

# CHANGE REQUEST COVER SHEET

**Change Request Number:** 11-05

**Date Received:** 10/25/2010

**Title:** Administrative Revisions to T3.2.6., Purchase Card Program

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**Name:** Larry Wyborski

**Phone:** 202-493-4638

**Policy OR Guidance:** Guidance

**Section/Text Location Affected:** Sections 2, 3 and all Appendices

**Summary of Change:** Delete Sections and Appendices from T3.2.6.

**Reason for Change:** Sections and Appendices were inadvertently not deleted from T3.2.6.

**Development, Review, and/or Concurrence:** Not applicable.

**Target Audience:** FAA Contracting Officers.

**Potential Links within FAST for the Change:** None.

**Briefing Planned:** No

**ASAG Responsibilities:** None

**Potential Links within FAST for the Change:** None.

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

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

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

## SECTIONS REMOVED:

Procurement Guidance:

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

Procurement Guidance:

**Section 2 : OMB Circular A-123 Requirements for Purchase Card Program**

**Management** [\[Old Content\]](#)

Procurement Guidance:

**Section D : Appendix** [\[Old Content\]](#)

Procurement Guidance:

**Section 1 : Appropriate Use of Credit Card Checks** [\[Old Content\]](#)

Procurement Guidance:

**Section 2 : Credit Card Check Approval Form** [\[Old Content\]](#)

Procurement Guidance:

**Section 3 : Credit Card Check Register** [\[Old Content\]](#)

Procurement Guidance:

**Section 4 : Purchase Card Training Database** [\[Old Content\]](#)

Procurement Guidance:

**Section 5 : APC Checklist Guide** [\[Old Content\]](#)

Procurement Guidance:

**Section 6 : National Checklist** [\[Old Content\]](#)

Procurement Guidance:

**Section 6.1 : Roles and Responsibilities** [\[Old Content\]](#)

Procurement Guidance:

**Section 6.2 : Review Checklist** [\[Old Content\]](#)

Procurement Guidance:

**Section 6.3 : Corrective Action Plan** [\[Old Content\]](#)

Procurement Guidance:

**Section 6.4 : Purchase Card Review Findings** [\[Old Content\]](#)

Procurement Guidance:

**Section 7 : Measuring the Effectiveness of the FAA Purchase Card Program**  
[\[Old Content\]](#)

## SECTIONS REMOVED:

**Procurement Guidance:**

**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.

**Procurement Guidance:**

**Section 2 : OMB Circular A-123 Requirements for Purchase Card Program Management.**

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

**Procurement Guidance:**

**Section D : Appendix.**

**Procurement Guidance:**

**Section 1 : Appropriate Use of Credit Card Checks.**

Scenarios	Examples of Preferred Payment Methods	Allow Check Use	Comments
Emergency salary payment (disaster declared)	· Deposit to employee's account · Treasury check to employee	Yes	Treasury waiver allowed where payment is to a recipient within an area designated by President or an authorized agency administrator as a disaster area.
Advance salary payment to new employee	· Deposit to employee's account · Treasury check to employee	No	
Local travel	· Deposit to employee's account  · Treasury check to employee  · Employer-provided transit cards	No	
Reimburse gas when privately-owned	· Deposit to employee's account · Treasury check to	No	

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Procurement Guidance:**

**Section 2 : Credit Card Check Approval Form.**

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

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

**Procurement Guidance:**

**Section 3 : Credit Card Check Register.**

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

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

**Procurement Guidance:**

**Section 4 : Purchase Card Training Database.**

Assigned Organization	Employee Name	Location	Initial Training Date	Refresher Training Date	Last 6 Digits of Purchase Card No.	Single / Monthly Spending Limit	Supervisors Name
AAF-300	Joe Doe	ANE Regional Office	05/22/95	02/16/99 02/16/02	200000	\$10,000(s) \$25,000(m)	John Smith
ANI-1	Jane Doe	AAL FTW	02/01/99	03/12/03	11111	\$5,000(s)	Jane Smith

		SSC				\$10,000(m)	
AFM-800	Tom Jones	Headquarters	02/02/94	11/22/97 09/15/02	22222	\$25,000(s) \$50,000(m)	Tom Smith
ACT-51	Mary Brown	ACT Logistics	07/07/01		123456	\$10,000(s) \$25,000(m)	Sallie Jones
AMQ-300	Lucy Bird	AMQ Ops & Maintenance	10/10/93	10/08/96 10/12/99 10/15/02	54544	\$10,000(s) \$25,000(m)	Her Gordon
AEA-55	Freddie Mac	AEA Contract	05/15/02		88994	\$10,000(s) \$25,000(m)	Oscar Meyer
ASO-22	Willy Wonka	ASO Acct. Ops	04/19/00		54654	\$10,000(s) \$25,000(m)	Millie Norman
AGL-54	Rocky Moon	AGL Sup Servs	06/20/96	05/20/99 07/26/02	56555	\$10,000(s) \$25,000(m)	Madge Hair
ACE-300	Jean Bandid	ACE Med Serv	01/24/97	03/19/00	22154	\$10,000(s) \$25,000(m)	Howard Troy
ASW-620	George Green	ASW Safety Std	09/18/98	10/10/01	54545	\$10,000(s) \$25,000(m)	Troy Ackman
AWP-420	Sky Coral	AWP Resource Mgt.	02/09/95	02/18/98 03/03/02	54545	\$10,000(s) \$25,000(m)	Siera Surfer
ANM-53	Renee News	ANM Acq.	08/28/02		24123	\$10,000(s) \$25,000(m)	Dan Ruther

### **Procurement Guidance:**

#### **Section 5 : APC Checklist Guide.**

	Government Purchase Card and Check Evaluation Report			
Number	Check List	Comply	Non Comply	Not Applicable
1	PRIOR APPROVAL			
	Purchase card – The cardholder obtains and documents the approval of the approving official and checks the funds available balance before purchase is made. The cardholder will obtain written confirmation of any verbal approval within 10 days of receiving the verbal approval. AMS Procurement Guidance [T3.2.6]			
	Credit card check – Purchases using credit card checks must be approved in advance by the second line manager who approves purchase card purchases. [AMS Procurement Guidance T3.2.6]			
	If the approving official is not located at the same site as the person authorized to issue the check (check writer), verbal approval followed by written documentation is satisfactory. The check writer must complete the credit card check approval form when verbal approval has been granted in advance of a purchase by the second level supervisor [AMS Procurement Guidance T3.2.6.and Appendix 2]			
2	AUTHORIZED USE			
	Purchase card – The purchase cardholder must safeguard the purchase card and card number. Only the individual whose name appears on the purchase card is authorized to use it. [AMS Procurement Guidance T3.2.6]			

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

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

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



	checked with the check writer's check register, carbon copy of the check, receipt, and invoice to ensure that the register and statement amounts are the same [AMS Procurement Guidance T3.2.6]			
	Purchase card deficiencies/disputes/damaged equipment – Cardholder should seek resolution with vendor when item shortages, receipt of defective items or receipt of wrong items occur. Cardholder must return defective, damaged or erroneous item to vendor within 60 days of receipt. [AMS Procurement Guidance T3.2.6]			
	Purchase cardholder must file a dispute form with the bank if they cannot reach a resolution with the vendor for any discrepancies. [AMS Procurement Guidance T3.2.6]			
	Credit card check deficiencies/disputes/damaged equipment – Discrepancies must be resolved immediately with the financial institution. [AMS Procurement Guidance T3.2.6]			
	Credit card check writers cannot accept cash or store credits made out to check writer for returned items. [AMS Procurement Guidance T3.2.6]			
	Check refunds received by the check writer must be forwarded to the servicing accounting office for deposit within one business day. [AMS Procurement Guidance T3.2.6]			
11	<b>THEFT OR LOSS</b>			
	Purchase card – The cardholder must immediately report the loss or theft of the purchase card to the card-issuing bank, the APC, and the approving official to avoid liability for unauthorized purchases on the card. [AMS Procurement Guidance T3.2.6]			
	Credit card check – Check writer must report lost or stolen checks to the financial institution. [AMS Procurement Guidance T3.2.6]			
12	<b>NON-MONETARY AWARDS</b>			
	<p>Purchase card – If the purchase card is used for non-cash awards (gifts remain a prohibited item), the requirement in the HRP, Recognizing Employees, PM-9.2, must be followed. Each office is responsible for maintaining records on all recognition and awards purchased and given.</p> <p>These records must contain the following:</p> <ul style="list-style-type: none"> <li>(a) The justification for granting the award;</li> <li>(b) The item(s) purchased;</li> <li>(c) The cost of the item(s); and</li> <li>(d) The award recipient.</li> </ul> <p>[AMS Procurement Guidance T3.2.6]</p> <p>It must be emphasized that plaques, trophies, etc. given to employees for high quality work or special projects must not exceed \$75.00. Merchandise that is given to FAA employees is considered non-taxable by the IRS, if its cost does not exceed \$75.00. (AMS</p>			

	Procurement Guidance T3.2.6)			
	Store gift cards or gift certificates, when authorized for purchase as a non-monetary award, must not be purchased with the purchase card (AMS Guidance T3.2.2.5.A.4.d.(3))			

**Procurement Guidance:**

**Section 6 : National Checklist.**

**Procurement Guidance:**

**Section 6.1 : Roles and Responsibilities.**

A. Chief of the Contracting Office (COCO)

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

B. Agency Program Coordinator (APC)

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

C. Approving Official (AO)

- Ensure that all cardholders validate purchases and credits that are itemized on the statements.
- Ensure all purchases and credits include proper accounting classification data
- Verify that all purchases are authorized and that copies of sales slips, credit slips, and telephone order forms are on file

- Notify the APC of any misuse of the purchase card and any disciplinary action(s)

#### D. Cardholder

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

#### E. Requestor of Purchase Card Procurement

- Prepare justification for procurements
- Acknowledge receipt of purchases

### **Procurement Guidance:**

#### **Section 6.2 : Review Checklist.**

#### **COCO**

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

#### **APC**

- ☐ Ensure all new and existing cardholders and approving officials receive required training
- ☐ Ensure cardholders and approving officials sign statement of agreement to follow local and national policies

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

#### **AO**

- ☐ Review and approve requests
- ☐ Certify funds are available
- ☐ Verify receipts and invoices
- ☐ Notify APC of any misuse of purchase card and disciplinary action(s)
- ☐ Monitor purchase cardholder records for compliance with FAST, Section T3.2.6.
- ☐ Notify APC when the cardholder retires or leaves the agency

#### **Cardholder**

- ☐ Safeguard the card and its number and not permit use by others

- ☐ Maintain only one (1) card
- ☐ Maintain records and documentation in accordance with FAST, Section T3.2.6.
- ☐ Comply with requirements for selecting from mandatory sources, obtain best value and avoid prohibited and split purchases, FAST Sections T3.2.6.
- ☐ Notify AO prior to transferring and/or separating from the agency
- ☐ Order and verify supplies/equipment
- ☐ Provide purchase card application with justification and AO approval to Agency Program Coordinator (APC)
- ☐ Provide evidence of training certification to APC
- ☐ Request single purchase spending limit and monthly cumulative limit consistent with need
- ☐ Obtain prior approval from AO for the procurement
- ☐ Obtain prior funds certification for the procurement

**Requestor**

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

**Procurement Guidance:**

**Section 6.3 : Corrective Action Plan.**

## *Corrective Action Plan*

Prepared By: \_\_\_\_\_

Date: \_\_\_\_\_

Org./Routing Symbol: \_\_\_\_\_

Control Number: \_\_\_\_\_

Signature: \_\_\_\_\_

**Procurement Guidance:**  
**Section 6.4 : Purchase Card Review Findings.**

***PURCHASE CARD REVIEW FINDINGS***

**PROCESS INVOLVED**

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

Review Date:

[ ] FAST Sections T3.2.2.6 Appendix 6

Org/Rtg. Symbol:

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

Control Number:

Signature: \_\_\_\_\_

**Procurement Guidance:**

**Section 7 : Measuring the Effectiveness of the FAA Purchase Card Program.**

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

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

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oversight of the Purchase Card Program. This document contains measurement guidance for use when determining the effectiveness and efficiency of the FAA Purchase Card Program.

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

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

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

Cardholders, and approving officials.

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

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

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

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

**7.0. Report.** The FAA Purchase Card Program Performance Report is prepared annually by the National purchase Card Coordinator and submitted to the Director, Acquisition and Contracting through the Manager, Acquisition Planning and Policy Division, ATO-A. The first



annual report will be issued in January 2006.

**References:**

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