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T3.2.6 - Purchase Card Program Revised 4/2016

A Purchase Card Program Added 1/2009

1 Purchase Card Revised 10/2017

a. *Overview*. The FAA purchase card (i.e. SmartPay Card) is an internationally accepted credit card issued through a General Services Administration (GSA) contract. The purchase card is designed to streamline purchases and reduce procurement time and processing costs. The guidance is in compliance with OMB Circular A-123-Appendix B, GSA SmartPay Program for Purchase Card Use and Management.

(1) FAA employees who receive training and delegated authority are authorized to use the card, within the specified dollar limits, to acquire products and services.

(2) Simplified purchases with a total estimated potential value (TEPV) under the applicable micro-purchase threshold must be performed using the purchase card. The micro-purchase threshold is $10,000 for commercial supplies, construction and services.

(3) The Purchase Card (PCard) Module in the PRISM Acquisition System is the mandatory program for purchase card requisitions, orders and required documentation for all purchase card transactions.

b. *Duties.*

(1) An Approving Official (AO) must be a Government manager and in the same chain of command as his or her cardholders, unless waived by the National Purchase Card Program Manager. The AO is responsible for the following activities:

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

(b) Review all purchase card transactions prior to the purchase (and after the purchase in US Bank see j below) and ensure accuracy of information and that all required documentation is included for each transaction.

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

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

(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

(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) Ensure that the mandatory PRISM PCard Module is used for all Purchase Card Transactions.

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

(l) 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.

(m) Verify cardholder has submitted property information to the Property Custodian for input in the AITS system before final approving a transaction in US Bank Access

(n) 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

(2) *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 27a .

(b) Obtain prior approval from the approving official and funds certifier before making a purchase.

(c) Ensure the accounting classification code (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 organization and the primary use of the card.

(d) Include a justification and description for each purchase so that it can be

easily understood by someone that is reviewing the purchase.

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

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

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

(h) 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.

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

(j) Ensure that the mandatory PRISM PCard Module is used for all Purchase Card Transactions. This is also the official repository for all required transaction documentation which will be maintained for 6 years and 3 months.

(k) Provide justification to the AO 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, incomplete orders, 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;

(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) Review and reconcile transactions 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.

(r) Adhere to Accountable Property policy in section 3 below.

(3) Agency Program Coordinator APC's are responsible for implementing the day to day bank activities of the card program. APC's are responsible for the following:

(a) Establishing and terminating accounts

(b) Issuing cards and/or convenience checks

(c) Liaison between the National Purchase Card Manager, the Bank and the Cardholder for account activities

(d) Monitoring and control of lost/stolen accounts

(e) Process changes to accounts

(f) Closeout out accounts due to inactivity, retirement, transfer and resignation from FAA

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) The Purchase Card Office may grant higher limits, either permanently or temporarily, if presented with a written justification establishing an unusual or compelling need.

(3) Prior to being delegated permanent single purchase limits exceeding $10,000, cardholders must complete additional training requirements (detailed below)

commensurate with the additional authority.

d. *Initial Training and Experience*.

(1) *Cardholder and Approving Officials*

(a) Must complete the following and provide copies of training certificates to the APC before a purchase card will be issued:

(i) Maintain It: Your FAA Purchase Card (FAA30060016 eLMS course);

(ii) GSA SmartPay 2 Purchase Card Training- online;

and

(iii) US Bank Access Online Web-Based Training 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: Approving Officials that approve cardholders delegated a single purchase limit over $10,000 will also have to take the additional training below.

(i) The FAA Purchase Card: Get It, Use It, Keep It (FAA30060015)

(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.

e. *Refresher Training.*

(1) Purchase Card Refresher training must be completed by each AO and cardholder every 2 years using the eLMS course Maintain It: Your FAA Purchase Card (FAA30060016).

(2) The National Purchase Card Program Manager is responsible for monitoring the proper completion of required refresher training.

(3) AOs and cardholders failing to meet refresher training requirements will have their authority suspended until required training is completed.

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*. (See AMS Procurement Guidance T3.8.6).

(b) *Federal Prison Industries, Inc. (FPI) (also known as UNICOR).* (See AMS T3.8.4)

(c) *Randolph-Sheppard Act.*. (See AMS Procurement Guidance T3.8.4)

(d) *Javits-Wagner-O'Day Act (JWOD).* (See AMS Procurement Guidance T3.8.4)

(e) *Section 508 Requirements.* (See AMS Procurement Guidance T3.2.2)

(f) *Environmental Requirements.* (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 ($10,000) or services ($10,000). 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 Purchase Card Office.

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 Contracting Officer (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 $10,000 in which SCA is applicable in accordance with AMS Procurement Guidance T3.6.2 must not be purchased using the purchase card.

(b) The services are incidental to a supply purchase and the total purchase price is below the micro-purchase threshold for supplies. Supply purchases with incidental services above the micro-purchase threshold must be

approved by the Purchase Card Office.

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

(iii) If the SCA applies to the service requirement, the total value of the service must not exceed $10,000 for the year.

(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 [Strategic Sourcing for the Acquisition of Various Equipment and Supplies]).

(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 $10,000 or less, as long as it does not exceed the cardholder's Single Purchase Limit.

(3) The value of a construction project includes all related work, and may involve

multiple purchases (i.e. multiple purchases towards the completion of a single construction project are included in the total value of the work).

(4) 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 $10,000.

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

l. *Competition.*

(1) *$10,000 or less*. Competition is not required for purchases of $10,000 or less.

(2) *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. See AMS Procurement Guidance T3.2.2.4.

m. *Rational Basis.* Purchasers should have a rational basis for purchasing decisions. 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 uploaded into the PRISM PCard Module and will be retained for 6 years, 3 months from the transaction date.

(2) All cardholder PRISM transaction files should include but not limited to:

(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.

(f) Dispute Notes

(g) Any special approvals on restricted transactions i.e. water, SAVES waivers, etc.

(h) Documentation to the purchase that explains more details if needed to include notes, emails, tax information, or backup notes to the purchase card file for problematic or cumbersome transactions that may have additional questions

(i) *Independent Receipt of Goods.*

(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

(j) Check for exceptions to prohibited purchases (see AMS Procurement Guidance T3.2.2.5.A.2 and this section).

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

(3) *Accountable Property*.

(a) *Process.* Cardholder purchase card transaction source documentation must be routed as follows:

(i) 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.

(ii) After receiving the property, the cardholder should obtain from the person receiving the items documentation (invoices, sales slips, packing slips and/or receiving reports) for the purchase and forward property information to the Property Delegate for entry into official agency inventory system and to clear the suspense copy of the purchase card order.

(iii) Cardholders should document their file with property information supporting the purchase (e.g. Invoice number, model or serial number of property, dates information was given to property delegate/custodian and any other property identifying information for recording into AITS).

(iv) More information 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.

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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 Purchase Card Office.

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

(9) Fuel and maintenance of government owned or leased vehicles is prohibited.

(10) 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.

(a) If sales tax was included, first check for the state exception. Tax exempt information and guidelines for each state can be found at https://smartpay.gsa.gov/content/state-tax-information.

(b) 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 Purchasing Goods and Services in the FAA SOPs). However, SOPs must not diminish or change the intent of AMS Policy or Guidance.

2 Convenience Checks Revised 4/2016

a. Convenience checks are carbon checks pre-printed with the cardholder's name, work address and a notation that the check is not valid for more than $2500. As convenience checks are an extension of the applicable purchase card account, all purchase card policy and guidance applies to check usage.

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

(1) Convenience checks may only be used:

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

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

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

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

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

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

(2) Convenience checks may not be used for:

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

(b) Cash; or

(c) Travel or travel-related expenses.

c. *Authorization Level*

(1) Purchases using convenience checks must be approved in advance by the second-level manager. The convenience check-approving official must initial the check register to verify that the payee does not accept the purchase card.

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

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

d. *Issuing a Convenience Check.*

(1) The following information must be entered in the appropriate space on the check and must be written, printed in ink or typed:

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

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

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

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

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

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

e. *Spending Limitation*.

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

(2) Under no circumstances must a check be written over $2,500.

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

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

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

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

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

g. *Safeguarding and Accountability of Blank Convenience Checks*. Convenience checks must be safeguarded. When not in use, checks are to be kept in a secured area, i.e., locked safe or cabinet or another secured environment approved by the servicing security element to protect them from being stolen or misused.

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

i. *Maintaining Your Convenience Check Register*. A convenience check register should be maintained to record each convenience check transaction. The convenience check number, date issued, the payee, a description of the purchase, the emergency convenience check amount, and the account fee can be entered.

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

k. *Account Fees*. The fees associated with writing a convenience check will be charged back to

the individual check writer's LOB and will appear on the monthly statement.

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

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

B Clauses **Added 1/2009**

view contract clauses

C Forms **Added 1/2009**

view procurement forms