

CHANGE REQUEST COVER SHEET

Change Request Number: 10-03

Date Received: 10/8/2009

Title: Revise Section Governing FAA Purchase Cards

Name: Larry Wyborski

Phone: 202-493-4638

Policy OR Guidance: Guidance

Section/Text Location Affected: T3.2.6

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

Reason for Change: Revise and update language to ensure proper purchase card usage.

Development, Review, and/or Concurrence: AGC-500, AJA-A1, AJA-A11, ACT, ARC, AFC-001, AJW Field Offices

Target Audience: Users of the 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) [null](#)

Links for New/Modified Forms (or) Documents (LINK 2) [null](#)

Links for New/Modified Forms (or) Documents (LINK 3) [null](#)

SECTIONS EDITED:

Procurement Guidance:

T3.2.6 - Purchase Card Program

Purchase Card Program

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

[\[RedLine Content\]](#)

Procurement Guidance:

T3.2.6 - Purchase Card Program

Purchase Card Program

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

SECTIONS EDITED:

Section 2 : Roles and Responsibilities for Purchase Card

Old Content: 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.

New Content: 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-A12)*** 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 primary and alternate agency program coordinators (APC).
- (3) Designate in writing approving officials (AO) and alternate approving officials requiring access to the servicing bank's computer system or purchase card records. The written designation must include their roles and responsibilities.
- (4) Designate in writing analysts/specialists and other persons requiring access to the service bank's computer system for view only capability. Persons with view only capability must not approve purchase card transactions in the service bank's computer system. The written designation must include their roles and responsibilities.
- (5) Issue a delegation of purchasing authority (DPA) letter to non-warranted individuals needing a purchase card. The DPA establishes the maximum single purchase and monthly purchase limits. The DPA must include their roles and responsibilities.
- (6) Monitor internal operating procedures for the purchase card program, misuse of purchase cards and convenience checks, and compliance with FAA policy and guidance. The COCO has authority to re-delegate monitoring responsibility to an individual within his or her organization.
- (7) Receive reports from the APC or other sources of suspected purchase card or convenience check misuse. Take necessary actions to investigate misuse, and notify the manager one level above approving official where the misuse occurred. In cases of suspected fraud, take necessary steps to notify both the FAA security organization and the manager at least one level above where the suspected fraud occurred. Within FAA, only division or equivalent level managers, or director or higher level managers, may request an investigation of suspected fraud.
- (8) Take necessary steps to suspend the purchase card when there is a confirmation of two instances of misuse of the purchase card or convenience check within 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. In cases of confirmed fraud, the purchase card account is closed with the first occurrence of fraud.

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 managers 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) Complete initial training and then refresher training every year. The required training is the same as that identified for the APC.

d. **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 designation letter describes their roles and responsibilities. The APC or alternate APC 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, confirm that all training requirements are met, and recommend to the COCO to issue a Delegation of Purchasing Authority (DPA) letter. The APC electronically submits the information to the card issuing bank for issuance of a purchase card.
- (2) Receive requests from the approving official for permanent changes in individual cardholders single and monthly purchase limits. Submits requests to the COCO for approval. Electronically submits changes to the card issuing bank.
- (3) Enter bank maintenance changes to the cardholder and approving accounts into the servicing bank's system.
- (4) Perform data mining to identify questionable purchases and notify the COCO for action as needed.
- (5) Work with lines of business towards obtaining an acceptable ratio of no more than 10 cardholders per approving official.
- (6) Close the purchase card account and ensure convenience checks are retrieved from cardholders who retire, transfer to another organization, leave FAA, or no longer require a purchase card.

(7) Review on an annual basis inactive cardholders accounts. Cancel those accounts that are no longer needed.

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

(9) Complete initial and then refresher training every year. The minimum training requirements include the following:

(a) The minimum initial training requirement includes:

- GSA SmartPay Training on-line;
- Access online training;
- Simplified Acquisition Procedures course;
- Appropriation Law course; and

(b) Refresher training includes participation in DOT or GSA SmartPay training conferences.

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

(1) Complete initial purchase card training course identified in eLMS, and then refresher training on a schedule determined by the COCO, but not less than every year.

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

- Training course identified in eLMS;
- 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
- Review of the property control requirements in FAA Order 4600.27A.

(b) Complete purchase card refresher training course identified in eLMS.

(2) Establish internal controls to ensure that the prior approval of purchases and funds certification are 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 is the last person to approve the individual purchase after the cardholder obtains certification of funds;

- (b) The AO must approve the justification of each individual transaction for need and accuracy;
 - (c) An individual must never perform all duties;
 - (d) An AO and fund certifier must not perform both approval and fund certification for the same purchase; and
 - (e) The cardholder must never be the AO and/or fund certifier.
- (3) The AO must 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 by the AO when a cardholder retires, transfers to another office, leaves FAA, or no longer has a need for the purchase card.
- (5) Submit the application for a new purchase cardholder to the APC for establishing a new cardholder's account.
- (6) Submit a written request to the APC to change the cardholder's single and/or monthly purchase limit.
- (7) Report fraudulent or improper use of the purchase card to the APC.
- (8) Conduct reviews of internal controls at least quarterly (i.e., March, June, September, and December), and take corrective actions if needed.
- (9) Review the cardholder's purchase card transactions. The approving officials' review should include validating that the accounting classification code data is correct; a check for potential split purchases and ensures that the cardholder is complying with the requirement of not performing the functions of an approving official or funds certifier.
- (10) Safeguard the bank's user IDs and passwords. The AO must not share user IDs and passwords.
- (11) Ensure that items purchased through the purchase card are the same as those approved. If there are differences, the cardholder is to provide to the AO a justification for the differences.

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 year.

(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 4600.27A.

(b) Complete purchase card refresher training course identified in eLMS.

(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, ER-4.1, Section 27h.

(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 documented confirmation of any verbal approval within 10 days of receiving the verbal approval.

(4) Designate 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.

(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.

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

Red Line Content: Procurement Guidance:

T3.2.6 - Purchase Card Program

Purchase Card Program

Section 2 : Roles and Responsibilities for Purchase Card

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a. **Manager, Procurement Information and Services Team** (AJA-~~432~~**A12**) 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~~**purchase card program**.

(2) Designate in writing ~~the~~ primary and alternate ~~Agency Program Coordinators~~**agency program coordinators** (APC).

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

(4) **Designate in writing analysts/specialists and other persons requiring access to the service bank's computer system for view only capability. Persons with view only capability must not approve purchase card transactions in the service bank's computer system. The written designation must include their roles and responsibilities.**

(5) Issue a ~~Delegation~~**delegation** of ~~Purchasing~~**purchasing** ~~Authority~~**authority** (DPA) letter to non-warranted individuals **needing a purchase card**. The DPA establishes the maximum single purchase and monthly purchase limits. **The DPA must include their roles and responsibilities.**

(~~5~~6) Monitor ~~purchase card program~~ internal operating procedures **for the purchase card program**, misuse of purchase cards **and convenience checks**, 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~~7) Receive **reports** from ~~APCs and external sources reports~~**the APC or other sources** of ~~fraudulent~~**suspected purchase card** or ~~improper use~~**convenience check of misuse**. ~~the purchase card~~**Take necessary** ~~actions~~**actions to investigate misuse**, and ~~take~~**notify the manager one level above approving official where the misuse occurred. In cases of suspected fraud, take** necessary ~~actions~~**steps** to notify ~~appropriate~~**both managers, the FAA** security ~~organization~~ and ~~investigative~~**the organizations, manager** and ~~take appropriate administrative actions~~**at least one level above to where the suspected fraud occurred. Within** ~~cancel~~**FAA, only division** or ~~suspend the~~**equivalent level purchase managers, card or director or higher level managers, may request an investigation of suspected fraud.**

(~~7~~8) ~~Suspend~~**Take necessary steps to suspend the** purchase card ~~privileges~~**when there** of ~~cardholders who do not comply with AMS policy and guidance two~~**is a confirmation of two instances of misuse of the purchase card** or ~~more~~**convenience times in check within** 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. **In cases of confirmed fraud, the purchase card account is closed with the first occurrence of fraud.**

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~~ **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~~ **managers** 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~~ **year**. 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 **designation** letter describes their roles and responsibilities. The APC or alternate **APC** 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, **confirm that all training requirements are met,** and ~~submits~~ **recommend to the approved COCO to purchase issue card a Delegation of Purchasing Authority (DPA) letter. The APC forms electronically submits the information** to the card-issuing bank for ~~processing~~ **issuance of a purchase card.**

(2) Receive requests from the approving official for **permanent** changes in individual ~~cardholder's~~ **cardholders** single and monthly purchase limits ~~and~~ **submits** changes **Submits requests** to the ~~card-issuing bank~~ **COCO** for ~~processing~~ **approval.** (3) ~~Submit changes and cancellations for approving officials, and~~ **Electronically** ~~cardholder's~~ **submits** ~~accounts~~ **changes** to the card-issuing bank.

(4) ~~Ensure new cardholders and approving officials complete initial training on purchase~~ **Enter** ~~card procedures prior~~ **bank maintenance changes** to ~~card~~ **the** ~~issuance,~~ **cardholder** and ~~complete refresher training, at a minimum, every two years.~~
(5) **approving** ~~Establish and maintain a~~ **accounts into the servicing tracking bank's** ~~system to monitor account information (to include changes in address, telephone number, single and monthly purchase limits, and approving official).~~

(64) Perform data mining to identify questionable purchases and notify the COCO for action as needed.

(75) Work with lines of business ~~to obtain~~ towards obtaining an acceptable ratio of no more than 10 cardholders per approving official.

(86) ~~Cancel~~ Close the purchase ~~cards~~ card of account and ensure convenience checks are retrieved from cardholders who retire, 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~~ no accounts. (10) longer ~~Cancel cardholder~~ require a purchase card ~~accounts that are not used within 1 year if need is not justified by approving official.~~

(117) Review ~~and restrict specific merchant codes to reduce~~ on the risk of fraud or misuse an annual basis inactive cardholders accounts. (12) Report suspected fraudulent or improper use of the purchase card to the COCO for action as Cancel those accounts that are no longer 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.~~ (148) Perform oversight, monitoring, and on-site reviews as required to ensure compliance with AMS requirements.

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

(a) The minimum initial training requirement includes:

- 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.~~

(17b) ~~Provide monitoring and oversight of approving officials to ensure segregation of duties and compliance with~~ Refresher ~~AMS training~~ The checklist guide of items monitored by the APC is includes contained participation in Section D, Appendix 5. (18) Review and recommend policy and guidance changes DOT for the purchase card program or GSA SmartPay training conferences.

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

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(1) Complete initial *purchase card* training *course identified in eLMS*, and then refresher training on a schedule determined by the COCO, but not less than every ~~two~~ *years**year*.-

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

- *Training course identified in eLMS;*
- 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~~*27A*.

~~(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~~ *Complete* ~~purchase card training. This includes~~ *refresher* ~~training on accounting classification coding. The certification form is available at the~~ *course* ~~web~~ *identified* ~~site in~~ *http://faapecard.amceLMS.faa.gov.*

(2) Establish internal controls to ensure that the prior approval of purchases ~~is~~ *and funds* *certification are* 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 *is the last person to approve the individual purchase after the cardholder obtains certification of funds;*

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

~~(b)~~ *c* An individual must never perform all duties;

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

(3) ~~Notify~~The AO must 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 by~~ the ~~office~~AO when a cardholder ~~retires,~~ transfers to another office ~~or,~~ leaves FAA, or no longer has a need for the purchase card.

(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~~purchase and card associated transactions. sales slips ~~The approving to officials' validate~~review should include validating that the ~~charges are~~accounting properly classification supported. ~~code~~ The approving ~~data is~~official correct; ~~should~~a check for potential split purchases and ~~ensure~~ensures that the cardholder is ~~not signing~~complying as with the ~~funds certifying official.~~ The approving official ~~must~~requirement sign and date ~~of not performing~~ the ~~printed copy~~functions of the bank statement ~~an~~ to validate review of purchases approving official or funds certifier.

~~(12)~~ Safeguard the bank's user IDs and passwords. ~~Approving officials~~The AO must not share user IDs and passwords.

~~(13)~~ Ensure that items purchased through the purchase card are ~~received by~~the same ~~FAA~~as those approved. If there are differences, the cardholder is to provide to the AO a justification for the differences.

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~~ year.

(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~~27A.

(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~~Complete purchase card ~~training. The certification form is available~~refresher at the web~~training course identified~~ site:in <http://faapecard.amceLMS.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, ER-4.1, Section 27h.

(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~~documented confirmation of any verbal approval within 10 days of receiving the verbal approval.

(4) ~~Ensure each~~Designate 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 retiring or leaving FAA.

Section 1 : Purchase Card

Old Content: 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.

1. *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.

New Content: 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:

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(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) Certification of prior approval. The cardholder will obtain confirmation of any verbal approval within 10 days of receiving the verbal approval.

(b) Certification of funds availability. Funds certification officers must provide a documented certification of funds availability prior to any purchase. This can be done on a quarterly, semi-annual or annual basis.

(c) A sales slip or invoice.

(d) Document rationale for mandatory sources use or non-use.

(e) Receipt of goods or services.

(i) 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.

(ii) Except for items considered sensitive or pilferable, confirmation of 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 asset (e.g., buildings and other structures).

(iii) 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 T3.2.2.5.A.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 (documented 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 documented notification by providing a copy of the purchase card order or by other acceptable means;

(c) After receiving the property, the Cardholder 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.

Red Line Content: 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.

1. *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~~ Certification 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 availability. Funds certification officers must provide a ~~written allocation~~ documented certification 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~~ Document availability from rationale for mandatory sources use or non-use. ~~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.~~

~~(iii)~~ 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 confirmation of 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~~ asset (e.g., buildings and other structures).

~~(iviii)~~ 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 ~~3T3.2.2.5A~~ 5.A.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~~ documented 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~~ documented 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.

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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.

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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.

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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.
