

# CHANGE REQUEST COVER SHEET

**Change Request Number:** 13-29

**Date Received:** 12/31/2012

**Title:** Purchase Card Revision

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**Policy OR Guidance:** Guidance

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

**Summary of Change:** This change to AMS Procurement Guidance T3.2.6 addresses recommendations from DOT and OIG for stakeholder training and experience requirements, while also restructuring the process for delegating authority.

**Reason for Change:** To address DOT and OIG recommendations.

**Development, Review, and/or Concurrence:** AMQ-400, AAP-300, AAQ-600

**Target Audience:** FAA Purchase Card Program: Cardholders and Approving Officials

**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 EDITED:

Procurement Guidance:

*T3.2.6 - Purchase Card Program*

*Purchase Card Program*

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

## SECTIONS EDITED:

### **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) from the Manager, Strategic Acquisitions are authorized to use the card, within the specified dollar limits, to acquire products and services.

b. *Duties.*

(1) An approving official (AO) must be a Government employee that is currently at or above the pay band/grade level of the cardholders to be assigned to the AO.

(2) *Approving Official (AO):* A Government employee responsible for the following activities:

(a) Establish and continually monitor 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.

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

(c) Establish procedures to ensure that cardholder purchase card files are retained when a cardholder retires, transfers to another office, or leaves FAA.

(d) Approve new purchase cardholder application and spending limits and submit a justification of need for a new purchase card account to the APC.

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

(f) Review all purchase card transactions and ensure accuracy of information and that all required documentation is included for each transaction.

(g) Ensure that all transactions are for a bona fide need of the government.

(h) Report fraudulent or improper use of the purchase card to the National Purchase Card Program Manager and APC.

(i) Review and final approve cardholder's transactions in US Bank Access Online within 45 days of the close of the billing cycle. All transactions must be final approved (including fraud and disputed transactions) to ensure funds are expended from the correct appropriation code.

(j) Safeguard the bank's user IDs and passwords. The AO must not share user IDs and passwords.

(k) Ensure that items purchased through the purchase card are the same as those approved. The cardholder is to provide to the AO a justification for any differences.

(3) *Cardholder*: A Government employee who uses the purchase card to make purchases and is responsible for the following activities:

(a) Safeguard the purchase card and account number. Only the individual whose name appears on the card is authorized to make purchases on that purchase card. 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.

(b) 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. Although it is allowable to obtain a written approval within 10 days of the transaction, it is strongly recommended to have a written approval before the purchase.

(c) Ensure the accounting classification code (ensuring correct object class codes) for each item to be procured has been certified by a funds certifier before the purchase is made. Each cardholder has a primary use or "default" accounting classification code based on the primary use of the card.

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

- (e) Abide by, and never exceed, their single and monthly purchase limits. Purchases must not be “split” to circumvent single purchase limits.
- (f) Review and validate all charges against their sales slips, review any credits on the statement, and dispute charges for purchases not received.
- (g) Review and approve transactions in US Bank Access Online within 45 days of the close of the billing cycle. All transactions must be final approved (including fraud and disputed transactions) to ensure funds are expended from the correct appropriation code.
- (h) Notify the APC or alternate APC as part of the exit clearance process when retiring or leaving FAA, and properly destroy issued cards and convenience checks.
- (i) Maintain documentation for each purchase card transaction for 6 years, 3 months.
- (j) Include a justification and description for each purchase so that it can be readily understood by someone that is reviewing the purchase in US Bank Access, the Purchase Card Processing System (PCPS), etc.
- (k) Provide justification to AO's for any discrepancies with the transaction to include amount charged, product defects, shipping issues, return issues, credits, etc. Maintain a copy of the justification with the transaction documentation.
- (l) Review and validate charges against sales receipts and invoices; review credits online and dispute transactions as applicable (e.g. amount charged, fraud, etc.).
- (m) Splitting transactions/orders to stay within single or monthly limits or other applicable thresholds (including competition, services, construction or check writing limits) is prohibited.
- (n) Upon separating from the agency or the purchase card program, cardholders must:
  - (i) Ensure clearance forms are signed by APC or Alternate APC;
  - (ii) Review purchase card files for accuracy;
  - (iii) Ensure all transactions posted to US Bank have the designation "Final Approved;"
  - (iv) Forward all purchase card files to the AO; and
  - (v) Destroy the purchase card and checks.

(o) Reviewing transactions and reconciling them in US Bank.

(p) Immediately report lost and/or stolen purchase card or checks to US Bank and the APC.

(q) Verify items have been received by documenting the transaction file with receipt date and recipient.

c. *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.

(1) The Manager, Strategic Acquisitions may grant higher limits, either permanently or temporarily, if presented with a written justification establishing an unusual or compelling need.

(2) Prior to being delegated permanent single purchase limits exceeding \$10,000, cardholders must complete additional training requirements (detailed below) commensurate with the additional authority.

(3) Permanent single purchase card limits over \$25,000 require the approval of the FAA Acquisition Executive (FAE).

d. *Initial Training.*

(1) *Cardholder.*

(a) All cardholders must complete the following before a purchase card will be issued:

(i) GSA SmartPay 2 Purchase Card Training- *online*: A copy of the training certificate is provided to the APC;

(ii) US Bank Access Online Web-Based Training for cardholders- *online*;

(iii) Review of the purchase card program requirements in AMS Procurement Guidance T3.2.6; and

(iv) *Using the Purchase Card in FAA- classroom*: Must be completed within 9 months of the application date for a cardholder's first account.

(b) In addition to the training requirements above, cardholders must complete the following before a purchase card will be issued with a permanent single purchase limit over \$10,000:

- (i) CON 100- Shaping Smart Business Arrangements;
- (ii) CON 237- Simplified Acquisition Procedures or AQN SPB Simplified Acquisition Procedures Basic; and
- (iii) CLC 004- Market Research.

(2) *Approving Official.*

(a) An approving official (AO) must complete the following before authority and access are granted:

- (i) GSA SmartPay 2 Purchase Card Training- *online*: A copy of the training certificate is provided to the APC;
- (ii) U. S. Bank Access Online Web-Based Training for AOs- *online*; and
- (iii) Review of the purchase card program requirements in AMS Procurement Guidance T3.2.6.

(b) Additional training required for AOs that approve cardholders with a permanent single purchase limit exceeding \$10,000:

- (i) CON 100 - Shaping Smart Business Arrangements;
- (ii) CON 237 - Simplified Acquisition Procedures or AQN SPB Simplified Acquisition Procedures Basic; and
- (iii) CLC 004 - Market Research.

(c) It is highly recommended that AOs attend the class *Managing and Approving Financial Transactions* and/or *Using the Purchase Card in FAA* within 9 months of designation.

e. *Refresher Training.* Purchase Card Refresher training will be completed by each AO and cardholder using the eLMS course *Purchase Card Program (FAA60004975)* every two years.

f. *Separation of Duties.* Key duties and responsibilities in purchasing, Certifying availability of funds, and approving transactions should be separated among individuals. The following conditions apply in the processing of a purchase card transaction:

- (1) The AO is the last person to approve the individual purchase after the cardholder obtains certification of funds
- (2) The AO must approve the justification of each individual transaction for need and accuracy;
- (3) An individual must never perform all duties;
- (4) An AO and fund certifier must not perform both approval and fund certification for the same purchase; and
- (5) The cardholder must never be the AO and/or fund certifier.

*g. Mandatory Sources and Other Requirements.*

- (1) When using the purchase card, cardholders must consider the following requirements:

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

- (i) *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).

- (ii) Enterprise software licensing agreements such as Oracle.

- (b) *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.

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

- (d) *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)

- (e) *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.

- (f) *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)

(g) *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)

(2) If mandatory sources are applicable and not used, the transaction file must document how mandatory sources were sought and the reasons why a non-mandatory source was chosen.

h. *Split Purchase.* A split purchase is a procurement made to avoid established purchase limits, to include single purchase limits and competition thresholds.

(1) 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 Manager, Strategic Acquisitions.

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. If the contract, lease or order does not authorize in writing the purchase card as a payment tool, the purchase card cannot be used.

(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 are exempted from the Service Contract Act (SCA), as detailed under AMS Procurement Guidance T3.6.2, and do not exceed the cardholder's Single Purchase Limit. Services exceeding \$2,500 in which SCA is applicable must not be purchased using the purchase card.

(b) *Recurring Services.*

(i) The service requirement does not exceed one (1) year, and the total value for the year does not exceed the cardholder's Single Purchase Limit.

(ii) If the SCA applies to the service requirement, the total value of the service must not exceed \$2,500 for the year.

(iii) 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.

(iv) 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) Purchase cards must not be used to procure personal services. Personal service procurements create an employer-employee relationship between FAA and the contractor's personnel (see AMS Procurement Guidance T3.8.2).

(4) The purchase card must not be used to enter into equipment or other types of leases, unless the procurement is through a FAA contract and/or strategic sourcing initiative (e.g. SAVES).

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

(6) 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) Any construction project procured using the purchase card must have simple terms and not require modifications and specifications that could result in the requirement exceeding \$2,000.
- (4) 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.
- (5) The purchase card may be used as a payment vehicle against an existing construction contract signed by a CO.

l. *Competition.*

- (1) *\$3,000 or less.* Competition is not required for purchases of \$3,000 or less.
- (2) *In excess of \$3,000 and not in excess of \$10,000.* Competition is encouraged, but not mandatory for purchases in excess of \$3,000 and not in excess of \$10,000. Purchasers should consider the administrative cost of making the purchase versus potential savings that could result from competition. Purchases in excess of \$3,000 and not in excess of \$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) *In excess of \$10,000.* For approved actions that value in excess of \$10,000, applicable AMS requirements for competition or single source procurement apply.

m. *Rational Basis.* 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.

n. *US Bank Access Comments Fields*. Cardholders must enter required data into US Bank Access comments fields.

(1) *Comments Field 1*: PCPS Number, Financial Tracking/Cuff Record System Number (e.g. REGIS Number), Accountable property information (e.g. AITS Number), other explanatory information (e.g. fraudulent transaction, emergency purchase, disputed item information, etc.).

(2) *Comments Field 2*: Description of the item or service.

(3) *Comments Field 3 (Recovery Act)*: Description of purchases made using funds received from the American Recovery and Reinvestment Act.

(4) *Comments Fields 4 (Identifier for Item Below) and 5 (Item of National Interest)*: Description of purchases made during declared emergencies (e.g. supplies purchased during hurricanes or other disasters).

o. *Documentation*.

(1) Documentation supporting purchase card transactions must be retained for 6 years, 3 months from the transaction date.

(2) 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, invoice, or order confirmation.

(d) Rational basis.

(e) Receipt of goods or services, signed and dated by recipient.

(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 and dating 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

\$5,000 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.

(3) *Accountable Property*. 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) After receiving the property, the person receiving the items 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;

(c) More detail relating to Property Custodian/Delegates roles are located on the FAA Intranet (**FAA only**) under the title FAA Personal Property Process and Procedure Guide, V2, June 1, 2009.

p. *Prohibited Purchases*.

(1) 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)

(2) Cash advances, including money orders;

(3) 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;

(4) Real property, which is defined as land, buildings, structures or rights over or under the land such as improvements to make it more productive or to make it serve a more beneficial end than the land itself;

(5) Long term storage unit rental or services (long term is defined as 6 months or more), unless the purchase card is being used solely as a payment vehicle against a contract or lease signed by the CO/RECO and;

(a) The total cost of the rental or purchase of the storage services does not exceed the cardholder's delegated authority;

(b) The portable units are not classified as real property (defined above); and;

(c) The terms and conditions of the rental or storage services (e.g., termination authority) are in writing and signed by both parties.

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

(7) Use of the purchase card for travel charge card or travel-related expenses is prohibited. Exception: Metro fare cards and toll passes (e.g. EZ Pass) may be purchased for local travel supporting official FAA business. Proper controls must be established to ensure that fare cards or passes 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 other services related to local travel, each must be approved by the Manager, Strategic Acquisitions prior to purchase.

(8) Use of the purchase card to obtain commercial, Government owned or leased vehicles is prohibited.

(9) Store gift cards or gift certificates must not be purchased with the Government Purchase card.

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

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

s. *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.

t. *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.

u. *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.

- (3) The government is tax exempt, but there are instances where the vendor may charge tax. Tax cannot be disputed in US Bank. If improper tax is charged to a transaction the cardholder must:

- (a) Immediately contact vendor and inform the vendor that the government is tax exempt and request a credit;

- (b) Document files with the proposed agreement to credit the tax, or if vendor states he or she will not credit tax document the file with a memo to file (for phone conversations) or any e-mail/correspondence received; and

- (c) If a credit is forthcoming, watch for the credit during the reconciliation process and contact the vendor if you don't see the credit within 15 days.

v. *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.

(a) If a refund is issued in the form of store credit, it must be made out to the Federal Aviation Administration and used for a future valid purchase.

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

(2) A dispute occurs when a cardholder formally challenges the validity of a transaction with the bank. 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.

(a) Reasons for Disputing a Purchase:

(i) Inadequate description or unrecognized charge

(ii) Duplicate charge

(iii) Account charged for merchandise returned

(iv) Account charged for an order that was cancelled (unless cancellations charges were agreed to up-front)

(v) Account charged for merchandise or service that was not received

(vi) Account charged for merchandise that does not reflect that ordered

(vii) Account charged for merchandise that is damaged

(viii) Account charged erroneously

(ix) Incorrect amount charged

(x) Did not authorize the charge posted

(b) The bank will not process disputes for:

(i) Foreign exchange rates for international purchases

(ii) Shipping and handling charges

(iii) Taxes

(iv) Convenience checks and associated fees

w. *Lost or Stolen Purchase Cards and Convenience Checks, and/or Compromised Accounts.*

(1) *Reporting Lost or Stolen Purchase Cards and convenience checks, and/or Compromised Accounts.* The cardholder must report immediately the loss or theft of their purchase card and/or convenience checks 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, check numbers, 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 National Purchase Card Manager in order to have another card re-issued.

x. *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. 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.

y. *Destroying Purchase Cards and Convenience Checks.*

(1) When an account has been closed, all related purchase cards and unused checks should be recorded and properly destroyed.

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

z. *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.



aa. *Suspension.* 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.

bb. *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.

**New Content: Procurement Guidance:**

*T3.2.6 - Purchase Card Program*

*Purchase Card Program*

**Section 1 : Purchase Card**

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(1) An approving official (AO) must be a Government employee that is currently at or above the pay band/grade level of the cardholders to be assigned to the AO.

(2) *Approving Official (AO):* A Government employee responsible for the following activities:

(a) Establish and continually monitor 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.

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

(c) Establish procedures to ensure that cardholder purchase card files are retained when a cardholder retires, transfers to another office, or leaves FAA.

(d) Approve new purchase cardholder application and spending limits and submit a justification of need for a new purchase card account to the APC.

(e) Submit written requests to the APC to change the cardholder's single and/or monthly purchase limit.

(f) Review all purchase card transactions and ensure accuracy of information and that all required documentation is included for each transaction.

(g) Ensure that all transactions are for a bona fide need of the government.

(h) Report fraudulent or improper use of the purchase card to the National Purchase Card Program Manager and APC.

(i) Review and final approve cardholder's transactions in US Bank Access Online within 45 days of the close of the billing cycle. All transactions must be final approved (including fraud and disputed transactions) to ensure funds are expended from the correct appropriation code.

(j) Safeguard the bank's user IDs and passwords. The AO must not share user IDs and passwords.

(k) Ensure that items purchased through the purchase card are the same as those approved. The cardholder is to provide to the AO a justification for any differences.

(3) *Cardholder*: A Government employee who uses the purchase card to make purchases and is responsible for the following activities:

(a) Safeguard the purchase card and account number. Only the individual whose name appears on the card is authorized to make purchases on that purchase card. 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.

(b) 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. Although it is allowable to obtain a written approval within 10 days of the transaction, it is strongly recommended to have a written approval before the purchase.

(c) Ensure the accounting classification code (ensuring correct object class codes) for each item to be procured has been certified by a funds certifier before the purchase is made. Each cardholder has a primary use or "default" accounting classification code based on the primary use of the card.

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

(e) Abide by, and never exceed, their single and monthly purchase limits. Purchases must not be “split” to circumvent single purchase limits.

(f) Review and validate all charges against their sales slips, review any credits on the statement, and dispute charges for purchases not received.

(g) Review and approve transactions in US Bank Access Online within 45 days of the close of the billing cycle. All transactions must be final approved (including fraud and disputed transactions) to ensure funds are expended from the correct appropriation code.

(h) Notify the APC or alternate APC as part of the exit clearance process when retiring or leaving FAA, and properly destroy issued cards and convenience checks.

(i) Maintain documentation for each purchase card transaction for 6 years, 3 months.

(j) Include a justification and description for each purchase so that it can be readily understood by someone that is reviewing the purchase in US Bank Access, the Purchase Card Processing System (PCPS), etc.

(k) Provide justification to AO's for any discrepancies with the transaction to include amount charged, product defects, shipping issues, return issues, credits, etc. Maintain a copy of the justification with the transaction documentation.

(l) Review and validate charges against sales receipts and invoices; review credits online and dispute transactions as applicable (e.g. amount charged, fraud, etc.).

(m) Splitting transactions/orders to stay within single or monthly limits or other applicable thresholds (including competition, services, construction or check writing limits) is prohibited.

(n) Upon separating from the agency or the purchase card program, cardholders must:

(i) Ensure clearance forms are signed by APC or Alternate APC;

(ii) Review purchase card files for accuracy;

(iii) Ensure all transactions posted to US Bank have the designation "Final Approved;"

(iv) Forward all purchase card files to the AO; and

(v) Destroy the purchase card and checks.

(o) Reviewing transactions and reconciling them in US Bank.

(p) Immediately report lost and/or stolen purchase card or checks to US Bank and the APC.

(q) Verify items have been received by documenting the transaction file with receipt date and recipient.

*c. Single and Monthly Purchase Limit.* Single Purchase Limits are delegated based on the operational need of FAA, the training completed by the cardholder and the experience of the cardholder purchasing items for the Federal Government. The completion of training does not automatically secure an increased authority to use the purchase card.

(1) Cardholders will receive an initial delegation detailing general authority and responsibilities, but applicable single and monthly purchase limits will be identified and available in US Bank Access.

(2) Cardholders must not exceed their single and monthly purchase limits.

(3) Purchases must not be “split” in order to circumvent these single purchase limits.

(4) The Manager, Strategic Acquisitions may grant higher limits, either permanently or temporarily, if presented with a written justification establishing an unusual or compelling need.

(5) Prior to being delegated permanent single purchase limits exceeding \$10,000, cardholders must complete additional training requirements (detailed below) commensurate with the additional authority.

(6) Permanent single purchase card limits over \$25,000 require the approval of the FAA Acquisition Executive (FAE).

*d. Initial Training and Experience.*

(1) *Cardholder.*

(a) All cardholders must complete the following before a purchase card will be issued:

(i) *FAA Purchase Card Course* (FAA60004975)- online;

(ii) GSA SmartPay 2 Purchase Card Training- online: A copy of the training certificate is provided to the APC; and

(ii) US Bank Access Online Web-Based Training for cardholders- online.

(b) In addition to the training requirements above, cardholders must complete the following before a purchase card will be issued with a permanent single purchase limit over \$10,000:

(i) *Using the Purchase Card in FAA* (FAA60004233)- classroom;

(ii) CON 100- Shaping Smart Business Arrangements;

(iii) CON 237- Simplified Acquisition Procedures or AQN SPB Simplified Acquisition Procedures Basic; and

(iv) CLC 004- Market Research.

(c) *Experience*. To be considered for a single purchase limit over \$10,000, the cardholder must submit evidence of at least 1 year purchasing experience (using a purchase card, contract or other procurement tool) in the Federal Government.

(d) Although not a requirement for cardholders with single purchase limits of \$10,000 or under, it is highly recommended that all cardholders (despite their level of delegated authority) complete the course *Using the Purchase Card in FAA* (FAA60004233).

(2) *Approving Official*.

(a) An approving official (AO) must complete the following before authority and access are granted:

(i) *FAA Purchase Card Course* (FAA60004975)- online;

(ii) GSA SmartPay 2 Purchase Card Training- online: A copy of the training certificate is provided to the APC; and

(iii) U. S. Bank Access Online Web-Based Training for AOs- online.

(b) Additional training required for AOs that approve cardholders with a permanent single purchase limit exceeding \$10,000:

(i) CON 100 - Shaping Smart Business Arrangements;

(ii) CON 237 - Simplified Acquisition Procedures or AQN SPB Simplified Acquisition Procedures Basic; and

(iii) CLC 004 - Market Research.

(c) It is highly recommended that AOs attend the class *Managing and Approving Financial Transactions* and/or *Using the Purchase Card in FAA* within 9 months of designation.

e. *Refresher Training.* Purchase Card Refresher training will be completed by each AO and cardholder using the eLMS course *FAA Purchase Card Course (FAA60004975)* every two years.

f. *Separation of Duties.* Key duties and responsibilities in purchasing, Certifying availability of funds, and approving transactions should be separated among individuals. The following conditions apply in the processing of a purchase card transaction:

- (1) The AO is the last person to approve the individual purchase after the cardholder obtains certification of funds
- (2) The AO must approve the justification of each individual transaction for need and accuracy;
- (3) An individual must never perform all duties;
- (4) An AO and fund certifier must not perform both approval and fund certification for the same purchase; and
- (5) The cardholder must never be the AO and/or fund certifier.

g. *Mandatory Sources and Other Requirements.*

(1) When using the purchase card, cardholders must consider the following requirements:

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

(i) *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).

(ii) Enterprise software licensing agreements such as Oracle.

(b) *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.

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

(d) *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)

(e) *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.

(f) *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)

(g) *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)

(2) If mandatory sources are applicable and not used, the transaction file must document how mandatory sources were sought and the reasons why a non-mandatory source was chosen.

h. *Split Purchase*. A split purchase is a procurement made to avoid established purchase limits, to include single purchase limits and competition thresholds.

(1) 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 Manager, Strategic Acquisitions.

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. If the contract, lease or order does not authorize in writing the purchase card as a payment tool, the purchase card cannot be used.

(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 are exempted from the Service Contract Act (SCA), as detailed under AMS Procurement Guidance T3.6.2, and do not exceed the cardholder's Single Purchase Limit. Services exceeding \$2,500 in which SCA is applicable must not be purchased using the purchase card.

*(b) Recurring Services.*

(i) The service requirement does not exceed one (1) year, and the total value for the year does not exceed the cardholder's Single Purchase Limit.

(ii) If the SCA applies to the service requirement, the total value of the service must not exceed \$2,500 for the year.

(iii) 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.

(iv) 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) Purchase cards must not be used to procure personal services. Personal service procurements create an employer-employee relationship between FAA and the contractor's personnel (see AMS Procurement Guidance T3.8.2).

(4) The purchase card must not be used to enter into equipment or other types of leases, unless the procurement is through a FAA contract and/or strategic sourcing initiative (e.g. SAVES).

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

(6) 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) Any construction project procured using the purchase card must have simple terms and not require modifications and specifications that could result in the requirement exceeding \$2,000.

(4) 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.

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

l. *Competition.*

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

(2) *In excess of \$3,000 and not in excess of \$10,000.* Competition is encouraged, but not mandatory for purchases in excess of \$3,000 and not in excess of \$10,000. Purchasers should consider the administrative cost of making the purchase versus potential savings that could result from competition. Purchases in excess of \$3,000 and not in excess of \$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) *In excess of \$10,000.* For approved actions that value in excess of \$10,000, applicable AMS requirements for competition or single source procurement apply.

m. *Rational Basis.* 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.

n. *US Bank Access Comments Fields.* Cardholders must enter required data into US Bank Access comments fields.

(1) *Comments Field 1:* PCPS Number, Financial Tracking/Cuff Record System Number (e.g. REGIS Number), Accountable property information (e.g. AITS Number), other explanatory information (e.g. fraudulent transaction, emergency purchase, disputed item information, etc.).

(2) *Comments Field 2:* Description of the item or service.

(3) *Comments Field 3 (Recovery Act):* Description of purchases made using funds received from the American Recovery and Reinvestment Act.

(4) *Comments Fields 4 (Identifier for Item Below) and 5 (Item of National Interest):* Description of purchases made during declared emergencies (e.g. supplies purchased during hurricanes or other disasters).

o. *Documentation.*

(1) Documentation supporting purchase card transactions must be retained for 6 years, 3 months from the transaction date.

(2) 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, invoice, or order confirmation.

(d) Rational basis.

(e) Receipt of goods or services, signed and dated by recipient.

(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 and dating 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 \$5,000 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.

(3) *Accountable Property*. 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) After receiving the property, the person receiving the items 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;

(c) More detail relating to Property Custodian/Delegates roles are located on the FAA Intranet **(FAA only)** under the title FAA Personal Property Process and Procedure Guide, V2, June 1, 2009.

p. *Prohibited Purchases.*

(1) 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)

(2) Cash advances, including money orders;

(3) 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;

(4) Real property, which is defined as land, buildings, structures or rights over or under the land such as improvements to make it more productive or to make it serve a more beneficial end than the land itself;

(5) Long term storage unit rental or services (long term is defined as 6 months or more), unless the purchase card is being used solely as a payment vehicle against a contract or lease signed by the CO/RECO and;

(a) The total cost of the rental or purchase of the storage services does not exceed the cardholder's delegated authority;

(b) The portable units are not classified as real property (defined above); and;

(c) The terms and conditions of the rental or storage services (e.g., termination authority) are in writing and signed by both parties.

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

(7) Use of the purchase card for travel charge card or travel-related expenses is prohibited. Exception: Metro fare cards and toll passes (e.g. EZ Pass) may be purchased for local travel supporting official FAA business. Proper controls must be established to ensure that fare cards or passes 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 other services related to local travel, each must be approved by the Manager, Strategic Acquisitions prior to purchase.

(8) Use of the purchase card to obtain commercial, Government owned or leased vehicles is prohibited.

(9) Store gift cards or gift certificates must not be purchased with the Government Purchase card.

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

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

s. *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.

t. *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.

u. *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.

(3) The government is tax exempt, but there are instances where the vendor may charge tax. Tax cannot be disputed in US Bank. If improper tax is charged to a transaction the cardholder must:

(a) Immediately contact vendor and inform the vendor that the government is tax exempt and request a credit;

(b) Document files with the proposed agreement to credit the tax, or if vendor states he or she will not credit tax document the file with a memo to file (for phone conversations) or any e-mail/correspondence received; and

- (c) If a credit is forthcoming, watch for the credit during the reconciliation process and contact the vendor if you don't see the credit within 15 days.

*v. 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.

- (a) If a refund is issued in the form of store credit, it must be made out to the Federal Aviation Administration and used for a future valid purchase.

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

(2) A dispute occurs when a cardholder formally challenges the validity of a transaction with the bank. 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.

- (a) Reasons for Disputing a Purchase:

- (i) Inadequate description or unrecognized charge

- (ii) Duplicate charge

- (iii) Account charged for merchandise returned

- (iv) Account charged for an order that was cancelled (unless cancellations charges were agreed to up-front)

- (v) Account charged for merchandise or service that was not received

- (vi) Account charged for merchandise that does not reflect that ordered

- (vii) Account charged for merchandise that is damaged

- (viii) Account charged erroneously

(ix) Incorrect amount charged

(x) Did not authorize the charge posted

(b) The bank will not process disputes for:

(i) Foreign exchange rates for international purchases

(ii) Shipping and handling charges

(iii) Taxes

(iv) Convenience checks and associated fees

w. *Lost or Stolen Purchase Cards and Convenience Checks, and/or Compromised Accounts.*

(1) *Reporting Lost or Stolen Purchase Cards and convenience checks, and/or Compromised Accounts.* The cardholder must report immediately the loss or theft of their purchase card and/or convenience checks 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, check numbers, 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 National Purchase Card Manager in order to have another card re-issued.

x. *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. 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.

y. *Destroying Purchase Cards and Convenience Checks.*

(1) When an account has been closed, all related purchase cards and unused checks should be recorded and properly destroyed.

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

z. *Non-Compliance*. The purchase card is considered Government property. The FAA will comply with the FAPM Letter 2635 Code of Conduct & Discipline Order, HRP 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.

aa. *Suspension*. 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.

bb. *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.

**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)~~ delegated authority from the Manager, Strategic Acquisitions are authorized to use the card, within the specified dollar limits, to acquire products and services.

b. *Duties*.

(1) An approving official (AO) must be a Government employee that is currently at or above the pay band/grade level of the cardholders to be assigned to the AO.

(2) *Approving Official (AO)*: A Government employee responsible for the following activities:

(a) Establish and continually monitor 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.



- (b) Notify the APC when a cardholder retires, leaves FAA, transfers to another office, or no longer requires a purchase card.
- (c) Establish procedures to ensure that cardholder purchase card files are retained when a cardholder retires, transfers to another office, or leaves FAA.
- (d) Approve new purchase cardholder application and spending limits and submit a justification of need for a new purchase card account to the APC.
- (e) Submit ~~a~~ written requests to the APC to change the cardholder's single and/or monthly purchase limit.
- (f) Review all purchase card transactions and ensure accuracy of information and that all required documentation is included for each transaction.
- (g) Ensure that all transactions are for a bona fide need of the government.
- (h) Report fraudulent or improper use of the purchase card to the National Purchase Card Program Manager and APC.
- (i) Review and final approve cardholder's transactions in US Bank Access Online within 45 days of the close of the billing cycle. All transactions must be final approved (including fraud and disputed transactions) to ensure funds are expended from the correct appropriation code.
- (j) Safeguard the bank's user IDs and passwords. The AO must not share user IDs and passwords.
- (k) Ensure that items purchased through the purchase card are the same as those approved. The cardholder is to provide to the AO a justification for any differences.

(3) *Cardholder*: A Government employee who uses the purchase card to make purchases and is responsible for the following activities:

- (a) Safeguard the purchase card and account number. Only the individual whose name appears on the card is authorized to make purchases on that purchase card. 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.
- (b) 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. Although it is allowable to obtain a written approval within 10 days of the transaction, it is strongly recommended to have a written approval before the purchase.

(c) Ensure the accounting classification code (ensuring correct object class codes) for each item to be procured has been certified by a funds certifier before the purchase is made. Each cardholder has a primary use or "default" accounting classification code based on the primary use of the card.

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

(e) Abide by, and never exceed, their single and monthly purchase limits. Purchases must not be "split" to circumvent single purchase limits.

(f) Review and validate all charges against their sales slips, review any credits on the statement, and dispute charges for purchases not received.

(g) Review and approve transactions in US Bank Access Online within 45 days of the close of the billing cycle. All transactions must be final approved (including fraud and disputed transactions) to ensure funds are expended from the correct appropriation code.

(h) Notify the APC or alternate APC as part of the exit clearance process when retiring or leaving FAA, and properly destroy issued cards and convenience checks.

(i) Maintain documentation for each purchase card transaction for 6 years, 3 months.

(j) Include a justification and description for each purchase so that it can be readily understood by someone that is reviewing the purchase in US Bank Access, the Purchase Card Processing System (PCPS), etc.

(k) Provide justification to AO's for any discrepancies with the transaction to include amount charged, product defects, shipping issues, return issues, credits, etc. Maintain a copy of the justification with the transaction documentation.

(l) Review and validate charges against sales receipts and invoices; review credits online and dispute transactions as applicable (e.g. amount charged, fraud, etc.).

(m) Splitting transactions/orders to stay within single or monthly limits or other applicable thresholds (including competition, services, construction or check writing limits) is prohibited.

(n) Upon separating from the agency or the purchase card program, cardholders must:

- (i) Ensure clearance forms are signed by APC or Alternate APC;
- (ii) Review purchase card files for accuracy;
- (iii) Ensure all transactions posted to US Bank have the designation "Final Approved;"
- (iv) Forward all purchase card files to the AO; and
- (v) Destroy the purchase card and checks.

(o) Reviewing transactions and reconciling them in US Bank.

(p) Immediately report lost and/or stolen purchase card or checks to US Bank and the APC.

(q) Verify items have been received by documenting the transaction file with receipt date and recipient.

c. *Single ~~and Monthly~~ Purchase Limit.* ~~The maximum Single Purchase Limit that may be delegated to an~~ Limits are delegated based on the operational un-warranted need of FAA, the training completed by the cardholder ~~is~~ and \$10,000 ~~the (this experience limit applies to of the cardholder new delegations purchasing items for the Federal Government, issued after January 12, of 2009; training all delegations issued before this date does not automatically secure an increased~~ authority to use the purchase card. ~~unchanged~~

(1) Cardholders will receive an initial delegation detailing general authority and "grandfathered" responsibilities, ~~at the limit established by the Chief of the Contracting~~ but applicable single and monthly purchase limits will be identified ~~Office and available in a Delegation~~ US of Purchasing Bank Authority ~~Access.-~~

(2) Cardholders must not exceed their single and monthly purchase limits.-

(3) Purchases must not be "split" in order to circumvent these single purchase limits.

(4) The Manager, Strategic Acquisitions may grant higher limits, either permanently or temporarily, if presented with a written justification establishing an unusual or compelling need.

(5) Prior to being delegated permanent single purchase limits exceeding \$10,000, cardholders must complete additional training requirements (detailed below) commensurate with the additional authority.

(36) Permanent single purchase card limits over \$25,000 require the approval of the FAA Acquisition Executive (FAE).

d. *Initial Training and Experience.*

(1) *Cardholder.*

(a) All cardholders must complete the following before a purchase card will be issued:

(i) *FAA Purchase Card Course (FAA60004975)- online;*

*(ii) GSA SmartPay 2 Purchase Card Training- online: A copy of the training certificate is provided to the APC; and*

*(ii) US Bank Access Online Web-Based Training for cardholders- online;*  
*(iii) Review of the purchase card program requirements in AMS Procurement Guidance T3.2.6; and (iv) Using the Purchase Card in FAA-classroom: Must be completed within 9 months of the application date for a cardholder's first account.*

(b) In addition to the training requirements above, cardholders must complete the following before a purchase card will be issued with a permanent single purchase limit over \$10,000:

(i) *Using the Purchase Card in FAA (FAA60004233)- classroom;*

*(ii) CON 100- Shaping Smart Business Arrangements;*

*(iii) CON 237- Simplified Acquisition Procedures or AQN SPB Simplified Acquisition Procedures Basic; and*

*(iv) CLC 004- Market Research.*

*(c) Experience. To be considered for a single purchase limit over \$10,000, the cardholder must submit evidence of at least 1 year purchasing experience (using a purchase card, contract or other procurement tool) in the Federal Government.*

*(d) Although not a requirement for cardholders with single purchase limits of \$10,000 or under, it is highly recommended that all cardholders (despite their level of delegated authority) complete the course Using the Purchase Card in FAA (FAA60004233).*

(2) *Approving Official.*

(a) An approving official (AO) must complete the following before authority and access are granted:

(i) **FAA Purchase Card Course (FAA60004975)- online;**

**(ii)** GSA SmartPay 2 Purchase Card Training- online: A copy of the training certificate is provided to the APC; **and**

~~**(iii)**~~ U. S. Bank Access Online Web-Based Training for AOs- online; ~~and~~  
~~**(iii)**~~ ~~Review of the purchase card program requirements in AMS~~  
~~Procurement Guidance T3.2.6.~~

(b) Additional training required for AOs that approve cardholders with a permanent single purchase limit exceeding \$10,000:

(i) CON 100 - Shaping Smart Business Arrangements;

(ii) CON 237 - Simplified Acquisition Procedures or AQN SPB Simplified Acquisition Procedures Basic; and

(iii) CLC 004 - Market Research.

(c) It is highly recommended that AOs attend the class *Managing and Approving Financial Transactions* and/or *Using the Purchase Card in FAA* within 9 months of designation.

e. *Refresher Training.* Purchase Card Refresher training will be completed by each AO and cardholder using the eLMS course- **FAA Purchase Card Program Course** (FAA60004975) every two years.

f. *Separation of Duties.* Key duties and responsibilities in purchasing, Certifying availability of funds, and approving transactions should be separated among individuals. The following conditions apply in the processing of a purchase card transaction:

(1) The AO is the last person to approve the individual purchase after the cardholder obtains certification of funds

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

(3) An individual must never perform all duties;

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

(5) The cardholder must never be the AO and/or fund certifier.

*g. Mandatory Sources and Other Requirements.*

(1) When using the purchase card, cardholders must consider the following requirements:

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

(i) *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).

(ii) Enterprise software licensing agreements such as Oracle.

(b) *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.

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

(d) *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)

(e) *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.

(f) *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)

(g) *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)

(2) If mandatory sources are applicable and not used, the transaction file must document how mandatory sources were sought and the reasons why a non-mandatory source was chosen.

*h. Split Purchase*. A split purchase is a procurement made to avoid established purchase limits, to include single purchase limits and competition thresholds.

(1) 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 Manager, Strategic Acquisitions.

*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. If the contract, lease or order does not authorize in writing the purchase card as a payment tool, the purchase card cannot be used.

(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 are exempted from the Service Contract Act (SCA), as detailed under AMS Procurement Guidance T3.6.2, and do not exceed the cardholder's

Single Purchase Limit. Services exceeding \$2,500 in which SCA is applicable must not be purchased using the purchase card.

*(b) Recurring Services.*

(i) The service requirement does not exceed one (1) year, and the total value for the year does not exceed the cardholder's Single Purchase Limit.

(ii) If the SCA applies to the service requirement, the total value of the service must not exceed \$2,500 for the year.

(iii) 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.

(iv) 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) Purchase cards must not be used to procure personal services. Personal service procurements create an employer-employee relationship between FAA and the contractor's personnel (see AMS Procurement Guidance T3.8.2).

(4) The purchase card must not be used to enter into equipment or other types of leases, unless the procurement is through a FAA contract and/or strategic sourcing initiative (e.g. SAVES).

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

(6) 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) Any construction project procured using the purchase card must have simple terms and not require modifications and specifications that could result in the requirement exceeding \$2,000.

(4) 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.

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

#### l. *Competition.*

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

(2) *In excess of \$3,000 and not in excess of \$10,000.* Competition is encouraged, but not mandatory for purchases in excess of \$3,000 and not in excess of \$10,000. Purchasers should consider the administrative cost of making the purchase versus potential savings that could result from competition. Purchases in excess of \$3,000 and not in excess of \$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) *In excess of \$10,000.* For approved actions that value in excess of \$10,000, applicable AMS requirements for competition or single source procurement apply.

m. *Rational Basis.* 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.

n. *US Bank Access Comments Fields.* Cardholders must enter required data into US Bank Access comments fields.

(1) *Comments Field 1:* PCPS Number, Financial Tracking/Cuff Record System Number (e.g. REGIS Number), Accountable property information (e.g. AITS Number), other explanatory information (e.g. fraudulent transaction, emergency purchase, disputed item information, etc.).

(2) *Comments Field 2:* Description of the item or service.

(3) *Comments Field 3 (Recovery Act)*: Description of purchases made using funds received from the American Recovery and Reinvestment Act.

(4) *Comments Fields 4 (Identifier for Item Below) and 5 (Item of National Interest)*: Description of purchases made during declared emergencies (e.g. supplies purchased during hurricanes or other disasters).

o. *Documentation.*

(1) Documentation supporting purchase card transactions must be retained for 6 years, 3 months from the transaction date.

(2) 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, invoice, or order confirmation.

(d) Rational basis.

(e) Receipt of goods or services, signed and dated by recipient.

(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 and dating 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 \$5,000 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.

(3) *Accountable Property*. 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) After receiving the property, the person receiving the items 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;

(c) More detail relating to Property Custodian/Delegates roles are located on the FAA Intranet (**FAA only**) under the title FAA Personal Property Process and Procedure Guide, V2, June 1, 2009.

p. *Prohibited Purchases.*

(1) 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)

(2) Cash advances, including money orders;

(3) 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;

(4) Real property, which is defined as land, buildings, structures or rights over or under the land such as improvements to make it more productive or to make it serve a more beneficial end than the land itself;

(5) Long term storage unit rental or services (long term is defined as 6 months or more), unless the purchase card is being used solely as a payment vehicle against a contract or lease signed by the CO/RECO and;

(a) The total cost of the rental or purchase of the storage services does not exceed the cardholder's delegated authority;

(b) The portable units are not classified as real property (defined above); and;

(c) The terms and conditions of the rental or storage services (e.g., termination authority) are in writing and signed by both parties.

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

(7) Use of the purchase card for travel charge card or travel-related expenses is prohibited. Exception: Metro fare cards and toll passes (e.g. EZ Pass) may be purchased for local travel supporting official FAA business. Proper controls must be established to ensure that fare cards or passes 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 other services related to local travel, each must be approved by the Manager, Strategic Acquisitions prior to purchase.

(8) Use of the purchase card to obtain commercial, Government owned or leased vehicles is prohibited.

(9) Store gift cards or gift certificates must not be purchased with the Government Purchase card.

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

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

s. *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.

t. *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.

u. *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.

(3) The government is tax exempt, but there are instances where the vendor may charge tax. Tax cannot be disputed in US Bank. If improper tax is charged to a transaction the cardholder must:

(a) Immediately contact vendor and inform the vendor that the government is tax exempt and request a credit;

(b) Document files with the proposed agreement to credit the tax, or if vendor states he or she will not credit tax document the file with a memo to file (for phone conversations) or any e-mail/correspondence received; and

(c) If a credit is forthcoming, watch for the credit during the reconciliation process and contact the vendor if you don't see the credit within 15 days.

#### *v. 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.

(a) If a refund is issued in the form of store credit, it must be made out to the Federal Aviation Administration and used for a future valid purchase.

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

(2) A dispute occurs when a cardholder formally challenges the validity of a transaction with the bank. 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.

(a) Reasons for Disputing a Purchase:

- (i) Inadequate description or unrecognized charge
- (ii) Duplicate charge
- (iii) Account charged for merchandise returned
- (iv) Account charged for an order that was cancelled (unless cancellations charges were agreed to up-front)
- (v) Account charged for merchandise or service that was not received
- (vi) Account charged for merchandise that does not reflect that ordered
- (vii) Account charged for merchandise that is damaged
- (viii) Account charged erroneously
- (ix) Incorrect amount charged
- (x) Did not authorize the charge posted

(b) The bank will not process disputes for:

- (i) Foreign exchange rates for international purchases
- (ii) Shipping and handling charges
- (iii) Taxes
- (iv) Convenience checks and associated fees

w. *Lost or Stolen Purchase Cards and Convenience Checks, and/or Compromised Accounts.*

(1) *Reporting Lost or Stolen Purchase Cards and convenience checks, and/or Compromised Accounts.* The cardholder must report immediately the loss or theft of their purchase card and/or convenience checks 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,

check numbers, 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 National Purchase Card Manager in order to have another card re-issued.

x. *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. 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.

y. *Destroying Purchase Cards and Convenience Checks.*

(1) When an account has been closed, all related purchase cards and unused checks should be recorded and properly destroyed.

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

z. *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.

aa. *Suspension.* 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.

bb. *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.

