automated clearinghouse, a Government purchase card, or a Government issued travel credit card are not feasible [AMS Procurement Guidance T3.2.6]			
	Credit card checks may only be used: [AMS Procurement Guidance T3.2.6]			
	a. Where the political, financial, or communications infrastructure			

	does not support payment by EFT in a foreign country			
	b. Where the payment is to a recipient within an area designated by the President or an authorized agency administrator as a disaster area			
	c. Where paying by EFT would jeopardize military or law enforcement operations or national security interests			
	d. Where a cost-benefit analysis shows that making non-recurring payments by EFT are not justified			
	e. Where an agency's need for goods and services is of such an unusual and compelling urgency that the Government would be seriously injured unless payment is made by a method other than EFT			
	f. When there is only one source for goods or services and the Government would be seriously injured unless payment is made by a method other than EFT			
6	THIRD PARTY PAYMENTS			
	Purchase card – Cardholders are required to immediately notify the approving official when they become aware that a purchase card purchase will be processed by a third party on-line payment company. Cardholders must provide the approving official a copy of all documentation that supports the on-line payment transaction within five days of item receipt. [AMS Procurement Guidance T3.2.6]			
7	USE OF MANDATORY AND STRATEGIC SOURCES			
	Purchase card – Cardholder must determine if a product or service is available from the mandatory sources of supply (NIB, NISH)), or through a strategic sourcing contract (such as SAVES, Dell Blanket Purchase Agreement and Oracle Enterprise Licensing), before making a purchase from the open market [AMS Procurement Guidance T3.2.2.5A:1]			
8	ADDITIONAL SOURCES OF SUPPLY			
	Purchase card – Cardholders should purchase products and services from small businesses and small businesses owned and controlled by socially and economically disadvantaged whenever possible after mandatory source [AMS Procurement Guidance T3.2.2.5A:1]			
9	USE OF COMMERCIAL SOURCES			
	Purchase card – If a product or service is not available from a mandatory source, then cardholder must document according to the standards established in AMS Procurement Guidance T3.2.2.5A:1			
10	FISCAL RESPONSIBILITY			
	Purchase card – Cardholders must not split purchase card purchases in order to exceed the authorized single purchase limit or to avoid other established spending limitations. [AMS Procurement Guidance T3.2.6]			
	Credit card check – Credit card checks cannot be written for more than \$2500 each			
	Purchase card fund availability – Cardholders are responsible for maintaining a revolving balance of available funds as each item is purchased. [AMS Procurement Guidance T3.2.6]			
	Credit card check fund availability – Check writers are responsible for tracking their individual available balance and reconciling cleared credit card checks. [AMS Procurement Guidance T3.2.6]			

	Purchase card validation – Cardholders are responsible for validating all purchase card purchases and credit transaction items on the monthly statement to the accountable documents (sales slip, credit slip, and phone order form) and submit receipts to approving official, and correct object class code when necessary [AMS Procurement Guidance T3.2.6]			
	Credit card check validation – The monthly statement must be cross-checked with the check writer’s check register, carbon copy of the check, receipt, and invoice to ensure that the register and statement amounts are the same [AMS Procurement Guidance T3.2.6]			
	Purchase card deficiencies/disputes/damaged equipment – Cardholder should seek resolution with vendor when item shortages, receipt of defective items or receipt of wrong items occur. Cardholder must return defective, damaged or erroneous item to vendor within 60 days of receipt. [AMS Procurement Guidance T3.2.6]			
	Purchase cardholder must file a dispute form with the bank if they cannot reach a resolution with the vendor for any discrepancies. [AMS Procurement Guidance T3.2.6]			
	Credit card check deficiencies/disputes/damaged equipment – Discrepancies must be resolved immediately with the financial institution. [AMS Procurement Guidance T3.2.6]			
	Credit card check writers cannot accept cash or store credits made out to check writer for returned items. [AMS Procurement Guidance T3.2.6]			
	Check refunds received by the check writer must be forwarded to the servicing accounting office for deposit within one business day. [AMS Procurement Guidance T3.2.6]			
11	THEFT OR LOSS			
	Purchase card – The cardholder must immediately report the loss or theft of the purchase card to the card-issuing bank, the APC, and the approving official to avoid liability for unauthorized purchases on the card. [AMS Procurement Guidance T3.2.6]			
	Credit card check – Check writer must report lost or stolen checks to the financial institution. [AMS Procurement Guidance T3.2.6]			
12	NON-MONETARY AWARDS			
	<p>Purchase card – If the purchase card is used for non-cash awards (gifts remain a prohibited item), the requirement in the HRPM, Recognizing Employees, PM-9.2, must be followed. Each office is responsible for maintaining records on all recognition and awards purchased and given.</p> <p>These records must contain the following:</p> <p>(a) The justification for granting the award;</p> <p>(b) The item(s) purchased;</p> <p>(c) The cost of the item(s); and</p> <p>(d) The award recipient.</p>			

<p>[AMS Procurement Guidance T3.2.6]</p> <p>It must be emphasized that plaques, trophies, etc. given to employees for high quality work or special projects must not exceed \$75.00. Merchandise that is given to FAA employees is considered non-taxable by the IRS, if its cost does not exceed \$75.00. [AMS Procurement Guidance T3.2.6]]</p>			
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Section 7 : National Checklist

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National Checklist

Section 7.1 : Roles and Responsibilities

A. Chief of the Contracting Office (COCO)

- Designate the Agency Program Coordinator in writing
- Monitor internal operating procedures, misuse use of the purchase card, and compliance with FAA policy
- Delegate Purchasing Authority (DPA), in writing to non-warranted individuals. The delegation authorizes the use of the purchase card after these individuals have been trained on the proper use of the card, financial control records, and property management restrictions with the use of the purchase card
- Approve the purchase card maximum single purchase and cumulative monthly limits

B. Agency Program Coordinator (APC)

- Complete required APC training identified on intranet at <http://faapcard.amc.faa.gov>
- Establish new purchase card accounts electronically
- Update cardholder account information electronically (to include changes in name, address, phone number, single and/or monthly spending limits)
- Cancel purchase card accounts, electronically, due to termination of employment, infrequent use, non-compliance, and multiple accounts, or suspend
- Work with the lines of business towards obtaining a desirable ratio of cardholders to AO
- Establish and maintain a tracking system to monitor initial and/or refresher training of purchase cardholders and approving officials
- Ensure that all new and existing cardholders and approving officials receive required training on the policy and procedures for use of the card, and sign statement that they have read, understand and agree to follow local and national guidance. Training guidance is on intranet at <http://faapcard.amc.faa.gov>
- Review and restrict merchant category codes to reduce risk of fraud
- Prepare (provide input for) the OMB quarterly report
- Ensure internal controls reflect segregation of duties
- Notify the COCO of any misuse of the purchase card

C. Approving Official (AO)

- Ensure that all cardholders validate purchases and credits that are itemized on the statements.
- Ensure all purchases and credits include proper accounting classification data
- Verify that all purchases are authorized and that copies of sales slips, credit slips, and telephone order forms are on file
- Notify the APC of any misuse of the purchase card and any disciplinary action(s)

D. Cardholder

- Provide application to APC (via the AO) with training certificate
- Request single purchase and monthly purchase card limits consistent with need
- Safeguard the purchase card and its account number (only the person's name on the card shall use it or its number)
- Maintain only one card (multiple cards are not permitted)
- Maintain documentation (for 6 yrs. and 3 mos.) for the purchase card procurement
- Notify AO of transfer to a new office or separation from agency prior to action and transfer all purchase card records to AO
- Comply with requirements for selecting from mandatory sources, obtaining best value, and avoid prohibited and split purchases

E. Requestor of Purchase Card Procurement

- Prepare justification for procurements
- Acknowledge receipt of purchases

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National Checklist

Section 7.2 : Review Checklist

COCO

- ☐ Monitor the internal operating procedures, misuse of purchase cards, and disciplinary actions(s)
- ☐ Monitor compliance with FAST
- ☐ Delegate Purchasing Authority (DPA) in writing to purchase cardholders
- ☐ Approve maximum dollar limit for a single purchase
- ☐ Approve cumulative maximum dollar monthly limit
- ☐ Delegate Agency Program Coordinator in writing

APC

- ☐ Ensure all new and existing cardholders and approving officials receive required training
- ☐ Ensure cardholders and approving officials sign statement of agreement to follow local and national policies
- ☐ Establish new purchase card accounts electronically
- ☐ Update cardholder account information electronically (e.g. name, address, phone number, single/monthly spending limits)
- ☐ Cancel or suspend purchase card accounts, electronically, due to termination of employment, infrequent use, non-compliance, and multiple accounts
- ☐ Communicate with lines of business (LOBs) to seek a desirable ratio of cardholders to AO
- ☐ Establish and maintain a tracking system to monitor initial and/or refresher training of cardholders and approving officials
- ☐ Prepare OMB (provide input to) quarterly report
- ☐ Notify COCO of misuse of purchase card and disciplinary action(s)
- ☐ Ensure internal controls reflect segregation of duties
- ☐ Review and restrict merchant category codes
- ☐ Complete required APC training

AO

- ☐ Review and approve requests
- ☐ Certify funds are available
- ☐ Verify receipts and invoices

- ☐ Notify APC of any misuse of purchase card and disciplinary action(s)
- ☐ Monitor purchase cardholder records for compliance with FAST, Section T3.2.6.
- ☐ Notify APC when the cardholder retires or leaves the agency

Cardholder

- ☐ Safeguard the card and its number and not permit use by others
- ☐ Maintain only one (1) card
- ☐ Maintain records and documentation in accordance with FAST, Section T3.2.6.
- ☐ Comply with requirements for selecting from mandatory sources, obtain best value and avoid prohibited and split purchases, FAST Sections T3.2.6.
- ☐ Notify AO prior to transferring and/or separating from the agency
- ☐ Order and verify supplies/equipment
- ☐ Provide purchase card application with justification and AO approval to Agency Program Coordinator (APC)
- ☐ Provide evidence of training certification to APC
- ☐ Request single purchase spending limit and monthly cumulative limit consistent with need
- ☐ Obtain prior approval from AO for the procurement
- ☐ Obtain prior funds certification for the procurement

Requestor

- ☐ Prepare justification of procurement
- ☐ Acknowledge receipt of purchases

Procurement Guidance:

T3.2.6 - Purchase Card Program

Appendix

National Checklist

Section 7.3 : Corrective Action Plan

Corrective Action Plan

Prepared By: _____

Date: _____

Org./Routing Symbol: _____

Control Number: _____

Signature: _____

Procurement Guidance:

T3.2.6 - Purchase Card Program

Appendix

National Checklist

Section 7.4 : Purchase Card Review Findings

PURCHASE CARD REVIEW FINDINGS

PROCESS INVOLVED

[] Requirements (FAST Section T3.2.6) Appendix 5

Review Date:

[] FAST Sections T3.2.2.6 Appendix 6

Org/Rtg. Symbol:

[] Internal Controls (FAST Section T3.2.6) Appendix 6

Control Number:

Signature: _____

Procurement Guidance:

T3.2.6 - Purchase Card Program

Appendix

Section 8 : Measuring the Effectiveness of the FAA Purchase Card Program

1. Purpose. The purpose of this document is to provide a guidance tool for use when measuring the effectiveness and efficiency of the performance of the FAA Purchase Card Program.

2. Background. During March 2003, the General Accounting Office (GAO) issued Report Number GAO-03-405, *FAA Purchase Cards: Weak Controls Resulted in Instances of Improper and Wasteful Purchases and Missing Assets*. The GAO report resulted in 27 recommendations to FAA for the enhancement of the purchase card program. In response to Recommendation Number 2, FAA made a commitment to develop metrics for national oversight of the Purchase Card Program. This document contains measurement guidance for use when determining the effectiveness and efficiency of the FAA Purchase Card Program.

3. Description of FAA Purchase Card Program. The FAA purchase card is intended to streamline procurement and payment procedures and reduce the administrative burden associated with traditional and emergency purchasing of products and services. The purchase card is used to pay for authorized Government services when vendors accept the card. Credit card checks can be used with vendors that do not accept the purchase card. Credit card checks are not to exceed \$2,500.00. Spending restrictions on the FAA purchase card are contained in the cardholder's delegation of purchasing authority letter (DPA). Criteria for the use of the purchase card and credit card check are contained in the Federal Aviation Administration Acquisition System Toolset (FAST), Procurement Guidance, and Section T3.2.6.

4. National Purchase Card Program Oversight. The National Purchase Card Coordinator (NPC) provides monitoring and oversight of the FAA Purchase Card Program in accordance with the Procurement and Information Services Branch's standard operating procedures. The NPC uses the checklist contained in the Federal Aviation Administration System Toolset (FAST), Section T3.2.6, and Appendix 6, to monitor compliance with internal control requirements.

5. Scope of Measurements. Program measurements include financial management, internal business processes, and learning completed by APCs,

Cardholders, and approving officials.

5.1. Financial Management. Sources include data from the US Bank's database on transactions, financial data from the Department of Transportation, and data from the FAA accounting office. The data is used for measuring cost savings, cost avoidance, reviewing rebates, and analyzing spending trends.

5.2. Internal Business Processes. Sources of data include reviewing the FAA purchase card reports that are submitted to OMB on a quarterly basis, reviewing results of APC and approving official audits, and on-site reviews of internal control procedures. The data is used to obtain information on leveraging purchasing power, cost savings, cost avoidance, and purchase card misuse,

5.3 Learning. Sources of data include reviewing the APC's tracking records for cardholders and approving officials initial and refresher training. Cardholders and approving officials are required to meet initial and refresher-training requirements contained in FAST, Section T3.2.2.6, and Sections A.1.e.

6.0. Base-lining. The effectiveness and efficiency of the purchase card program will be reported annually by comparing the base line year data for FY-2005, with future years. FY-2005 is selected as the base-line year to coincide with the change of the bank service provider from Bank of America to US Bank.

7.0. Report. The FAA Purchase Card Program Performance Report is prepared annually by the National purchase Card Coordinator and submitted to the Director, Office of Acquisition & Contracting through the Manager, Acquisition Planning and Policy Division, ATO-A. The first annual report will be issued in January 2006.

References:

- The Federal Aviation Administration Acquisition System Toolset (FAST), Section T3.2.6.
- Government-wide Acquisition Performance Measurement Program, issued by Procurement Executive Council, April 2000.
- Proposed Changes to the Procurement Performance Management system, presented to the PMC, May 19, 2004, by the Acquisition Performance Management Committee.
- DOT Procurement Performance (FY 2004 Report for FY2003 Performance Year) Actions, and PMAT data included in the report.
- OMB Circular A-XX, improving the Management of Government-Issued Charge Card Programs
- GA0-03-405, FAA Purchase Cards, Weak Controls Resulted in Instances of Improper and Wasteful Purchases and Missing Assets, March 2003.
- GAO-04-430, Contract Management, Agencies Can Achieve Significant Savings on Purchase Card Buys, March 2004.

Procurement Guidance:

T3.2.6 - Purchase Card Program
Purchase Card Program

Section 5 : O

Procurement Guidance:

T3.2.6 - Purchase Card Program

Purchase Card Program

Section 2 : Roles and Responsibilities for Purchase Card

a. **Manager, Procurement Information and Services Team (AJA-432)** is responsible for overall management of FAA's purchase card program.

b. **Chief of the Contracting Office(COCO) for the Purchase Card Program** is a Government employee responsible for the following activities:

(1) Manage the FAA Purchase Card Program.

(2) Designate in writing the primary and alternate Agency Program Coordinators (APC).

(3) Designate in writing the approving official (AO) and other authorized individuals requiring access to the servicing bank's computer system and/or purchase card records. The written designation must include their role and responsibilities.

(4) Issue a Delegation of Purchasing Authority (DPA) letter to non-warranted individuals. The DPA establishes the maximum single purchase and monthly purchase limits.

(5) Monitor purchase card program internal operating procedures, misuse of purchase cards, and compliance with FAA policy and guidance. The COCO has authority to re-delegate monitoring responsibility to an individual within his or her organization.

(6) Receive from APCs and external sources reports of fraudulent or improper use of the purchase card, and take necessary actions to notify appropriate managers, security and investigative organizations, and take appropriate administrative actions to cancel or suspend the purchase card.

(7) Suspend purchase card privileges of cardholders who do not comply with AMS policy and guidance two or more times in a six month period. Suspensions are for at least six months, and the cardholder and approving official are required to complete remedial training before card privileges are restored.

c. **National Purchase Card Coordinator(NPC)** is a Government employee who provides national program monitoring and oversight of the purchase card program. In addition, the NPC provides liaison between purchase card activities in service areas, centers, Headquarters, Department of Transportation (DOT), and external Government organizations. The NPC is responsible for the following activities:

(1) Conduct FAA-wide reviews of the purchase card program, and national program monitoring and oversight, and prepare reports for submission to the manager and COCOs. The reports contain findings and corrective actions. A checklist of internal controls monitored by the NPC and the corrective action guide is contained in Section D, Appendix 5.

- (2) Coordinate requests for evaluating and auditing the purchase card program.
- (3) Initiate and coordinate policy and guidance changes for the purchase card program.
- (4) Complete initial training and then refresher training every two years. The required training is the same as that identified for the APC.

d. **The Agency Program Coordinator (APC) and alternate APC** are Government employees who receive a written letter from the COCO designating them as the APC or alternate APC. The letter describes their roles and responsibilities. The APC or alternate must not be a purchase cardholder, approving official, or funds certifier. The APC or alternate APC are responsible for the following activities:

- (1) Receive application requests from the approving official for new purchase cardholders and submits the approved purchase card forms to the card-issuing bank for processing.
- (2) Receive requests from the approving official for changes in individual cardholder's single and monthly purchase limits and submits changes to the card issuing bank for processing.
- (3) Submit changes and cancellations for approving officials and cardholder's accounts to the card-issuing bank.
- (4) Ensure new cardholders and approving officials complete initial training on purchase card procedures prior to card issuance, and complete refresher training, at a minimum, every two years.
- (5) Establish and maintain a tracking system to monitor account information (to include changes in address, telephone number, single and monthly purchase limits, and approving official).
- (6) Perform data mining to identify questionable purchases and notify the COCO for action as needed.
- (7) Work with lines of business to obtain an acceptable ratio of no more than 10 cardholders per approving official.
- (8) Cancel the purchase cards of cardholders who transfer to another organization or leave FAA. In most cases, a change in assignment within FAA allows the cardholder to keep the card as the APC submits a change in assignment or hierarchy to the bank.
- (9) Cancel duplicate purchase card accounts.
- (10) Cancel cardholder purchase card accounts that are not used within 1 year if need is not justified by approving official.

(11) Review and restrict specific merchant codes to reduce the risk of fraud or misuse.

(12) Report suspected fraudulent or improper use of the purchase card to the COCO for action as needed.

(13) Recommend to COCO suspending purchase card privileges of noncompliant cardholder for six months, and ensure remedial training is provided to the cardholder and approving official before card privileges are restored.

(14) Perform oversight, monitoring, and on-site reviews as required to ensure compliance with AMS requirements.

(16) Complete initial and then refresher training every two years. The initial minimum training requirements include the following:

- GSA SmartPay Training on-line;
- Access online training;
- Simplified Acquisition Procedures course;
- Appropriation Law course; and
- Refresher training may include participation in DOT or GSA SmartPay training conferences.

(17) Provide monitoring and oversight of approving officials to ensure segregation of duties and compliance with AMS. The checklist guide of items monitored by the APC is contained in Section D, Appendix 5.

(18) Review and recommend policy and guidance changes for the purchase card program.

e. **Approving Official (AO)** is a Government employee who is responsible for the following activities:

(1) Complete initial training, and then refresher training on a schedule determined by the COCO, but not less than every two years.

(a) The minimum initial training requirements include the following:

- GSA SmartPay Training on-line. A copy of the training certificate is provided to the APC;
- The bank's computer system training that is on-line and identified as Access Online;
- Review of the purchase card program requirements in AMS Procurement Guidance Section T3.2.6, and submit a signed statement to the APC indicating that the approving official read, understands and agrees to follow guidelines for the purchase card program; and
- Review of the property control requirements in FAA Order 4600.27.

(b) Refresher training includes providing a certification to the APC that the AO has read, understands, and agrees to follow all local and national guidance

covered in the initial purchase card training. This includes training on accounting classification coding. The certification form is available at the web site: <http://faapcard.amc.faa.gov>.

(2) Establish internal controls to ensure that the prior approval of purchases is obtained by cardholders and key duties of the program are properly segregated. Key duties and responsibilities in authorizing, processing/recording, certifying availability of funds, and reviewing official agency transactions should be separated among individuals. The following conditions apply in the processing of a purchase card transaction:

(a) The AO must approve the justification of each individual transaction for need and accuracy;

(b) An individual must never perform all duties;

(c) The person requesting the item(s) may be the fund certifier for the same purchase;

(d) An AO and fund certifier must not perform both approval and fund certification for the same purchase;

(e) The person requesting the item(s) must not be the AO for the same purchase; and

(f) The cardholder must never be the AO and/or fund certifier for the same purchase.

(3) Notify the APC when a cardholder retires, leaves FAA, transfers to another office, or no longer requires a purchase card.

(4) Establish procedures to ensure that cardholder purchase card files are retained in the office when a cardholder transfers to another office or leaves FAA.

(5) Submit the application for a new purchase cardholder to the APC for establishing a new cardholder's account.

(6) Validate accounting classification code data contained on the bank statement.

(7) Ensure the cardholder validates approved purchases, credit refunds, and that purchases are within authorized spending limits.

(8) Submit a written request to the APC to change the cardholder's single and/or monthly purchase limit.

(9) Report fraudulent or improper use of the purchase card to the APC.

(10) Conduct reviews of internal controls at least quarterly (i.e., March, June, September, and December), and take corrective actions if needed.

(11) Review the cardholder's statement and associated sales slips to validate that the charges are properly supported. The approving official should check for potential split purchases and ensure that the cardholder is not signing as the funds certifying official. The approving official must sign and date the printed copy of the bank statement to validate review of purchases.

(12) Safeguard user IDs and passwords. Approving officials must not share user IDs and passwords.

(13) Ensure that items purchased through the purchase card are received by FAA.

f. **Cardholder** is a Government employee who makes purchases and is responsible for the following activities:

(1) Take initial training, and then refresher training on a schedule determined by the COCO, but not less than every two years.

(a) The minimum initial training requirements include the following:

- GSA SmartPay Training on-line. A copy of the training certificate is provided to the APC;
- The bank's computer system training that is on-line and identified as Access online;
- Review of the purchase card program requirements in AMS Procurement Guidance T3.2.6; and
- Review of the property control requirements in FAA Order 4600.27.

(b) Refresher training includes providing a certification to the APC that the cardholder has read, understands, and agrees to follow all local and national guidance covered in initial purchase card training. The certification form is available at the web site: <http://faapcard.amc.gov>. Additionally, refresher training includes complete training on accounting classification coding.

(2) Safeguard the purchase card and account number. Only the individual whose name appears on the card is authorized to use it. Allowing someone other than the cardholder to use the card, or sharing passwords to obtain products and services, is considered an unauthorized purchase that is subject to disciplinary action as outlined in the Human Resources Operating Instructions (HROI) Table of Penalties.

(3) Obtain prior approval from the approving official before making a purchase. The approving official is required to approve the justification of each individual transaction for need and accuracy. The cardholder must obtain written confirmation of any verbal approval within 10 days of receiving the verbal approval.

(4) Ensure each accounting classification code (ensuring correct object class codes) for each item to be procured has been certified by a budget official before the purchase is made. Each cardholder has a primary use or "default" accounting classification code based on the primary use of the card. The cardholder is responsible for validating the correct accounting classification code for each item purchased, and the certification that funds are available before the purchase.

(5) Provide copies of source documents (i.e., invoice, purchase order, etc.) relating to purchases of accountable personal property to appropriate personnel.

(6) Cardholders must not exceed their single and monthly purchase limits. Purchases must not be "split" to circumvent single purchase limits.

(7) Review and validate all charges against their sales slips, review any credits on the statement, and dispute charges for purchases not received. Once the statement has been validated, the cardholder signs the statement and submits it, along with all supporting documentation, to the approving official for review and signature. This should be done within (5) five days of statement availability.

(8) Return the purchase card to the APC or alternate APC as part of the exit clearance process when leaving FAA.