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**COMMERCE ACQUISITION MANUAL
1313.301**

DEPARTMENT OF COMMERCE
Purchase Card Program

COMMERCE ACQUISITION MANUAL 1313.301

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Purchase Card Program

SECTION 1 – OVERVIEW

1.1 Background

Executive Order 12931, “Federal Procurement Reforms” dated October 13, 1994, sets forth requirements for Federal agencies to establish programs for reducing administrative costs and other burdens that the acquisition function may impose on the Federal Government and private sector. In accordance with Federal Acquisition Regulation (FAR) Subpart 13.201(b), the Government-wide commercial purchase card shall be the preferred method to purchase and pay for micro-purchases.

1.2 Purpose

The purpose of the Department of Commerce (DOC) Purchase Card Program is to implement the General Services Administration SmartPay® Program for Government-wide Commercial Purchase Cards within the Department of Commerce. The Purchase Card Program provides policy and guidance regarding the use of the Government-wide Commercial Purchase Card and Convenience Checks issued under the purchase card program.

Operating Units are authorized to develop supplemental operational policies and guidance related to the purchase card, which may be more, but not less restrictive than the Departmental policy. Supplemental policies must be reviewed by the Office of Acquisition Management, prior to implementation.

1.3 Applicability

The Purchase Card Program applies to Department of Commerce employees participating in the Government-wide purchase card program, including Agency Program Coordinators, Approving Officials, Cardholders and other associated personnel. Participation in the purchase card program shall be limited to DOC employees whose current appointments have durations exceeding one year.

All new purchase card delegations of authority issued on or after **November 30, 2008** shall be issued in accordance with the requirements of this policy. Existing purchase card delegations of authority under the old purchase card program may remain valid, **only at the current level**, until May 31, 2009. All individuals with purchase card delegations of authority shall meet the requirements of this policy not later than **June 1, 2009**.

1.4 Program Objectives

The primary objectives of the Purchase Card Program are to improve mission support, streamline the placement of micro-purchases and reduce administrative costs and paperwork, while ensuring the adherence to Federal and Departmental acquisition regulations, policies, and guidance.

1.5 Roles and Responsibilities

1.5.1 Senior Procurement Executive (SPE)

The Senior Procurement Executive is responsible for implementing and overseeing the management of the Purchase Card Program department-wide; and approving deviations from program policies.

1.5.2 Senior Bureau Procurement Official (BPO)

The Senior Bureau Procurement Official is responsible for implementing the Purchase Card Program within their Operating Unit, nominating Agency Program Coordinators, developing supplemental guidance and requesting deviations from Purchase Card program policies.

1.5.3 Purchase Card Policy Manager

The Purchase Card Policy Manager is responsible for developing and updating DOC policies, procedures, and guidance for the Purchase Program; serving as the primary point of contact for clarification of policy issues regarding the purchase card program; serving as the Contracting Officer's Representative (COR) for the Department-wide task order awarded under GSA SmartPay®2 Master Contract for charge card services; serving as Chairperson on purchase card risk management team; preparing reports to the Office of Management Budget and General Services Administration reports; and conducting internal control reviews for the purchase card program.

1.5.4 Head of Contracting Office (HCO)

The Heads of Contracting Office are responsible for managing the purchase card program within their respective contracting office; delegating authority to an Agency/Organization Program Coordinator to manage the day-to-day operation of the purchase card program; delegating Approving Official and cardholder authorities with purchasing limits; authorizing the use of convenience checks; reviewing the Agency Program Coordinator audit reports to ensure compliance with internal controls; terminating delegations and appointments; and reporting suspected fraud, waste, abuse and misuse to the Office of Inspector General and any external investigations or audits to the Senior Procurement Executive.

1.5.5 Agency Program Coordinator (APC)

Agency Program Coordinators are responsible for reviewing cardholder and Approving Official transactions; managing the Purchase Card Program for their respective Operating Unit; managing purchase card accounts; performing oversight functions; providing guidance to Approving Officials and cardholders; maintaining records on completed training; assisting the HCO with development of Operating Unit-specific purchase card training; conducting annual reviews and audits of Approving Official records; reporting suspected fraud, waste and abuse to the Office of Inspector General; attending the GSA Annual SmartPay® conference; terminating and suspending accounts for suspected fraud or abuse; recommending terminations of purchase card delegations; and identifying strategic sourcing opportunities.

1.5.6 Approving Official/Alternate Approving Official (AO)

The Approving Official is responsible for ensuring that purchases made by cardholders under their purview were appropriate, charges were accurate and purchases were for official Government business; reconciling and certifying monthly invoices in the absence of the cardholder; ensuring cardholders are current with all program training requirements; maintaining copies of cardholder training certificates; reviewing and approving cardholder purchase card transactions; ensuring funds are available for each; resolving questionable transactions with the cardholder; ensuring cardholders reconcile transactions and statements within the reconciliation timeframe; reviewing transactions for appropriate documentation; requesting changes to cardholder accounts; reporting suspected waste, fraud or abuse of purchase cards; reporting lost, stolen or compromised cards; reporting changes in cardholder status and administrative changes to cardholder accounts; and maintaining reconciliation files.

1.5.7 Cardholders

Cardholders are responsible for making authorized purchases for official Government business only; obtaining valid purchase requests with certified funding and all required justifications and approvals; complying with Federal and Departmental laws, regulations, policies and guidance as it relates to use of the purchase card; complying with the spending limitations; maintaining a Monthly Purchase Card Ordering Log for all transactions; complying with internal control procedures; reconciling accounts and disputing unresolved or invalid transactions; safeguarding the purchase card and account information; reporting unauthorized use, lost, stolen, or compromised cards; and complying with accountable property procedures.

1.5.8 Convenience Check Writers

Convenience check writers have the same responsibilities as cardholders in addition to the following responsibilities: recording purchase transactions in the Convenience Check Transaction Log and in the bank's electronic tool; reviewing transactions against the bank statement and identifying any errors in the dollar amounts; tracking outstanding checks that may appear as transactions on future billing statements; and maintaining convenience check transaction files in accordance with records retention requirements.

1.5.9 Commerce Bankcard Center (CBC)

The Commerce Bankcard Center is responsible for providing operational oversight and administrative support to assist the Senior Procurement Executive with oversight management of the Purchase Card Program; conducting data mining and special management reporting; performing merchant category code blocking; monitoring transactions for fraud, waste and abuse; reporting suspected transactions; maintaining SmartPay® files in accordance with record retention requirements; supporting Office of Inspector General investigations; assisting with annual program reviews and reports; reporting administrative, operational, or policy problems that may affect the Department and its Operating Units; acquiring application and data storage servers/arrays, and client hosting services in order to support the Department's Charge Card Programs.

END OF SECTION 1

SECTION 2 – Establishing and Maintaining Accounts

2.1 Training Requirements

Cardholders, approving officials, and agency program coordinators shall document satisfactory completion of required training prior to nomination and appointment to the purchase card program. In addition, cardholders, approving officials, and agency program coordinators shall certify in writing that they have read and understood the policies and procedures outlined in Commerce Acquisition Manual 1313.301.

2.1.1 Cardholders and Approving Officials

2.1.1.1 Single Purchase Limit up to the Micro-purchase Threshold

The single purchase limit for cardholders who are not in an acquisition position is generally the micro-purchase threshold. The micro-purchase threshold is \$3,000 except for acquisition of construction subject to the Davis-Bacon Act, the limit is \$2,000, and for acquisition of services subject to the Service Contract, the limit is \$2,500. The monthly billing cycle limit is \$10,000. An approving official must submit a written justification to the agency program coordinator for an increase or decrease in the monthly billing cycle limit. Prospective cardholders requesting a single purchase limit up to the micro-purchase threshold shall document satisfactory completion of the following training:

- GSA SmartPay® Online Training
<http://fss.gsa.gov/webtraining/trainingdocs/smartpaytraining/index.cfm>
- Section 508 Compliance Online Training
<http://www.section508.gov/index.cfm?FuseAction=RegisterUniverse>
- CLM 003 Ethics Training for Acquisition or equivalent Government Ethics Training
<https://www.atrrs.army.mil/channels/faitas/student/logon.aspx?caller=1>.
- Servicing Bank's Electronic Access Systems Training

2.1.1.2 Single Purchase Limit above the Micro-purchase Threshold

Single purchase limits above the micro-purchase threshold shall be limited to cardholders who meet the contracting officer warrant requirements as outlined in Commerce Acquisition Manual 1301.6. In addition to the training outlined in paragraph 2.1.1.1, individuals requesting single purchase limits above the micro-purchase threshold shall meet the Federal Acquisition Certification in Contracting (FAC-C) training, education and experience requirements for the applicable warrant level, as outlined in CAM 1301.6. The maximum single purchase limit for cardholders who are not in the General Schedule 1102 contracting series is \$100,000. Prospective cardholders requesting a single purchase limit above the micro-purchase threshold shall document satisfactory completion of the following training:

- GSA SmartPay® Purchase Card Training
<http://fss.gsa.gov/webtraining/trainingdocs/smartpaytraining/index.cfm>
- Section 508 Compliance Online Training
<http://www.section508.gov/index.cfm?FuseAction=RegisterUniverse>
- CLM 003 Ethics Training for Acquisition or equivalent Government Ethics Training
<https://www.atrrs.army.mil/channels/faitas/student/logon.aspx?caller=1>

- CON 100 Shaping Smart Business Arrangements
<https://www.atrrs.army.mil/channels/faitas/student/logon.aspx?caller=1>
- CON 110 Mission Support Planning
<https://www.atrrs.army.mil/channels/faitas/student/logon.aspx?caller=1>
- CON 111 Mission Planning Execution
<https://www.atrrs.army.mil/channels/faitas/student/logon.aspx?caller=1>
- CON 112 Mission Performance
<https://www.atrrs.army.mil/channels/faitas/student/logon.aspx?caller=1>
- CON 120 Mission Focused Contracting
<https://www.atrrs.army.mil/channels/faitas/student/logon.aspx?caller=1>
- Servicing Bank's Electronic Access Systems Training

2.1.2 Agency Program Coordinators

Individuals appointed as agency program coordinators shall document satisfactory completion of the following training:

- GSA SmartPay® Purchase Charge Card A/OPC Training
<http://apps.fss.gsa.gov/webtraining/trainingdocs/aopctraining/index.cfm>
- Section 508 Compliance Online Training
<http://www.section508.gov/index.cfm?FuseAction=RegisterUniverse>
- CLM 003 Ethics Training for Acquisition or equivalent Government Ethics Training
<https://www.atrrs.army.mil/channels/faitas/student/logon.aspx?caller=1>.
- Servicing Bank's Electronic Access Systems Training

2.1.3 Refresher Training

Cardholders, approving officials, and agency program coordinators shall complete annual refresher training. Refresher training may consist of the GSA Purchase Card training, GSA SmartPay® Annual Training Conference or Operating Unit purchase card training. Failure to complete required refresher training will lead to suspension of cardholder and approving official purchase card accounts until training is successfully completed.

2.1.4 Training Providers

2.1.4.1 GSA SmartPay® Training

GSA provides SmartPay® purchase card training for cardholders and approving officials. Employees can register for courses at

http://www.gsa.gov/Portal/gsa/ep/contentView.do?programId=10118&channelId=-13497&oid=10141&contentId=23312&pageTypeld=8199&contentType=GSA_BASIC&programPage=%2Fep%2Fprogram%2FgsaBasic.jsp&P=FCX6.

2.1.4.2 The 508 Universe Training

GSA provides training Section 508 training through the 508 Universe. Employees can register for the 508 course at

<http://www.section508.gov/index.cfm?FuseAction=RegisterUniverse>.

2.1.4.3 Defense Acquisition University Training

Defense Acquisition University (DAU) training courses are available to civilian agency employees at no charge. The following purchase card training courses are available

through DAU: CLM 003, CON 100, CON 110, CON 111, CON 112, and CON 120. Employees can view the current course schedule and register for DAU training courses at <https://www.atrrs.army.mil/channels/faitas/student/logon.aspx?caller=1>.

2.2 Nomination Procedures

2.2.1 Nomination of Agency Program Coordinators

Senior Bureau Procurement Officials shall nominate prospective agency program coordinators that are responsible and possess the required business acumen to be entrusted with management and oversight of the purchase card program. Nominations shall be forwarded to the Head of Contracting Office and shall include applicable training certificates.

2.2.2 Nomination of Cardholders and Approving Officials

Operating Unit officials shall nominate prospective cardholders and approving officials that have demonstrated they are responsible and possess the required business acumen to be entrusted with a Government purchase card. Nominations shall be forwarded to the agency program coordinator and shall include a written justification for issuance of a purchase card along with applicable training certificates and proposed single purchase and monthly spending limits. A sample nomination memorandum is provided in Appendix B. Incomplete nomination packages will be returned to the requesting official with an explanation for the rejection.

2.2.3 Span of Control

Span of control refers to the extent of review responsibilities placed on a single approving official for the purchase card transactions of one or more cardholders. The number of cardholders assigned to an approving official should be reasonable considering the volume of cardholder activity and the organizational structure to enable an approving official to conduct reviews to ensure detection of possible cases of misuse and fraud. The approving official shall have direct knowledge of the cardholder's role and must have ability to verify receipt of goods or services. In accordance with the recommendations of the Government Accountability Office (GAO) Audit Guide dated November 2003, all approving officials shall have a maximum of seven (7) cardholders unless authorization is received in writing from the Head of Contracting Office.

2.2.4 Separation of Duties

Separation of duties minimizes the risk of fraud and/or loss of property. The responsibilities of cardholder, approving official and agency program coordinator functions shall not overlap to ensure that management controls are not circumvented. Assignment of duties such as authorizing, approving, and recording transactions; receiving assets; approving cardholder statements; making payments; certifying funding; and reviewing or auditing shall be assigned to separate individuals to the greatest extent possible.

2.3 Card Application and Account Setup

2.3.1 Purchase Card Applicants

Upon acceptance of a cardholder nomination package, the agency program coordinator will direct the prospective cardholder to the servicing bank's online application tool that will provide instructions on how to initiate a card application. Purchase card applicants shall complete and submit the online card application. The application will be routed to the approving official for review of completeness and accuracy. Upon acceptance, approving officials shall forward applications to the agency program coordinators.

2.3.2 Approving Official Applicants

Upon acceptance of approving official nomination packages, the agency program coordinator will complete the application for prospective approving officials. The agency program coordinator will also enter the approving official's profile data into the servicing bank's tool and provide user access information and initial training.

2.4 Delegation of Procurement Authority

2.4.1 Agency Program Coordinator Delegation

The Heads of Contracting Office shall delegate authority to agency program coordinators by issuance of a Delegation of Procurement Authority memorandum. A sample delegation memorandum is provided in Appendix C.

2.4.2 Cardholder and Approving Official Delegation

Agency program coordinators shall review acceptance applications and provide recommendation for approval or disapproval to the Head of Contracting Office. Upon approval of application, the Head of Contracting Office shall delegate purchase card procurement authority to approving officials and cardholders by issuance of a Delegation of Procurement Authority memorandum. A sample delegation memorandum is provided in Appendix D. Disapproved applications shall be returned to the employee's supervisor with explanation for disapproval.

2.5 Account Maintenance

2.5.1 Changes in Cardholder Status

Upon change in cardholder status such as transfer, retirement, resignation or termination, cardholders shall stop using the card far enough in advance of their separation date, if possible, to allow outstanding transactions to be processed before their separation. Cardholders shall destroy their card by cutting it in half and provide the destroyed card to their approving official; advise the approving official of any outstanding transactions; provide the approving official with any remaining receipts or other documents related to outstanding transactions; and follow Operating Unit checkout procedures. Failure to comply with these procedures may result in a delay of official checkout. Approving officials shall determine when to close the account based on the outstanding transactions and shall notify the agency program coordinator. The agency program coordinator shall cancel the card when it comes apparent that a cardholder status has changed to termination.

2.5.2 Changes in Approving Official Status

Upon change in approving official status such as transfer, retirement, resignation or termination, a new approving official shall be nominated and cardholder accounts shall be transferred. If it is not possible to establish a new approving official cardholder accounts may be suspended. The agency program coordinator is responsible for ensuring that the new approving official receives and maintains the predecessor approving official's records. If there is no successor approving official, the agency program coordinator must retain custody of the records

2.5.3 Administrative Changes

Cardholders and approving officials shall notify their agency program coordinator in writing of any administrative changes such as name, address, or phone number. Upon written notification of administrative changes, the agency program coordinator shall make the appropriate change in the servicing bank's system.

2.5.4 Changes to Purchase Limits

Requests to change cardholder's single purchase limit or monthly purchase limit shall be submitted by the approving official through the agency program coordinator to the Head of the Contracting Office. Upon approval of changes to purchase limits, the Head of Contracting Office shall issue a new Delegation of Procurement Authority. Changes that would raise the cardholder's single purchase limit above the micro-purchase threshold require the cardholder to meet all training and certification requirements outlined in paragraph 2.1.1.2.

2.5.5 Other Changes to Accounts

Requests for merchant category code changes shall be submitted in writing by the approving official to the agency program coordinator. The cardholder is responsible for entering account changes such as accounting code strings into the servicing bank's electronic access tool. Operating Units serviced by the Commerce Purchase Card System must enter account code strings in CPCS.

2.6 Inactive Accounts

Accounts without any transactions within the preceding six month period are considered "inactive". Inactive accounts shall be canceled unless there are extenuating circumstances, such as a reasonable expectation of future purchase requirements, or a history of requirements that have irregular buying patterns. Agency program coordinators shall perform semi-annual reviews of purchase card usage within their organizations and identify purchase card accounts that appear to be inactive, other than cards specifically requested for emergency use. Agency program coordinators shall provide the list of inactive accounts to approving officials and request justification to retain the accounts. Failure to provide the required justification will result in cancellation of the inactive accounts. A sample Inactive Account Memorandum is provided in Appendix E.

2.7 Emergency Use Cards

Operating Units may request purchase cards for emergency use without the need to use the cards on a recurring basis. Employees eligible to receive an emergency card are those who have been designated as "emergency employees" or "mission-critical emergency employees" under an emergency response plan or continuity of operations plan. Requests for emergency cards must contain an appropriate justification, citing the anticipated circumstances under which they would be used. These cards may be issued in advance of an emergency and placed with trained cardholders for use immediately upon declaration of an emergency. Cardholders with non-emergency cards may continue to use their cards during an emergency to purchase products and services in accordance with the limits on their cards. Agency program coordinators shall review emergency card accounts at least twice a year to ensure issuance to designated cardholders is still warranted.

2.8 Deactivation, Suspension, Termination and Reinstatement

2.8.1 Account Deactivation

Agency program coordinators shall use account deactivation as a risk-management tool to combat suspected card misuse. Approving officials may request account deactivation for cardholders who are expected to be away from the office for more than six consecutive weeks.

2.8.2 Account Suspension

Approving officials and cardholders shall reconcile their accounts promptly after the billing date. The agency program coordinator may suspend a cardholder's account for improper card use or failure to adequately perform cardholder duties. Before taking this action, the agency program coordinator shall consider the impact of cardholder's account suspension on the affected organization and take appropriate steps to minimize any adverse impact.

2.8.3 Account Termination

Agency Program Coordinators shall terminate accounts of cardholders and approving officials that transfer, retire, or separate from the organization. In addition, cardholder and approving official accounts shall be terminated for improper card use; failure to carry out responsibilities; failure to complete the required refresher training; or upon direction by management. After termination of a cardholder's account, the Head of Contracting Office shall revoke the cardholder's purchase card delegation of procurement authority. Upon termination, the cardholder is responsible for destroying the card by cutting it in half and providing the cut card to the agency program coordinator.

The servicing bank may initiate termination of accounts that have been suspended twice within the preceding 12 month period and are 120 days past due.

2.8.4 Reinstatement

Agency program coordinators may reinstate cardholder and approving official accounts that have been deactivated, suspended, or terminated, based upon an assessment of the circumstances. Prior to reinstatement of accounts that have been deactivated, suspended, or terminated for more than 12 months cardholders and approving officials shall retake required training for purchases up to the micro-purchase threshold.

2.9 Card and Account Security

Cardholders shall take appropriate precautions to protect the purchase card and account information. Cardholders are responsible for preventing others from gaining access to their cards or account information. Account information should be given only to vendors to complete a purchase transaction. Purchase cards and account information shall be kept in a secure environment to prevent access by unauthorized personnel.

Cardholders shall not carry purchase cards on their person unless conducting an "over the counter" transaction. Cardholders may be held personally responsible for card and account misuse. The Head of Contracting Office may grant exceptions to cardholders whose positions require them to carry the purchase card on a continuous basis.

Cardholders shall exercise discretion in selecting reputable merchants in order to minimize the possibility of fraud. Prior to entering the purchase card number onto an internet website, the cardholder should ensure that the site is secure. Cardholders shall not transmit credit card information over a facsimile machine. Cardholders shall not permit a copy of their purchase card to be maintained by merchant.

2.10 Lost or Stolen Cards

The cardholder shall report lost or stolen cards promptly to the servicing bank's customer service office, the approving official and the agency program coordinator. Stolen cards shall be immediately reported to the DOC Office of Security if the theft

occurred at a DOC facility or to the local police department if the theft occurred off-site. A replacement card with a new account number will be issued, usually within 24 hours. If a lost card is found after receiving a replacement card, it shall be destroyed. The cardholder may be held accountable for failure to report the loss of a card.

Cardholders shall provide a written notice to the servicing bank that includes the following information:

- Card number
- Cardholder's complete name
- Date and location of the loss
- Date reported to police (if stolen)
- Date and time the loss was reported to the servicing bank
- List of any transactions made on the date the card was lost or stolen
- Any other relevant information describing the loss or theft.

2.11 Unauthorized Use and Penalties

When using the purchase card, cardholders shall comply with all Federal, Departmental and Operating Unit laws, regulations, policies and guidance. Intentional use of the purchase card for other than official Government business will be considered an attempt to commit fraud against the U.S. Government and will result in immediate cancellation of the purchase card. The cardholder will be subject to disciplinary action under applicable Department Administrative Order (DAO) 202-751, and Government-wide administrative procedures, including suspension and termination of employment. An employee may be personally liable to the Government for the amount of any unauthorized transaction and may be subject to a fine of not more than \$10,000 or imprisonment for not more than five years, or both, under 18 U.S.C 287.

In cases of suspected fraud, the agency program coordinator, with Head of Contracting Office approval, shall refer incidents to the DOC Office of Inspector General Office or Department of Justice for investigation.

END OF SECTION 2

SECTION 3 – Purchase Card Use

3.1 Purchases at or Below the Micro-Purchase Threshold

The purchase card may be used by cardholders to make purchases that are otherwise authorized by Federal and Departmental law, regulation, policy or guidance.

Cardholders shall comply with the following guidelines when making micro-purchases:

- Ensure purchases are allowable
- Ensure availability of funds
- Obtain required approvals
- Distribute purchases equitably among qualified suppliers
- Use Required Sources of Supplies and Services
- Determine price reasonableness
- Do not split requirements
- Do not exceed spending limits
- Comply with requirements for Energy and Water Efficiency and Renewable Energy
- Comply with requirements for use of Recovered Materials and Bio-based Products
- Comply with requirements for Contracting for Environmentally Preferable Products and Services
- Comply with Section 508 requirements

3.2 Purchases Above the Micro-Purchase Threshold

Use of the purchase card for purchases above the micro-purchase threshold shall be limited to the placement of orders and payment for purchases against Federal Supply Schedule contracts, when authorized, and other contractual instruments, when agreed to by the contractor. Cardholders with delegated authority to use the purchase card above the micro-purchase threshold shall comply with all requirements of Federal and Departmental acquisition laws, regulations, policies and guidance with respect to any purchase that exceeds the micro-purchase threshold. The cardholder shall adhere to the requirements for competition, public notice, socioeconomic requirements, and use of appropriate provisions and clauses, and all other applicable requirements.

3.3 Allowable Purchases

The purchase card may be used to purchase commercially available supplies and services, including, but not limited to:

3.3.1 Subscriptions

The purchase of subscriptions such as magazines, journals, and technical data. Cardholders shall ensure that a subscription does not automatically renew after the card expiration date. The cardholder is responsible for notifying the vendor to discontinue charging an expired card. Cardholders should notify the approving official and agency program coordinator of ongoing subscriptions when leaving or transferring so that the subscription may be cancelled or transferred to another account as appropriate.

3.3.2 Telecommunications Charges

Monthly cellular airtime, monthly pager service and other recurring telecommunications charges, as long as the fiscal year total for each type of service does not exceed the

micro-purchase threshold for services purchased on the open market. If the aggregate amount exceeds the micro-purchase threshold in a fiscal year this service shall be referred to the servicing acquisition office for issuance of a contract.

3.3.3 Construction Services

The purchase of construction services including, building alterations, maintenance, painting, and installation of carpet, not to exceed \$2,000 aggregated.

3.3.4 Training Courses

Training courses for individual or group training. In accordance with DOC Human Resource Bulletin #076, all cardholders shall have an approved Standard Form 182 Authorization, Agreement and Certification of Training prior to purchasing training. Customized training programs shall not be acquired using the purchase card.

3.3.5 Business Cards

The purchase of business cards through the mandatory Federal Supply Schedule contract.

3.3.6 Conference-related Expenses

The purchase of conference-related expenses such as registration fees, conference rooms, and meeting spaces.

3.4 Required Sources of Supplies and Services

Cardholders shall follow the required source of supplies and services of Federal Acquisition Regulations (FAR) Part 8. FAR Part 8 sets forth statutory requirements to acquire supplies and services from priority sources when available. Other sources should be considered for use only after the priority sources have been considered for fulfilling requirements. Cardholders should contact their acquisition office if they need assistance in determining if their requirement can be satisfied by a required source.

Cardholders shall satisfy requirements for supplies and services from the sources outlined in paragraphs 3.4.1 and 3.4.2, in descending order of priority, except as otherwise provided by law.

3.4.1 Purchase of Supplies

Cardholders shall satisfy requirements for supplies from the following sources, in descending order of priority, except as otherwise provided by law.

- Agency inventories (e.g., excess property)
- Excess property from other agencies
- Federal Prison Industries, Inc. (UNICOR). UNICOR is not a mandatory source for purchases under \$2,500
- Supplies which are on the Procurement List maintained by the Committee for Purchase from People Who are Blind or Severely Disabled
- Wholesale supply sources such as stock programs of GSA, the Defense Logistics Agency or the Department of Veterans Affairs
- Mandatory Federal Supply Schedules
- Optional use Federal Supply Schedules

3.4.2 Purchase of Services

Cardholders shall satisfy requirements for services from the following sources, in descending order of priority, except as otherwise provided by law.

- Services which are on the Procurement List maintained by the Committee for Purchase from People Who are Blind or Severely Disabled
- Mandatory Federal Supply Schedules
- Optional use Federal Supply Schedules
- Federal Prison Industries, Inc. (UNICOR). Services from Federal Prison Industries is encouraged, but not required.

3.5 Green Procurement Program Requirements

Cardholders shall purchase green products and services to the maximum extent practicable, consistent with the requirements of Federal Acquisition Regulation Part 23 and Commerce Acquisition Manual 1323.70, and Federal green procurement preference programs. Programs covered under the Green Procurement Program include:

- Recovered Materials Products;
- Biobased Products;
- Energy Efficient Products;
- Electronic Product Environmental Assessment Tool Products;
- Water Efficient Products;
- Non-Ozone Depleting Products; and
- Environmentally-Preferable Products and Services.

3.6 Section 508 Rehabilitation Act Requirements

Cardholders shall comply with the Section 508 Rehabilitation Act requirements by ensuring that requirement officials provide the required determinations and adequately documenting purchase card files. A sample Electronic and Information Technology Procurement Checklist for Section 508 compliance is provided in Attachment F. Approving officials should ensure cardholder compliance when reviewing and approving cardholder documentation of purchases. For additional assistance on Section 508, please contact your accessibility coordinator.

3.7 Card Restrictions

3.7.1 GSA Government-wide Restrictions

In accordance with the GSA SmartPay® Program, the purchase card shall not be used for the following:

- Long-term rental or lease of land or buildings. (long-term is generally defined as one year or more);
- Travel or travel-related expenses (excluding conference rooms, meeting spaces, and local transportation services such as Metro Farecards, subway tokens, etc.); and
- Cash advances.

3.7.2 Departmental Restrictions

Department of Commerce regulations or policies prohibit the purchase of the following items with the Government- wide purchase card:

- **Copy Paper.** Copy paper for the entire department is acquired from the Government Printing Office (GPO) by the DOC Office of Administrative Operations (OAO). Operating Units within the Washington D.C. metropolitan area, shall obtain copy paper through OAO (for Hoover Building) or Operating Unit Printing Coordinators (at Census, NIST, NOAA, NTIS and PTO). Cardholders in Operating Units outside the Washington, D.C. metropolitan area may utilize the purchase card to purchase paper from regional GPO offices, GSA or GSA Federal Supply Schedules.
- **Travel and Fleet Expenses.** Supplies or services that should be placed on a travel card or fleet card, including the purchase of gas or oil for Department-owned vehicles and repair of Department or leased vehicles.

3.7.3 Federal Appropriations Law Restrictions

In accordance with principles of Federal Appropriations Law, the following items are generally prohibited from purchase with appropriated funds. As there may be authorized exceptions for certain items, cardholders shall obtain approval from the HCO after legal review and document the exception prior to purchase of any of the following items.

- **Entertainment.** Entertainment includes, but is not limited to, food and drink, receptions, banquets, music and artistic performances.
- **Fines and Penalties.** Fines and penalties include, but are not limited to, parking fees, parking tickets, and personal fines.
- **Gifts and Awards**
- **Personal Expenses and Furnishings.** Personal expenses and furnishings include, but are not limited to: convenience items, decorative items, wearing apparel, commuting expenses, personal membership fees, and personal qualification expenses.

3.7.4 Approvals Required Prior to Purchase

The items outlined in Figure 3-1 require pre-approvals prior to purchase. The cardholder shall ensure that required approvals are received and copies of required documentation maintained in the purchase card file.

Figure 3-1 Item Requiring Pre-approvals

Purchase Requirement	Approval Required from	Reference
Paid Advertisements in newspapers (other than for recruitment of personnel)	Head of Contracting Office	DAO 208-2
Printing and Duplicating (exceeding the capacity of an office printer or copy machine) (includes printing, binding, blank work, composition, plate making, presswork, binding and micrographics as well as related supplies that are used and	Operating Unit (OU) Printing Coordinator (for Census, NIST, NOAA, PTO and NTIS). All others, contact DOC Office of Administrative Operations	FAR 8.802(b) All Government printing must be procured through established Government channels. Refer to Printing Coordinator for specific information.

Purchase Requirement	Approval Required from	Reference
equipment that is usable in printing and binding operations)	Exception: Operating Units outside of the Washington, D.C. metropolitan area, not serviced by an OU Printing Facility, may utilize their Regional Government Printing Office (GPO) without consulting with their operating unit Printing Coordinator. These OUs must utilize their Regional GPO or request a waiver from their regional GPO office, prior to utilizing an open-market source	
GPO Express The Government Printing Office (GPO) has awarded a contract (950-S) to FedEx Kinko's SM Office and Print Services that allows all U.S. Federal agencies direct access to services at FedEx Kinko's SM locations nationwide	Operating Unit Printing Coordinator (for Census, NIST, NOAA, PTO and NTIS) All others, contact DOC Office of Administrative Operations	GPO Circular Letter 625, dated September 22, 2006. This circular letter allows GPO to bill government credit cards for use in conjunction with the GPOExpress SM Program.
Publication of scientific/research articles in professional journals	Operating Unit Printing Coordinator (for Census, NIST, NOAA, PTO and NTIS). All others, contact DOC Office of Administrative Operations	Per the Office of Administrative Operations
Kitchen Appliances (e.g. coffee pot, refrigerator, microwaves etc.)	Operating Unit building management official.	GAO Decision B-302993, <i>Use of Appropriated Funds to Purchase Kitchen appliances</i> , June 24, 2004.

3.8 Card Decline

If the purchase card is rejected, cardholders shall contact the servicing bank's customer office or the agency program coordinator for assistance. The servicing bank's customer service phone number is located on the back of the card.

3.9 Receipt and Acceptance of Supplies and Services

Operating Units shall establish independent receipt and acceptance or subsequent review of items obtained with a purchase card. Cardholders shall arrange for immediate inspection of supplies to ensure orders are complete and items are in acceptable condition. Cardholders shall maintain delivery receipts and other paperwork regarding the transaction.

3.9.1 Partial Deliveries

If partial deliveries are received, cardholders shall contact the merchant to determine the status on the remainder of the shipment. If delivery of remaining supplies will take more than 30 days, cardholders shall request a credit to their account. If the partial delivery becomes a dispute, the cardholder shall follow the servicing bank's dispute procedures.

3.9.2 Damaged or Unacceptable Supplies

Cardholders shall promptly return any damaged or unacceptable supplies. If the merchant agrees to replace the item and the new item is acceptable, the cardholder should authorize payment in accordance with normal procedures. If the merchant refuses to replace the item, the cardholder should follow dispute procedures.

3.9.3 Returning Supplies to Merchant

Cardholders shall return damaged or unacceptable merchandise and have the merchant issue a credit to the purchase card. Cash refunds shall not be accepted. If the merchant is unwilling issue a credit, cardholders shall follow the servicing bank's dispute procedures.

3.10 Reporting Accountable Property

When purchasing accountable personal property totaling \$5,000 or more (e.g., lab equipment, scientific equipment, etc.), or "sensitive" items regardless of cost (e.g., computer equipment, VCRs, televisions, etc.) as referred to in the "Personal Property Management Manual" or other agency manual, cardholders shall forward a Form CD-509, "Property Transaction Request" (or approved operating unit automated format) to the servicing property office. A copy of the CD-509 must be included in the transaction file.

3.11 Recordkeeping and Documentation

3.11.1 Purchase Card Ordering Log

Cardholders must utilize the web-based Purchase Card Ordering Log to record transactions made at the time of purchase. A printed copy of the ordering log must be included in the monthly reconciliation file.

3.11.2 Transaction File Documentation

The cardholder shall maintain a file of each purchase card transaction. Transaction files shall be accessible for review purposes and shall include, at a minimum:

- Request for purchase with available funds, signed and dated by the requestor;
- Required pre-approvals;
- Copy of online transaction, cash register receipt, itemized receipt, or faxed verification of order;
- Delivery receipt or packing slip;
- Copy of CD-509, if accountable property; and
- Memorandum to the file to explain any unique circumstances for the transaction.

3.11.3 Third Party Transactions

The use of third party transactions is discouraged with the purchase card because there is a greater risk of abuse, issues involving disputed transactions, and difficulty identifying and reconciling transactions. Third party processors shall only be used when no other merchants can supply the product or service or meet delivery, quantity, or quality requirements, and the merchant in question will accept payment only through the third-party processor; or the cardholder used the card to purchase from a merchant but was unaware that the merchant was using a third-party credit card processor.

If third party transactions are used, cardholders must document the purchase file with the name of the merchant, the name of the third-party processor, the amount of the transaction, and a brief statement explaining why it was necessary to purchase the product or service from that merchant. It may be difficult to reconcile the purchases because the transaction may appear under the name of the third-party processor instead of the merchant name.

3.12 Statement of Account

Monthly statements are emailed from the servicing bank to cardholders, and an online copy available, in the servicing bank's electronic access system for purchases made in the previous 30-day billing cycle. Cardholders shall review all information for accuracy. If the servicing bank bills a transaction incorrectly, the cardholder should provide an explanation on the "Statement of Account" and process the dispute online in the servicing bank's electronic access system. Operating Units serviced by the Commerce Purchase Card System must also process disputes in CPCS. Cardholders and approving officials must ensure that the Statements of Account are promptly reconciled monthly.

3.13 Reconciliation of Account

3.13.1 Cardholder Responsibilities

Cardholders shall compare each transaction listed on the Purchase Card Ordering Log with the itemized statement. Cardholders shall research transactions that are recorded on the Monthly Purchase Card Ordering Log but fail to appear on the purchase card Statement of Account. The cardholder shall ensure that appropriate accounting codes are assigned to each transaction, certify the Statement of Account by signing and dating it; ensure all transaction files, Purchase Card Ordering Log and the Statement of Account are in the reconciliation files, and forward the reconciliation file to the approving official immediately upon completion.

The reconciliation files shall include:

- Monthly Purchase Card Ordering Log;
- Servicing bank's Statement of Account, signed and dated by cardholder;
- Printed copy of reconciliation; and
- Monthly transaction files.

If a cardholder knows in advance that they will be absent for the entire reconciliation period and not able to reconcile the Statement of Account, the cardholder shall forward the transaction files to the approving official. The approving official shall reconcile and sign a copy of the statement for the reconciliation file. Failure of the approving official to reconcile an absent cardholder's account may cause all cardholder accounts under their purview to be suspended by agency program coordinator.

3.13.2 Approving Official Responsibilities

Approving officials shall ensure cardholders reconcile all transactions on the Monthly Purchase Card Ordering Log with the Statement of Account; review cardholder statements and verify that all items are necessary Government purchases and comply with all applicable laws, regulations, policies and guidance; ensure cardholder has completed and submitted the Property Transaction Request to the appropriate property office; resolve any outstanding questions, verify, approve, and sign cardholder Statements of Account; and retain cardholder files for 3 years from final payment.

3.13.3 Disputed Transactions

Cardholders shall process disputes or questioned transactions using the servicing bank's online disputes process. Operating Units serviced by the Commerce Purchase Card System must also process disputes in CPCS. If, after receipt of requested copies of the sales slip, the cardholder still does not recognize the charge, the cardholder shall contact the agency program coordinator for assistance. The cardholder shall follow up on incorrectly billed items immediately with the merchant, as there is a 90-day time limit on reconciling disputed items.

3.14 Personal Liabilities

Cardholders and approving officials shall ensure that purchases made with the purchase card are in accordance with all Federal and Departmental acquisition laws, regulations, policies and guidance. Cardholders and approving officials may be held personally liable for any action deemed by the reviewing official as noncompliant with acquisition policies and regulations. In addition, if it is determined the transactions are made with the intent to commit fraud or constitute waste or abuse, the cardholder and approving official may face disciplinary actions. Agency program coordinators are required to report any fraud, waste or abuse to the Office of Inspector General.

END OF SECTION 3

SECTION 4 – Convenience Checks

4.1 Policy

Convenience checks issued under the Purchase Card Program are subject to all of the regulations and restrictions of the purchase card. The training, nomination, account setup and delegation procedures for the purchase card apply to the convenience checks.

Convenience checks are not electronic funds transfer compliant, are subject to a cash advance fee, and have a greater potential for fraud and abuse. Therefore, the use of convenience checks shall be minimized and they should only be issued on a case-by-case basis. Heads of Contracting Offices shall encourage the use of alternatives to the convenience checks as well as other value-added products and services provided by the servicing bank. Convenience checks shall not be issued to merchants that accept the Government Purchase Card.

4.2 Convenience Check Restrictions

Convenience checks shall not be used by individuals to write checks to themselves, or to any other individual or vendor for any of the following:

- cash advance or re-imbusement purposes;
- salary payment or cash awards, or any transaction required to be processed through the payroll system;
- employee reimbursements;
- any travel-related tickets or expenditures, including meals, lodging and rental or lease of vehicles;
- advance payments to vendors;
- hazardous materials;
- honorarium fee to a non-U.S. citizen or permanent resident alien not authorized to receive this payment in accordance with the terms and conditions of their visa;
- On-the-Spot awards; or
- Incentive awards to contractors or contract employees.

4.3 Exceptions to Convenience Check Restrictions

Convenience Checks may be issued for travel-related tickets or expenditures, including meals, lodging, and rental or lease of vehicles for foreign invitational travelers and foreign guest speakers.

4.4 Utilizing Convenience Checks

As with purchase card orders, convenience checks may only be written for the exact amount of the purchase. Cardholders must keep a separate Convenience Check Log which includes, at a minimum, the check number, the merchant name, the merchant's Tax Identification Number, the merchant address, the items purchased, the total dollar amount and the reason why a convenience check was used. Convenience Check Log information may be stored electronically in the servicing bank's electronic access system. Cardholders shall maintain a log of the checks issued to them and perform an inventory monthly to ensure that no checks are missing. Missing checks shall be reported immediately to the servicing bank. Cardholders shall update the servicing bank's electronic access system accordingly.

4.5 Oversight Review of Convenience Checks

Agency program coordinators shall conduct a 100% review of all convenience check transactions. Agency program coordinators shall review online reports in the servicing bank's electronic access system and match transaction to authorization documentation.

END OF SECTION 4

SECTION 5 – Program Oversight and Surveillance

5.1 Management Controls

The Purchase Card Program includes a variety of management controls designed to minimize purchase card misuse. Agency program coordinators shall ensure that management controls under their purview are followed and appropriately used to reduce potential card misuse and abuse.

5.2 Risk Management

The Office of Acquisition Management has established the purchase card risk management team to provide program expertise and support to help minimize risk of the Purchase Card Program. The DOC Purchase Card Policy Manager shall serve as chairperson of the risk management team. The team shall be comprised of an agency program coordinator representative from each contracting office. The risk management team shall meet at least quarterly to discuss recommended improvements to the program.

Agency program coordinators shall take actions to reduce the risk of card fraud, waste, abuse, and misuse. The agency program coordinator can minimize risk by ensuring that Federal, DOC and Operating Unit purchase card policies and procedures are followed, and that program effectiveness is monitored on a regular basis. Appendix G identifies typical purchase card factors that may result in elevated risk, along with recommended risk reduction methods. Agency program coordinators should regularly assess their card program to identify additional areas of risk and develop adequate risk reduction methods.

5.3 Reviews, Surveillance, and Reporting

Purchase card data and statistics are important tools for managing the program and monitoring performance. The servicing bank provides a variety of reports to assist agency program coordinators with managing their program. Appendix H provides a list of standard card management reports available in the servicing bank's system. Agency program coordinators shall continuously monitor their programs using the following metrics:

- Number of cards
- Number of cards that are for emergency use only
- Number of active accounts
- Number of accounts with convenience checks
- Percentage of employees that are cardholders
- Net number of new accounts (new less cancelled)
- Charge card dollars spent; total refunds earned; percentage of potential refunds earned
- Number of cases reported to the agency Office of Inspector General for possible card misuse and/or abuse
- Number of administrative and/or disciplinary actions taken for card misuse
- Number of approving officials
- Ratio of approving officials to purchase cardholders (span of control)
- Average number of monthly purchase card transactions reviewed per approving official

- Number of cardholders with authority up to the micro-purchase threshold
- Number of cardholders with authority over the micro-purchase threshold
- Number and dollar amount of purchases up to the micro-purchase threshold
- Number and dollar amount of purchases over the micro-purchase threshold
- Number of inactive accounts
- Number of inactive accounts cancelled
- Number of inactive accounts requiring a justification to maintain

5.4 Fraud Waste and Abuse

5.4.1 General

Employees are required to report all instances of suspected fraud, waste or abuse. Intentional or unintentional violations of the policies and procedures for purchase card or convenience check usage is considered misuse. Fraud is a criminal form of misuse involving willful deceit, misrepresentation of facts, or other practice designed to harm or deprive another of his or her rights, usually involving deception for personal gain. The distinction between misuse and fraud is dependent upon the facts of each case.

All participants in the purchase card program are responsible for preventing fraud and the conditions that lead to fraud. Fraud often occurs when two or more individuals collude to circumvent the management controls in place to prevent fraudulent practices. Collusion may occur between merchants and cardholders, cardholders and approving officials, or between purchase card program participants and other employees.

5.4.2 Indicators of Fraud and Misuse

Suspected purchase card misuse and fraud often have the same or similar indicators. A determination of whether the misuse is fraudulent may only be possible after a thorough investigation. Therefore, all suspected cases must be reported. Agency program coordinators shall review bank purchase card data and reports on a regular basis to identify and investigate possible instances of fraud, waste, abuse, or misuse. The following are potential indicators of fraud:

- Repetitive purchases from the same merchant in situations where the cardholder should be rotating purchases among more than one merchant;
- Missing purchase documentation;
- Cardholders or approving officials who allow others to use the card;
- Failure to safeguard purchase cards, convenience checks, or account information;
- Lack of oversight and surveillance;
- Unauthorized purchases;
- Payments made for items that were never received;
- Split purchases made to avoid spending limits;
- Failure to account for nonexpendable or sensitive items per property management procedures;
- Approval of cardholder purchases by someone other than the approving official;
- Cardholders returning items to a merchant for a store credit instead of a credit to their purchase card account;
- Attempted purchases that exceed the cardholder's limits;
- Purchases that have been declined by the card system; and
- Cash advances or convenience checks written to "Cash";

5.4.3 Reporting Suspected Fraud or Abuse

Employees are responsible for reporting cases of suspected fraud or misuse of the purchase card or convenience checks. Employees who suspect a cardholder of misuse, fraud, or abuse must immediately notify the approving official and the agency program coordinator. Agency program coordinators, upon learning of suspected fraud or abuse, shall notify the Office of Inspector General, the Head of Contracting Office, the servicing bank, and DOC supervisory chain. Immediate actions shall be taken to ensure that all instances of suspected fraud or misuse are promptly reported and investigated.

5.4.4 Potential Consequences for Purchase Card Misuse and Abuse

Violations of purchase card laws, regulations, policies and guidance may result in immediate cancellation of the card and disciplinary action against the cardholder, approving official, or both. The range of disciplinary actions, which may vary with the severity of the infraction, will be applied in accordance with DOC employee relations, legal, and management guidelines.

Intentional misuse of the card will be considered an attempt to commit fraud against the U.S. Government, and in addition to the disciplinary actions, the individual may be subject to a fine of not more that \$10,000, or imprisonment for not more than 5 years, or both under 18 U.S.C. 287.

Cardholders who intentionally misuse their cards may be held personally liable to the Government for the amount of any unauthorized transactions, plus interest and debt collection fees. Approving officials or others who collude with cardholders to misuse the card or to commit fraud, or who use their position or authority to cause misuse of the card, may also be subject to the disciplinary and criminal actions above.

Figure 5-1 below lists potential consequences and penalties for misuse or abuse of the purchase card. Agency program coordinators shall use the table as a guide for disciplinary measures, coordinating with the Office of Inspector General, Office of General Counsel, Office of Human Resources Management, and the employee’s management chain as appropriate.

Figure 5-1 Consequences for Purchase Card Misuse and Abuse

<i>Consequences for Purchase Card Misuse and Abuse</i>	
Infraction	Potential Consequences for Infraction
<p>Fraud, Waste, and Abuse Intentional use of the purchase card for unauthorized purchases or the approval of unauthorized transactions</p>	<ul style="list-style-type: none"> • Card cancellation • Termination of employment • Fines and/or imprisonment • Salary offset to collect full cost of unauthorized purchases including administrative expenses
<p>False Statements False statements on purchase card records by cardholders and AO’s</p>	<ul style="list-style-type: none"> • Card cancellation • Reprimand
<p>Personal Misuse Unintentional use of the purchase card for unauthorized purchases</p>	<ul style="list-style-type: none"> • Counseling • Cardholder payment to DOC required to cover full cost of unauthorized purchases and possible administrative expenses

Consequences for Purchase Card Misuse and Abuse	
Infraction	Potential Consequences for Infraction
<p>Card Transfers Transfer of purchase card to any person other than the cardholder</p>	<ul style="list-style-type: none"> • Counseling • Card suspension • Card cancellation
<p>Failure to Maintain Card Security Failure to safeguard physical location of the card and card account information</p>	<ul style="list-style-type: none"> • Counseling • Card suspension • Card cancellation

5.5 Refund Management

In accordance with Office of Management and Budget (OMB) Circular A-123 Appendix B, proper management of refunds is critical to ensuring that agencies maintain cost-effective charge card programs. In order to ensure that the Department is in the best position to maximize sales and productivity refunds it is important to ensure timely payments and initiate internal controls to ensure that appropriate charge card use is maximized.

Unless specific statutory authority exists allowing refunds to be used for other purposes, refunds must be returned to the appropriation or account from which they were expended, and can be used for any legitimate purchase by the appropriation or account to which they were returned, or as otherwise authorized by statute.

5.6 Strategic Sourcing

DOC is committed to improving acquisition performance through a continual effort to identify strategic opportunities and negotiate favorable Department-wide contracts. To achieve this objective, Heads of Contracting Offices and agency program coordinators shall review spend analyses reports on purchase card data to identify card spending patterns, determine actual and estimated savings, and identify candidates for potential strategic sourcing initiatives.

END OF SECTION 5

SECTION 6 –Program Review and Reporting

6.1 Annual Program Review and Report

Heads of Contracting Offices shall review the purchase card program under their purview following the close of each fiscal year to ensure that cardholders and approving officials are adhering to applicable requirements. The primary objectives of the review are to assess:

- Compliance with laws and regulations;
- Efficiency of operations; and
- Adequacy of internal or management controls to help prevent fraud, waste and abuse.

Heads of Contracting Offices shall follow procedures outlined in this manual to conduct their reviews. Although onsite visits are encouraged, the Head of Contracting Office may use electronic data and reports of purchases, if the data is sufficient to perform a thorough review. Reviews shall be conducted periodically throughout the year, with a summary report prepared following the close of each fiscal year.

6.1.1 Conducting the Annual Review

All reviews and reports must be performed and completed on a fiscal year basis. The Head of Contracting Office shall document their findings in a written report for inclusion in the Department of Commerce annual program report executive summary. Reports of findings are due to the Purchase Card Policy Manager by January 31st of each year. The review must be performed on the previous fiscal year purchase card activity.

Standardized forms are available to facilitate the annual review process. The following forms are to be used for reviews in order to determine effectiveness of the program, ensure compliance and adequate oversight and to detect cardholder misuse and fraud:

- Entrance/Exit Conference Annual Purchase Card Review Memo (Appendix I);
- Purchase Card Annual Review Checklist (Appendix J) ;
- Annual Purchase Card Program Review Summary (Appendix K);
- Purchase Card Management Review Report (Appendix L)

6.1.2 Entrance/Exit Conference Memorandum

The Entrance Conference Memorandum will be used to explain the audit objectives and methods used for the review to the program managers. The Exit Conference Memorandum will be used to discuss review findings (strengths, weaknesses and recommendations for improvement).

6.1.3 Purchase Card Annual Review Checklist

The Purchase Card Annual Review Checklist can be used in the initial review of Cardholder's records to determine compliance with procurement buying policies, regulations and procedures. The agency program coordinator must complete one checklist for each individual cardholder reviewed in the random sample selected.

6.1.4 Purchase Card Annual Review Summary of Findings

The purchase card annual review summary of findings can be used to summarize findings, including areas of non-compliance and recommendations for improvements,

identified in the checklists, cardholder records or interviews with purchase card participants. Best practices and recommendations for improving the purchase card program are to be addressed at the end of the Summary of Findings Memorandum.

6.1.5 Certification of Completion of Purchase Card Annual Review

The certification of completion of purchase card annual review consists of a certification that must be dated and signed by the agency program coordinator and Head of Contracting Office upon completion of the annual review. The annual review package, including the certification of completion, must be retained by the Head of Contracting Officer for a minimum of 3 years.

6.2 Steps in Annual Review Process

The following steps are provided for your guidance in conducting the annual review:

- **Select Random Sample:** Using the servicing bank's electronic assess tool, randomly select a sufficient number of cardholder records under an Approving Official's established accounts. The desired error level is 5% and the Confidence Level is 95%. The number selected must be large enough to provide an adequate sampling of purchase card transactions. Pertinent information related to the random sample selected must be documented in the space provided on the annual Review Checklist and the Summary of Findings (for example, the number of accounts selected, the individual Cardholder's single and monthly purchase limits, and total number of Cardholder records reviewed, etc.)
- **Data Mining:** Using the servicing bank's electronic assess tool, screen and identify suspicious transactions, test for compliance with established purchase card policies, procedures and internal controls.
- **Ensure that the approving official's sample adequately covers all cardholders within their purview.**
- **Descriptive information about the random sample selected must be documented in the space provided on the Summary of Findings (for example, the number of accounts selected, the individual Cardholder single and monthly purchase limits, and total number of records reviewed, etc.).**
- **Entrance Conference:** For on-site visits, hold interviews with the program management to discuss the audit objectives and methods to be used for the review.
- **Interviews:** Interviews will be held with the approving official and cardholder to discuss how the Purchase Card Program and related procedures are working.
- **Complete the Purchase Card Annual Review Checklist:** The Purchase Card Annual Review Checklist documents the initial review of the approving official's cardholder transactions and records to determine compliance with procurement buying policies, regulations and procedures. The agency program coordinator must complete a separate checklist for each individual cardholder whose transactions are included in the annual review, addressing each specific review criteria contained in the Checklist. Most of the checklist questions can be

- answered by review of records. However, a few entries must be researched by personal observation, such as purchase card security.
- Exit Conference: Hold meeting with program management to discuss review findings and address strengths, weaknesses and recommendations for improvement.
 - Complete Summary of Findings: After completing all Review Checklists and interviews, the agency program coordinator will complete the Summary of Findings for the Head of Contracting Office's signature and issuance. This memorandum documents strengths, weaknesses and areas of non-compliance identified in the checklists, cardholders' records, and interviews and identifies areas for improvements. The Summary of Findings must summarize any areas of concern or problems found during any aspect of the review and discuss what steps shall be taken to correct them. Specific examples should be cited whenever possible.
 - The Head of Contracting Office may also use the Summary of Findings to discuss issues not addressed on the checklists, interviews or review of records, such as whether the card provider and the merchants are providing acceptable customer service. Best practices are to be documented on the last page of the Summary of Findings. Any best practices or recommendations provided will be used to improve the Purchase Card Program.
 - Complete Certification of Completion: The Certification of Completion is dated and signed by the Head of Contracting Office and the agency program coordinator upon completion of the annual review. Annual Reviews are mandatory and must be conducted once a year, following the fiscal year being reviewed, or periodically throughout the year. The annual review package including the Certification of Completion must be retained by the Head of Contracting Office for a minimum of 3 years.

6.3 Office of Acquisition Management Reviews

The Office of Acquisition Management may perform additional reviews (including on-site reviews), as necessary.

6.4 Annual Commerce Bankcard Center Program Report

The Commerce Bankcard Center is required to review the Department's Purchase Card Program annually following the close of each fiscal year and prepare a State of the Purchase Card Program report. Specific suggestions for the report include:

- Comparison of usage patterns across Operating Units (i.e., number of cardholders, number of purchases, total dollar value, use by cardholders, etc.);
- Comparison of DOC usage rates with other agencies (e.g., the GSA report may be a good document for comparison);
- A review and analysis of refunds earned and the corresponding distribution to bureaus and Operating Units.

END OF SECTION 6

APPENDICES

APPENDIX A - DEFINITIONS

Abuse – Use of a Government charge card or convenience check to buy authorized items, but at terms (e.g. price, quantity) that are excessive, or are for a questionable Government need or both.

Accountable Property – Accountable property includes a property purchased, leased (capital leases), or otherwise obtained having a unit acquisition cost of \$5,000 or more (land, regardless of cost); and items that are sensitive, including to but not limited to pilferable items.

Agency Program Coordinator – An individual who serves as the focal point for task order administration including establishing and maintaining accounts, and issuance and destruction of cards.

Anti-Deficiency Act – Federal statute that prohibits the purchase of goods or services for which funds are unavailable or have not been appropriated.

Approving Official – An individual responsible for oversight and monitoring of one or more designated cardholder's compliance with established regulations and procedures.

Bank (or Cardholder) Statement – The official monthly statement provided by the servicing bank to cardholders. The bank statement identifies all of the cardholder's purchase card transactions during the billing cycle.

Business Line – A group of charge card activities with common functional characteristics (i.e., Purchase, Travel, and Fleet).

Cardholder – An individual to whom a card is issued to buy goods and services in support of official Government business.

Cardholder Account – An account established for an authorized employee against which official Government charges can be made.

Cardholder Reconciliation – The process by which the cardholder and the approving official reviews the monthly bank statements and reconciles against available supplier receipts and purchase card ordering logs.

Charge Card – A plastic card, issued to an individual or an entity, with an underlying account that is used for making purchases or payments. A charge card is similar to a credit card, except that generally the balance must be paid in full upon receipt of the statement.

Commerce Bankcard Center (CBC) – Located in Kansas City, Missouri, the CBC provides primary support for the operation and administration of the DOC Purchase Card Program.

Commerce Purchase Card System (CPCS) – The Department of Commerce financial system used for reconciliation and payment of purchase card transactions.

Construction – Construction, alterations, or repair (including dredging, excavating and painting) of buildings, structures or other real property.

Continuity of Operations Planning (COOP) – COOP is the effort within departments and agencies to ensure the continued performance of minimum essential functions during a wide range of potential emergencies.

Contracting Officer – Individuals delegated authority by the Senior Bureau Procurement Official to enter into, administer, and/or terminate contracts and to make related determinations and findings.

Convenience Check – A check that may be written on an approved cardholder's purchase card account, within established single purchase limits.

Convenience Check Log – A listing which includes, at a minimum, the convenience check number, the merchant's name, the merchant's Tax Identification Number (TIN) or Employer Identification Number (EIN), merchant address, the items purchased, the total dollar amount and the reason why a convenience check was used.

Customer – Individual responsible for defining the requirement, submitting a purchase request with available funds, and completing required approvals.

Cycle Limit – The spending limit imposed on a cardholder's cumulative purchases in a given cycle.

Delegation of Procurement Authority Memorandum – A memorandum that recognizes the purchase card holder as a procurement official, grants authorization to spend Government funds, and establishes the level of purchase authority.

Declined Transaction – A transaction for which authorization has been refused by the purchase card issuing bank's transaction authorization system.

Electronic Access System (EAS) – The servicing bank's Internet-based system which provides a variety of reports which assist in the effective management of the Purchase Card Program.

Environmental "Green" Purchasing – The acquisition of supplies and services that promotes energy and water efficiency, advances the use of renewable energy products, and helps foster markets for emerging technologies.

Federal Acquisition Regulation (FAR) – The regulation for use by federal executive agencies for acquisition of supplies and services with appropriated funds, as set forth in 48 CFR § 1-52.

Fraud – Any act of corruption or attempt to cheat the Government or corrupt the Government's agents, including but not limited to, the use of Government charge cards to transact business that is not sanctioned, not authorized, not in one's official Government capacity, not for the purpose for which the card was issued, or not as part of official Government business.

GSA SmartPay® – The Federal Government's charge card program that provides Federal Government cardholders a means to pay for commercial goods and services, travel and travel-related expenses, and vehicle fleet expenses.

Head of Contracting Office (HCO) – Individual designated by the Senior Bureau Procurement Official to head the contracting offices within each operating unit that has designated contracting authority to award and administer contracts to the full limit of the Department's contracting authority.

Improper Purchase – Purchase card transactions that are intended for Government use but are not permitted by law, regulation, or organizational policy.

Internal Controls for the Purchase Card Program – Measures taken to ensure program integrity, safeguarding of account information, and program effectiveness. Internal controls consist of the policies, procedures, training, organization, and surveillance governing the purchase card program.

Merchant Category Code (MCC) – A four-digit code used to identify the type of business a merchant conducts (e.g., gas stations, restaurants, airlines).

Micro-Purchase – As defined in FAR 2.101, an acquisition of supplies or services, the aggregate amount of which does not exceed \$3,000, except in the case of construction subject to the Davis Bacon Act, the limit is \$2,000, and for acquisitions of services subject to the Service Contract Act, the limit is \$2,500.

Misuse – Use of a federal charge card or convenience check by an authorized user for other than the official Government purpose(s) for which it is intended. Purchase card misuse can invoke DOC disciplinary action.

Operating Units – The following entities are considered operating units, as defined in DOO 1-1 and in the Orders establishing the respective operating unit: Bureau of Economic Analysis (BEA), Bureau of Industry and Security (BIS), Bureau of Census (Census), Economic Development Administration (EDA), Economic and Statistics Administration (ESA), International Trade Administration (ITA), Minority Business Development Agency (MBDA), National Institute of Standards & Technology (NIST), National Oceanic & Atmospheric Administration (NOAA), National Telecommunications & Information Administration (NTIA), National Technical Information Services (NTIS), Patent and Trademark Office (PTO), Technology Administration (TA) (excluding NIST and the Office the Secretary).

Purchase Card Ordering Log – A manual or automated log in which the cardholder documents the individual transactions and screening for mandatory sources of supply, consideration regarding “green” purchasing, and any required Section 508 documentation when using the purchase card or associated convenience checks.

Required Sources of Supply – The priority of sources as listed by FAR Part 8 and FAR Subpart 8.001.

Retention of Documents – The storing of supporting documentation for purchase card transactions below the micro-purchase threshold for a period of 3 years in accordance with to FAR 4.805 and GAO-08-368R.

Section 508 of the Rehabilitation Act – Section 508 of the Rehabilitation Act of 1973 requires that Federal departments and agencies procure electronic and information technology in such a manner as to allow Federal employees with disabilities to have access to and use of information and data that is comparable to the access to and use of information and data by other Federal employees.

Senior Bureau Procurement Official (BPO) – The senior career procurement official within each operating unit that has been delegated contracting authority.

Senior Procurement Executive (SPE) – The official appointed pursuant to Executive Order 12931 and the Services Acquisition Reform Act of 2003 to carry out the responsibilities identified in both Executive Order and the Services Acquisition Reform Act. Pursuant to DOO 20-26, Director for Acquisition Management, the Director of Acquisition Management is the Procurement Executive for the Department of Commerce.

Servicing Bank – The financial institution and its associations, responsible for issuing DOC purchase cards as the result of a task order against the active GSA SmartPay®2 Master Contract.

Separation of Duties – A mandatory management control to prevent key functions from being done by the same person. Important duties, such as making purchases, authorizing payments,

certifying funding and reviewing/auditing will be assigned to different individuals to minimize the risk of loss to the Government to the greatest possible extent.

Simplified Acquisition – An acquisition of supplies or services conducted in accordance with the procedures of FAR Part 13. The Simplified Acquisition Threshold is currently \$100,000.

Single Purchase Limit (Dollars per Transaction Limit) – The dollar limit imposed on a cardholder's single purchase or payment transaction.

Split Purchase – Separating a requirement that exceeds a cardholder's single purchase limit or threshold into two or more buys as a means of circumventing the cardholder's purchase limit.

Statement of Account – Official document of all transactions (debits and credits) at the cardholder level posted during the billing cycle. The statement of account is not the official invoice.

Strategic Sourcing – The process of continually analyzing the way funds are spent in order to ensure DOC is making efficient and effective purchases by: leveraging sourcing power by seeking opportunities to achieve discounts on commonly purchased goods and services; and applying discounts to all charge card transactions, as appropriate.

Third Party Credit Card Processor – A third party credit card processor is a company that can accept credit card orders over the internet on behalf of an individual or another merchant. Such as: PayPal, Propay, Citibank, CCBill, Globill systems, Verotel, CCNow, RegSoft, Kaqi, e.g.

Virtual Cards – One time use account numbers that may be used during a limited time period (e.g., within a 30 day window), for a limited amount (specific or not to exceed), and possibly for a specific vendor.

Warranted Contracting Officer – See Contracting Officer definition.

Waste – Any activity taken with respect to a Government charge card that fosters, or results in, unnecessary costs or other program inefficiencies.

APPENDIX B – SAMPLE NOMINATION MEMORANDUM

Date:

MEMORANDUM FOR:

Agency Program Coordinator

THROUGH:

[Approving Official, if Cardholder Nominee]

FROM:

[Supervisor of Nominee]

SUBJECT:

Nomination of Government-wide Purchase Card [*Holder or Approving Official*]

[*Name of Nominee*] is hereby for a [*Government-wide purchase card or Approving Official authority*] in accordance with Commerce Acquisition Manual (CAM) 1313.301. [*Name of Nominee*] is a current, permanent full-time Department of Commerce employee and has demonstrated that he/she is responsible and possess the required business acumen to be entrusted with the responsibilities of a Government-wide purchase card.

[*Provide justification explaining the need for the cardholder or approving official including whether the new cardholder will have emergency response or COOP responsibilities.*]

[*Name of Nominee*] has completed all required training as outlined in CAM 1313.301 and copies of training certificates are attached. Relevant information for this nomination is as follows:

Name of Nominee: _____

Office Telephone Number: _____

Office Fax Number: _____

E-Mail Address: _____

Mailing Address: _____

Single Limit: _____ (for cardholder nominee only)

30-Day Limit: _____

Line of Accounting (ACCS Codes) _____

Number of cardholders, including this nominee, under Approving Official's authority:

APPENDIX C – DELEGATION OF AUTHORITY MEMORANDUM (APC)

Agency Organization Program Coordinator (APC) Delegation of Authority Memorandum

MEMORANDUM FOR: _____
Agency Program Coordinator

FROM: _____,
Head of Contracting Office

SUBJECT: Delegation of Procurement Authority for Agency Program
Coordinator

In accordance with CAM 1313.301, you are hereby appointed as Agency Program Coordinator PC under the Department of Commerce's Purchase Card Program for _____ (*insert Operating Unit*). Under this appointment, you are hereby delegated authority to manage the day-to-day operations for the Purchase Card Program under the GSA SmartPay® Program.

As APC, you shall not perform the duties and responsibilities of a cardholder, convenience check writer, or Approving Official.

As (APC), your responsibilities include, but are not limited to, the following:

- Analyze, research, resolve and provide responses to incoming questions and issues.
- Establish, manage, suspend, and/or terminate accounts.
- Manage Merchant Category Codes (MCC). Perform oversight functions, including review of MCCs notifying the HCO of questionable transactions identified.
- Provide training and guidance to all Operating Unit Approving Officials and cardholders, as well as maintaining records on completed training.
- Assist with developing Operating Unit-specific purchase card training. The training shall be unique to specific programs and not conflict with the GSA SmartPay®2 Master Contract or CAM 1313.301.
- Perform oversight activity of the Government Purchase Card. Conduct annual review/audit of Approving Official records for adherence to the policies and guidance set forth in the CAM and Operating Unit-specific policy.
- Report suspected fraud, waste & abuse to the HCO and OIG. Procedures for submitting reports to the OIG shall be in accordance with DOC DAO 207-10 "Inspector General Investigation."
- Request deviations to the Government Purchase Card policies in the CAM, as necessary.
- Attend the GSA Annual SmartPay® conference to reinforce training requirements and to keep current with new and proposed program trends.
- Terminate or suspend accounts when suspected fraud and/or abuse are apparent. Recommend the termination of the Delegation of Procurement Authority or Approving

- Official appointment.
- Authorize increases to 30-day spending limit, not to exceed \$25,000. Any additional increases shall be reviewed and approved by the HCO and require an amended Delegation of Authority memorandum.

The delegation may be terminated at any time by written notice by the HCO or Senior Bureau Procurement Official.

APC SIGNATURE _____

[Your signature indicates that you have read, understand and agree to comply with your APC role and responsibilities. Please sign and return the original to your Head of Contracting Office. Retain one copy for your file and provide one copy to the Level 1 APC.]

APPENDIX D – SAMPLE DELEGATION OF AUTHORITY

Purchase Card Delegation of Authority Memorandum

MEMORANDUM FOR: _____
Cardholder

FROM: _____
Head of Contracting Office

SUBJECT: Delegation of Procurement Authority for use of the Government-wide Purchase Card

In accordance with Federal Acquisition Regulation (FAR) subpart 1.6 and Commerce Acquisition Manual 1313.301, you are hereby appointed as a cardholder under the Department of Commerce's Purchase Card Program. Under this appointment, you are hereby delegated authority to make official purchases for your organization using the Government-wide Purchase Card under the GSA SmartPay® Program at the limitations established below:

Single Purchase Limit:

- Micro-purchase Threshold (\$3,000 except for the acquisition of construction subject to the Davis Bacon Act, the limit is \$2,000, and the acquisition of services subject to the Service Contract Act, the limit is \$2,500 **or**
- \$_____ for purchase of all products, and for services not subject to the Service Contract Act [Amount not to exceed \$3,000]
- \$_____ for purchase of services subject to the Service Contract Act [Amount not to exceed \$2,500]
- \$_____ for purchase of construction [Amount not to exceed \$2,000]
- Delegated authority to issue Convenience Checks for official purchases

Monthly (Billing Cycle) Purchase Limit: \$_____

- Additional restrictions, limits, or conditions on card use as specified below:
[List any additional restrictions on card use here]

Emergency Use Cards:

- Employee has been designated as "emergency employees" or "mission-critical emergency employees" under an emergency response plan or continuity of operations plan and requires an emergency use card.

Your Delegation of Purchase Card authority is governed by the Commerce Acquisition Manual (CAM) 1313.301, *Department of Commerce Purchase Card Program*. Your Statement of Account with supporting documentation will be reviewed by your Approving Official on a monthly basis.

The Approving Official who will review and approve all purchases made under this delegation is:

Approving Official [Name, Address, Phone, E-mail]

Your Agency/Organization Program Coordinator (APC) is:

APC [Name, Address, Phone, E-mail]

With this Delegation you assume a unique role as the Government's authorized agent to obligate Government funds. Your role as the cardholder is to use the purchase card to buy goods and services for Government use. You hold the primary responsibility for the proper use of the purchase card. This is a substantial responsibility that must be exercised with fairness, reasonableness and good business judgment. The fact that your office has requested this authority for you is a clear statement of the trust that the Department of Commerce has placed in you. Your responsibilities as a cardholder are to:

Read and follow the Commerce Acquisition Manual (CAM) 1313.301, *Department of Commerce Purchase Card Procedures*.

- Secure the card.
- Maintain a purchase card ordering log.
- Use the card only to make informed buys of approved goods and services.
- Ensure availability of funds before purchase.
- Ensure that the total amount of the transaction, including packaging, shipping, etc., does not exceed the single purchase limit or the amount of funds available for the transaction.
- Reconcile and document transactions.
- Use the card ethically.

You are the Government's legal agent for each purchase made with the purchase card. You are legally responsible and accountable for each transaction. You must comply with all applicable regulations and procedures set forth in CAM 1313.301.

This delegation of purchasing authority is limited and is not subject to re-delegation by you. The delegation may be terminated at any time by written notice from the Agency Program Coordinator, the Head of Contracting Office, the Director, Office of Acquisition Management, or by the Office of the Procurement Executive.

CARDHOLDER SIGNATURE _____

[Your signature indicates that you have read, understand and agree to comply with your Cardholder role and responsibilities. Please sign and return the original to the Agency/Organization Program Coordinator for your procurement office. Retain one copy for your file and provide one copy to the Approving Official.]

I further certify that I:

- will only use the card and/or convenience checks for official purchases, within the dollar limitations designated for my card, and only when sufficient funds are available
- will only purchase authorized products or services, and will seek guidance from the APC before making a purchase in any case where doubt exists as to the legitimacy of a purchase

- will protect the card and/or convenience checks from unauthorized use, and will immediately report the loss or theft of the card/checks in accordance with DOC procedures
- will surrender the card and/or convenience checks upon termination of employment or at any time upon the request of the APC
- will comply with all audit requests in a timely manner
- understand that willful misuse of the card and/or convenience checks may result in immediate cancellation of the card/checks and disciplinary action against me

RECEIPT ACKNOWLEDGED (Signature): _____ DATE: _____

Approving Official's Certification

I certify that I:

- will examine all cardholder documentation related to card and/or convenience check transactions to ensure that purchases are based on a bona fide need
- will resolve any questionable purchases with the cardholder
- will ensure that the cardholder's purchase transactions are properly reconciled with the servicing bank's statement of account
- will immediately notify my APC of any suspected cases of misuse or fraud

Approving Official Signature

_____ DATE: _____

APPENDIX E – STATUS OF INACTIVE PURCHASE CARD

Status of Inactive Purchase Card

Date:

MEMORANDUM FOR: _____

Approving Official

FROM: _____

Agency Program Coordinator

SUBJECT: Purchase Card ending in _____. Cardholder: _____

A recent review of purchase card activity indicates that the subject card may be inactive based on the following:

- Card had no activity during the past 6 months
- Card had transactions totaling \$_____ from _____ to _____.

Please review the subject card and complete, date, and sign this form and return it to your APC by _____. Failure to complete this form may result in cancellation of the card.

Approving Official Determination

I have reviewed this purchase card and have determined the following:

- Card is no longer needed and should be canceled for the following reason:
 - Cardholder has transferred to another office or has left the organization
 - Cardholder no longer wants to retain the card
 - There are no requirements to justify need for a card
 - Requirements are being satisfied by another cardholder or through other means
 - Other (explain)
- Card is still required for the following reason:
 - Card is to be used for emergencies. The cardholder has been designated as an “emergency employee” or a “mission-critical emergency employee” under an emergency response plan or continuity of operations plan (COOP).
 - Office requirements exist but demand patterns are highly variable. Estimated use is \$_____ during the next 6 months. Indicate the major types of products or services that are anticipated to be ordered during the next 6 months.
 - Other (explain)

Approving Official: _____

Signature: _____ Date : _____

APPENDIX F – SECTION 508 COMPLIANCE CHECKLIST

Requisitioner _____ Requisition Number _____

Program Office _____ Sec 508 Coordinator Review _____

Product Description _____

Pre-Award Action for EIT Procurements

Check all appropriate boxes.

Exemptions to Section 508

- Back-Office (i.e. comm. Closets type-equipment)
- Acquired Incidental to the Contract (e.g. is not part of the deliverables of the contract)
- Commercial Non-Availability
- Fundamental Alteration (e.g. adding a large display on a pager or palm pilot)

Subparts and Categories for Section 508 Compliance

Subpart B – Technical categories of standards (may include more than one)

- Software applications and operating systems (36 CFR Part 1194.23)
- Web-based internet and intranet information and application (36 CFR Part 1194.22)
- Telecommunication products (36 CFR Part 1194.23)
- Video and multi-media products (36 CFR Part 1194.24)
- Self-contained, closed products (36CFR Part 1194.25)
- Desktop and portable computers (36 CFR Part 1194.26)

Subpart C – Functional performance criteria (only when Subpart B does not apply)

Subpart D – Information, Documentation, and support Documentation requirements

Market Analysis for Section 508 Compliance

- Products available, but they do not meet any of the appropriate standards
- Product(s) compliant
- Limited product availability (one product meets more 508 standards than others)
(Attach analysis)
- Only one product meets functional specifications (attach justification)

Requisitioner _____ Date _____

Approving Official _____ Date _____

APPENDIX G – PURCHASE CARD RISK FACTORS

Purchase Card Risk Factors		
Risk Factor	Description	Recommended Risk Reduction Methods
General risk of fraud, waste, abuse and misuse	Ensure that the environment is not conducive to purchase card fraud, waste, abuse, and misuse.	<ul style="list-style-type: none"> ▪ Conduct regular surveillance and annual reviews of all AOs and cardholders. Ensure that all violations are promptly identified and that corrective and/or disciplinary actions are taken. ▪ Publicize serious violations and the actions taken in response. ▪ Ensure that separation of duties exist so that an individual is not performing two or more purchase card functions for a transaction (cardholder and AO, AO and billing official, independent receipt and acceptance, etc.) ▪ Ensure that cardholders and AOs receive all necessary training and refresher training commensurate with their purchase limits.
Newly appointed AOs and cardholders	Newly appointed AOs and cardholders have less experience with the purchase card program's policies and procedures and may therefore have a higher risk of misuse.	<ul style="list-style-type: none"> ▪ Perform a limited review of all new AOs and cardholders within 90 days of their appointment to identify procedural errors or misuse.
Purchase card accounts that have few or no merchant category restrictions	Card accounts with few merchant category restrictions provide more flexibility for cardholders but may increase the risk of unauthorized purchases.	<ul style="list-style-type: none"> ▪ Based on the types of products and services the card is being used to purchase, consider adding merchant category code restrictions to the account ▪ Review cardholder transactions for suspicious purchases and follow up as necessary ▪ Conduct periodic spot checks to ensure compliance
Purchase card accounts with many transactions at or near the cardholder's single purchase limit	This could be an indicator that purchases are being split in order to bring them under the cardholder's limit.	<ul style="list-style-type: none"> ▪ Review cardholder transactions for suspicious purchases and follow up as necessary
Purchase card accounts where the individual transaction amounts are significantly below the cardholder's single purchase limit	This could indicate that the cardholder has greater purchase authority than they require for their typical purchases.	<ul style="list-style-type: none"> ▪ Consider reducing the cardholder's purchase limit consistent with their purchase needs ▪ When establishing new card accounts, ensure that single purchase limits reflect actual needs rather than automatically defaulting to the micropurchase limit.
Inactive cards (except for emergency cards issued under COOP)	Cards with little or no activity over a six month period are considered inactive. Cards that are issued solely as a backup card for another cardholder are prohibited.	<ul style="list-style-type: none"> ▪ Conduct review of inactive cards semi-annually and cancel cards that are no longer required.

Purchase Card Risk Factors		
Risk Factor	Description	Recommended Risk Reduction Methods
Purchase card transactions during emergencies or other contingencies	Purchase card transactions occurring during emergencies (natural disasters, biological, radiological, chemical, health-related, etc.) pose a higher risk.	<ul style="list-style-type: none"> ▪ Use servicing bank's EAS to separate to track/identify all card purchases in support of emergency operations for anticipated reporting requirements to Congress, GAO, IG, etc. ▪ Ensure AOs and cardholders are advised of any changes to purchase card procedures or changes to authority levels as a result of the emergency. ▪ Conduct spot checks during the emergency for compliance, and post-event reviews of transactions. ▪ Ensure AOs and cardholders are promptly alerted when the emergency is over and any special emergency procedures or authorities revert to normal.
AOs with a span of control of seven or more cardholders	As an AO's span of control and monthly transaction review increases, the risk of failure to identify improper purchase transactions increases.	<ul style="list-style-type: none"> ▪ If problems due to workload are identified during the annual review, consider reducing the span of control by training and appointing additional AOs as necessary. ▪ Conduct more frequent spot checks or surveillance of AOs with spans of control of seven or more.
APCs with a span of control greater than 350 AOs and cardholders	APCs with more than 350 AOs and cardholders assigned to them may find it difficult to adequately carry out their program oversight role effectively, thereby increasing risk.	<ul style="list-style-type: none"> ▪ HCOs should monitor APC spans of control and establish additional APCs as warranted. ▪ APCs should review the agency oversight and surveillance process and risk reduction approach for adequacy, and recommend any needed improvements
AOs or cardholders that have had previous instances of misuse	AOs and cardholders that have violated procedures in the past may have a higher risk of future violations	<ul style="list-style-type: none"> ▪ Increased surveillance and spot checks to ensure compliance ▪ Cancel cards for cardholder repeat offenders, or train and assign new AOs for repeat AO violations.
Convenience check users	Convenience checks pose a greater risk of misuse because they have fewer controls over their use.	<ul style="list-style-type: none"> ▪ Conduct more frequent spot checks for convenience check users. ▪ Ensure that convenience checks are adequately safeguarded and transactions are properly logged and identified. ▪ Review convenience check usage and cancel checks for users that no longer require them.
Cardholders who are a higher grade than their AO	This situation is discouraged, and AOs should be at an equivalent or higher grade level. However, when organizational circumstances prevent this, there is a higher risk that the cardholder may exert undue influence over the AO's actions due to the disparity in grade or position.	<ul style="list-style-type: none"> ▪ Increased surveillance of cardholder transactions ▪ Conduct spot checks of AOs and cardholders to ensure compliance with policies and procedures ▪ Immediately suspend card if abuse or misuse is observed. Report abuse or misuse to the IG.

<i>Purchase Card Risk Factors</i>		
Risk Factor	Description	Recommended Risk Reduction Methods
Cardholders who are physically or geographically removed from an office environment or their AO	Cardholders whose duties require them to be “on the road” or to operate outside of a typical work environment may pose a higher risk of card abuse or misuse.	<ul style="list-style-type: none"> ▪ Increased surveillance of cardholder’s transactions with follow-up of questionable purchases
AO absence	The cardholder’s AO is absent due to leave, illness, temporary assignment, etc. This situation may lead to improper purchases if cardholder believes transactions will not be reviewed by a trained AO.	<ul style="list-style-type: none"> ▪ APCs should temporarily assign cardholders to another AO to review transactions. ▪ AOs should notify the A/OPC when an absence of more than 30 days is expected

APPENDIX H – STANDARD PURCHASE CARD REPORTS

Report Name	Type	Description Of Reports
1099 Merchant	Merchant	The 1099 Merchant report can be used to analyze purchases made from 1099 Merchants. The report lists: MCC Code and Description, Merchant Name and Address, Merchant DBA Name, Taxpayer ID, and Dollar Amount.
45-Day	Accounts	The 45-Day report can be used to monitor delinquencies as it identifies accounts that are between 30 and 60 days past due.
Account and Employee Hierarchy	Accounts	The Account and Employee Hierarchy report shows the card and account hierarchies for all individuals.
Account Audit	Accounts	The report will provide all card changes made over a selected date range.
Account Audit - 123	Accounts	The report will provide all card changes made over a selected date range. This report contains the account number, change date, a description of the field changed, original data, new data and PaymentNet User ID that made the change.
Accounts Renewing Within Three Months	Accounts	The Accounts Renewing within 3 Months report identifies accounts that will expire within 3 months of the report date, and can be used to help monitor card renewals.
Available Limit by Low Available Balance	Accounts	The Available Limit by Low Available Balance report can be used to help monitor cardholders who are nearing their available limit and determine if their credit lines are sufficient. The report includes Account Name, Acct #, Current Balance, Date Balance was Effective, Credit Limit, Cash Limit, and Available Balance.
Cardholder Information	Accounts	The Cardholder Information report provides a listing of card accounts as well as the total number of cardholders.
Cardholder Listing by Hierarchy	Accounts	The Cardholder Listing by Hierarchy report can be used to monitor the number and status of accounts in each Cost Center.
Cardholder Listing with Addresses	Accounts	The Cardholder Listing with Address report provides a list of accounts in each Cost Center along with the Cardholders address and Card expiration date.
Cardholder Status	Accounts	The Cardholder Status report can be used to identify account limits and account statuses.
Cardholder Status with Hierarchy and Closed Date	Accounts	The Cardholder Status with Hierarchy and Closed Date report can be used to identify account limits and account statuses.
Cardholder with Account and MCC Group Limits	Accounts	The Cardholder with Account and MCC Group Limits report can be used to identify account and Merchant Category Code group authorization limits..
Cardholders with Default Account Codes	Accounts	The Cardholders with Default Account Codes report shows all account names, account numbers, account limits, and all chart of account codes and custom field values attached to the account. Contents of this report are best viewed in PDF format.

Report Name	Type	Description Of Reports
Cash Advance Detail by Hierarchy	Transaction	The Cash Advance Detail by Hierarchy report is used to analyze only cash advance charges from the cardholders. The report shows the Transaction Date, Post Date, Merchant Name, Merchant City, Merchant State, MCC, Debit Amount, Credit Amount and Merchant Sales Tax.
Central Bill Reconciliation	Transaction	The Central Bill Reconciliation report can be used to analyze the transactions and accounts that have been charged to Central Bill accounts. The report lists: Central Bill Account Number, Transaction Date, Post Date, Transaction ID, Merchant Name, MCC, Merchant City and Merchant State, Micro-reference, and Amount.
Central Bill Reconciliation Summary	Transaction	The Central Bill Reconciliation Summary report can be used to analyze the account activity for cardholders that are attached to a central bill account.
Charge Off	Accounts	The Charge Off report can be used to monitor bad debts. The report lists: Account Name, Account Number, Charge Off Amount, Charge Off Date, Past Due Amount, and Balance.
Chart of Accounts Audit	Administration	Any chart of account creations or changes made to an existing chart of accounts using PaymentNet can be queried using a date range. The report will demonstrate all chart of accounts changes made over the requested period of time. This report contains change date, change time, chart name, segment, segment value, field name, previous value, new value, and user ID that made the change.
Declines	Transaction	The Declines report can be used to monitor the occurrences and reasons why cardholders have been declined. The report lists: Decline Code and Reason, Account Name, Account Number, Amount, MCC, MCC Description, Date and Time of Decline.
Delinquencies with Current Balance	Accounts	The Delinquencies with Current Balance report can be used to monitor past due accounts per cardholder. Subtotals are provided for each hierarchy level, as well as grand totals for the entire report. The report lists: Hierarchy, Account Number, Account Name, Past Due Amounts in each of the following categories: 1-30 Day, 31-60 Day, 61-90 Day, 91-120 Day, 121-150 Day, 151-180 Day, Charge-off Amount, and Current Balance.
Diversion Details by Cardholder	Transaction	Diversion Details by Cardholder report can be used to analyze the charges to Diversion Accounts.
Employee Audit	Administration	Any employee creations or changes made to an existing employee using PaymentNet can be queried using a date range. This report contains change date, change time, user ID being changed or added, field name, previous value, new value, and user ID that made the change.
Foreign Currency	Transaction	The Foreign Currency report can be used to review transactions that occurred outside of the U.S. as well as the currency and exchange rate information.
Hierarchy Audit	Administration	Any hierarchy creations or changes made to an existing hierarchy using PaymentNet can be queried using a date range.

Report Name	Type	Description Of Reports
Hierarchy List by Level	Administration	The Hierarchy List by Level report displays the company hierarchy tree structure.
Level III Temp Services Data	Transaction	This report can be used to analyze information from temporary services. The report lists: Transaction ID, Transaction Date, Post Date, Merchant Name, City/State, and Amount. It also includes Source ID, Job Description, Temp Employee Name, Social Security Number, Requester, Job Code, Supervisor, Time Sheet Information such as Start Date, Week Ending, Hours, Overtime, Rate, Subtotal, Message ID, and Customer Code. Contents of the report are best viewed in Excel format.
Login Audit	Administration	Any logins to the PaymentNet application can be queried using a date range. The report will demonstrate all logins over the requested period of time. This report contains login date, login time, user ID, and duration of session.
MasterCard 1099 Transaction Detail	Merchant	Use this report to review transactions at merchants to understand whether or not to include each specific transaction in the total spend for 1099 MISC reporting.
MasterCard Enhanced Merchant Data	Merchant	MasterCard Enhanced Merchant Data. Contents of the report are best viewed in Excel format
MasterCard Socio Economic	Merchant	The Vendor Socio-Economic report provides the actual and percentage spend in dollars, transactions and number of vendors segmented by the various socio-economic statuses collected by MasterCard
MasterCard Vendor Information	Merchant	The MasterCard Vendor Information is used to support 1099-MISC and socio-economic (Form 1057) reporting needs. The report includes merchant name and address information, MCC, Taxpayer Identification Number (TIN), incorporation status, socio-economic status indicators, PaymentNet Preferred Vendor indicators, and both PaymentNet 1099 indicator and the MasterCard 1099able using MCC procedure indicator.
MCC with Default Account Codes	Merchant	The Merchant Category Code with Default Account Codes report shows all default Merchant Category Codes and description. It includes individual Merchant Category Codes and shows default account codes where appropriate.
Merchant Profile with Custom Fields	Merchant	This report displays all merchants by Name, City, Street, ZIP, Merchant Category Code, Minority Code, Incorporated Status, Tax Payer ID, 1099.
Merchant Ranking	Merchant	This report ranks merchants in T&E categories in descending order of level of spend.
Merchants with Default Account Codes	Merchant	The Merchants with Default Account Codes report shows Merchant Name, Merchant City, Merchant State, Merchant Category Code, Merchant Default Account Codes.
Order Audit	Administration	Any order creations or changes made to an existing order
Parent Merchant Ranking	Merchant	The Parent Merchant Ranking report identifies the Parent Merchant where the accounts are being used, the dollar amount spent per parent merchant, and can be used for negotiations.

Report Name	Type	Description Of Reports
Spending Analysis by Tax ID	Merchant	The Spending Analysis by Tax ID report can be used to analyze the purchases within the following merchant classifications: Sole proprietorship, Partnership, and Unincorporated. Sub-totals for service related and non-service related industries are provided within each merchant classification.
Statement of Account	Transaction	The Statement of Account provides a listing of previous cycle transaction information such as post date, merchant, transaction amount, MCC, original amount and tax.
Summary Quarterly MCC	Merchant	The Summary Quarterly MCC report summarizes the total number of transactions, total dollar amounts, and average dollar amounts spent per quarter for each Merchant Category Code.
Summary Quarterly Vendor Analysis	Merchant	The Summary Quarterly Vendor Analysis summarizes the total number of transactions and dollar amounts spent per Quarter with each Merchant. Subtotals are provided for each Merchant Category.
Summary Quarterly Vendor Analysis by Parent Merchant	Merchant	The Summary Quarterly Vendor Analysis summarizes the total number of transactions and dollar amounts spent per Quarter with each Parent Merchant. Subtotals are provided for each Merchant Category.
Suspension Cancellation	Accounts	The Suspension/Cancellation report identifies accounts that have been suspended or cancelled. The report lists: Cardholder name, Account #, Status, and Account Balance.
Suspension Cancellation by Hierarchy	Accounts	Suspension/Cancellation by Hierarchy report identifies accounts that have been suspended or cancelled. The report lists: Hierarchy, Cardholder name, Account #, Status, and Account Balance.
Test Report 123	Accounts	The report will provide all card changes made over a selected date range. This report contains the account number, change date, a description of the field changed, original data, new data and PaymentNet User ID that made the change.
Transaction Audit	Transaction	The report will provide all transaction changes made over a selected date range. This report contains the transaction ID, change date, a description of the field changed, original data, new data and PaymentNet User ID that made the change.
Transaction Detail	Transaction	The Transaction Detail report can be used to monitor the purchases for each account. The report lists: Account Name, Account Number, Transaction ID, Transaction Date, Post Date, Merchant Name, Merchant City and State, MCC, Debit Amount, Credit Amount, and Tax.
Transaction Detail by Central Bill Account	Transaction	The Transaction Detail by Central Bill Account can be used to analyze the transactions and accounts that have been charged to Central Bill accounts. The report lists: Tran Date, Post Date, Reference Number, Tran ID, Merchant Name, MCC, City, State, and Amount.
Transaction Detail By Hierarchy	Transaction	The Transaction Detail by Hierarchy report summarizes the number of transactions and total dollar amount for each account and Hierarchy level.
Transaction Detail by Merchant	Transaction	The Transaction Detail by Merchant lists the transactions and dollar amounts spent with each Merchant.

Report Name	Type	Description Of Reports
Transaction Detail by Parent Merchant	Transaction	The Transaction Detail by Parent Merchant report lists the transactions and dollar amounts spent with each Parent Merchant.
Transaction Detail with Accounting Codes and Notes	Transaction	The Transaction Detail with Accounting Codes and Notes report shows a list of transactions with their account codes, notes and custom fields.
Transaction Detail with Page Breaks	Transaction	The Transaction Detail report lists the purchases for each account.
Transaction Detail with Payments	Transaction	The Transaction Detail with Payments report can be used to monitor the purchases and payments for each account.
Transaction Detail with Purchase Addendum	Transaction	The Detail with Purchase Addendum report is used to analyze only transactions with purchasing addendum.
Transaction Disputes by Hierarchy	Transaction	The Transaction Disputes by Hierarchy report can be used to monitor the status of disputed transactions. The report lists: Account Name, Account #, Merchant Name, Transaction Date, Transaction Amount, Date Disputed, and Date Resolved.
Transaction Disputes by Status	Transaction	The Transaction Disputes by Status report lists the status of disputed transactions. The report lists: Account Name, Transaction ID, Account Number, Merchant Name, Transaction Date, Transaction Amount, Date Disputed, and Date Resolved.
Transaction Summary	Transaction	The Transaction Summary report summarizes the number of transactions and total dollar amount for each account.
Transaction Summary by Hierarchy	Transaction	The Transaction Summary by Hierarchy report summarizes the number of transactions and total dollar amount for each account by Hierarchy.
Transaction Summary by Merchant	Transaction	The Transaction Summary by Merchant summarizes the number of credit transactions and amount, the number of debit transactions and amount, total number of transactions, total amount per merchant.
Transaction Summary by Parent Merchant	Transaction	The Transaction Summary by Parent Merchant summarizes the number of credit transactions and amount, the number of debit transactions and amount, total number of transactions, total amount per parent merchant.
Transportation Spending Analysis by Top Carrier	Merchant	The Transportation Spending Analysis by Top Carrier can be used for rate negotiations with transportation providers.
Unusual Activity Analysis	Administration	The Unusual Activity Analysis can be used to monitor unusual transaction activity and determine if the transactions are business-related.
Visa 1099 Transaction Detail	Merchant	Use this report to review transactions at merchants to understand whether or not to include each specific transaction in the total spent for 1099 MISC reporting.
MasterCard Merchant	Merchant	The MasterCard Merchant Report is used to support 1099 and socioeconomic reporting needs. It includes the most current merchant information provided by MasterCard.

Report Name	Type	Description Of Reports
Socio Economic Report	Merchant	The MasterCard Vendor Socio-Economic report provides the actual and percentage spend in dollars, transactions and number of vendors segmented by the various socio-economic statuses collected by Visa.
MasterCard Vendor Information	Merchant	The MasterCard Merchant Information is used to support 1099-MISC and socio-economic (Form 1057) reporting needs. It includes the most current merchant information provided by Visa. The report should be created in Excel format as it will not fit on a standard size page. The report includes merchant name and address information, MCC, Taxpayer Identification Number (TIN), incorporation status, socio-economic status indicators, PaymentNet Preferred Vendor indicators, and both PaymentNet 1099 indicator and the Visa 1099able using MCC procedure indicator.
Write-off	Accounts	The Write-Off report can be used to monitor bad debts. The report lists: Cardholder Name, Account Number, Write-off Amount, Write-off Date, Past Due Amount, and Balance

APPENDIX I – ENTRANCE AND EXIT CONFERENCE ANNUAL PURCHASE CARD REVIEWS

[INSERT LETTER HEAD]

MEMORANDUM FOR: _____
Program Manager

FROM: _____
Head of Contracting Office

SUBJECT: Entrance and Exit Conference for Annual Purchase Card
Reviews

There will be an internal post-award Acquisition Management Review performed on all acquisitions utilizing the Purchase Card and Convenience Checks. There may be situations when the HCO, at his/her discretion, would require cardholders and approving officials to submit their records to the APC in lieu of an onsite review.

The purchase card Acquisition Management Review shall use the servicing bank's statistical sampling tool to select a statistical sample of transactions to be reviewed using a confidence level of 95% of the preceding 12-month purchase card transaction period. This means the reviewer will review the purchase card transactions for the current fiscal year for the cardholder being audited. The reviews will be performed by the APCs or the acquisition personnel appointed by the HCO, on a rotational basis among the various client sites.

The Client must provide funding for travel by the servicing acquisition office to the client's site(s) whenever an onsite audit must be conducted. The HCO may require all purchase card transaction records to be submitted to the APC for review at anytime.

An In Brief meeting will be conducted with the client's appropriate personnel to discuss audit objectives and methods used for the review. In addition, upon completion of the review, an Out Brief will be conducted to address the review findings (strengths and problem areas). The Purchase Card Annual Review Checklist shall be used when conducting audits.

The HCO/ shall prepare and issue a formal report within 30 working days after completion of review and request the Client to respond to recommended remedial actions within 30 days.

APPENDIX J – PURCHASE CARD ANNUAL REVIEW CHECKLIST

Purchase Card Annual Review Checklist

Cardholder Name: _____ Date of Review: _____

Period Covered: _____ [*Insert Onsite or Electronic*] _____

Reviewer Name: _____

No.	A. APPROVING OFFICIAL REQUIREMENTS	Yes	No	N/A
1.	Has the Approving Official documented all of their necessary training and refresher training?			
2.	Does the Approving Official have their Appointment memo/letter from the HCO?			
3.	Is the Approving Official maintaining an administrative file with the Delegation of Authority memos/letters, required training and refresher training for all Cardholders under their purview?			
4.	Is the Approving Official following the Commerce Acquisition Manual and/or Operating Unit policy when nominating new cardholders?			
5.	Is the Approving Official giving prior written approval to all purchase card and convenience check transactions? Emergency subsequent and oral approvals shall be documented and included in the file (e-mails are acceptable).			
6.	Are all transactions approved by the designated/authorized Approving Official?			
7.	Is the Approving Official signing the monthly Government Purchase Card statement of account upon completion of their reconciliation/approval?			
8.	Has the Approving Official reported any suspected Fraud/Waste/Abuse to the APC or DOC/OIG?			
9.	Is the Approving Official maintaining the files for all Cardholders under their purview for 3 years?			

No.	B. CARDHOLDER'S RESPONSIBILITIES AND REQUIREMENTS	Yes	No	N/A
1.	Has the cardholder completed all necessary training?			
2.	Does the cardholder have their Delegation of Authority memo/letter from the HCO?			
3.	Did the cardholder receive a valid purchase request signed and dated by the requestor? (E-mail is acceptable).			
4.	Did the cardholder receive necessary pre-approvals with the purchase request (i.e. SF-182, HR approvals, 508 compliance, etc.)?			
5.	Did the cardholder generate any purchase requests?			
6.	Have any purchases exceeded the cardholder's single purchase limit? cardholder SPL is \$			
7.	Did the cardholder split requirements to stay under their single purchase limit?			
8.	Did the cardholder check the "Required Sources of Supplies or Services" listing prior to ordering on the open market?			
9.	Were all transactions conducted only by the person to whom the Government Purchase Card is issued?			

No.	B. CARDHOLDER'S RESPONSIBILITIES AND REQUIREMENTS	Yes	No	N/A
10.	Was the Government Purchase Card used to purchase any items or services on the "Restricted List"?			
11.	Did cardholder purchase any recurring services exceeding the aggregate single purchase limit of \$2,500 for the fiscal year?			
12.	Did cardholder purchase any recurring construction services exceeding the aggregate single purchase limit of \$2,000 for the fiscal year?			
13.	Did cardholder conduct multiple purchases from a single vendor for the same commercially available item without justification?			
14.	If any sales taxes were paid did cardholder make any attempt to recover?			
15.	Is there record of receipt by the Government, signed by persons other than the cardholder, of all items or services purchased? Were the "Separation of Duties" procedures followed?			
16.	Is the cardholder reconciling all transactions on their monthly statement in accordance with DOC and Operating Unit policy? Did the cardholder sign the monthly statement upon completion of the reconciliation?			
17.	Is there documentation that verifies that purchase of items on the Environmental Protection Agency (EPA) or U.S. Department of Agricultural (USDA) Designated Items list were of recovered or bio-based materials? If not, is there justification why not?			
18.	Is the cardholder safeguarding their Government Purchase Card in accordance with the current CAM policy?			
19.	Does all cardholder transactions include, but not limited to, the following: 1.) Purchase request 2.) Any market research 3.) Copy of order if placed on-line 4.) Itemized invoice 5.) Itemized packing slip 6.) Cash register receipt if over the counter 7.) Copy of service ticket (acceptance of service) 8.) Memo to File for unique requirement			
20.	Did the cardholder enter the purchases in the Purchase Card Ordering Log each time the purchase card is used? Ensure that the cardholder is not constructing the log from the monthly statement (i.e. note if purchase on the log and on the statement is in identical order).			
21.	Does the cardholder reconcile their statement within 21 days of the statement date, which is the 3 rd of each month?			
22.	Did the cardholder include a copy of their Purchase Card Ordering Log and monthly statement in the monthly transaction file?			
No.	C. CONTRACTING OFFICER PURCHASE CARD USE OVER THE MICRO-PURCHASE THRESHOLD	Yes	N No	N/A
1.	Does the Contracting Officer have a FAC-C Certification?			
2.	Are the purchases placed against an established contract?			
3.	Does the cardholder possess an active Contracting Officer's Warrant?			
4.	Is the cardholder's Approving Official a Contracting Officer with same or higher level Warrant?			
5.	Is the Government Purchase Card issued for COOP only?			

COMMENTS:

APPENDIX K – ANNUAL PURCHASE CARD REVIEW SUMMARY

Internal Control Review FY _____			
Agency Name: [insert agency]	For Reporting Cycle Ending:	[Enter date]	Reviewed By: [insert name]

PROGRAM REVIEW AUDIT STATISTICS, based on sample							
	Cardholder Current With All Training	Cardholder Current With All Refresher Training	Approving Official Current With All Training	Approving Official Current With All Refresher Training	Cardholder to AO Ratio	Number of Convenience Check Writers	
Sample Summary Count	110	20	99	54	2:1		

PROGRAM REVIEW AUDIT STATISTICS, based on sample								
	Approving Officials Reviewed	Cardholders Reviewed	On Site Reviews	Total Transactions Reviewed	Transactions Comply With DOC	Total Number of Convenience Checks Written	Number of Convenience Checks issued to same vendor	Convenience Checks above the Micro-Purchase Limit
Sample Summary Count								

Summary - Compliance With Regulations or Procedures, based on sample of transactions

Internal Control Review FY _____			
Agency Name: [insert agency]	For Reporting Cycle Ending:	[Enter date]	Reviewed By: [insert name]

	Transaction Supported by Invoice/Receipt	Transaction Supported by Purchase Request	Transactions Comply With DOC CAM	RESERVED	Delivery Receipt or Service Completion Supported by Cardholder and Approving Official signature	Accountable Personal Property Input into Personal Property Database	Transaction entered into Ordering Log or other requisition tracking log	
Count of Exceptions, Findings, Errors								
Total Transactions								
Percentage of Items with Exceptions, Findings								

Summary - Compliance With Regulations or Procedures, based on sample of cardholders

Internal Control Review FY _____			
Agency Name: [insert agency]	For Reporting Cycle Ending:	[Enter date]	Reviewed By: [insert name]

	Cardholder has Proper Delegation of Authority	Cards are Secured	Cardholders' Transactions are reconciled by the 3rd of the following month	Cardholder and Convenience Check Writer Complied with Split Transactions Regulations	Cardholder & Convenience Check Writer Used a Required Source of Supply When Appropriate			
Count of Exceptions, Findings, Errors								
Total Cardholders								
Percentage of Items with Exceptions, Findings								

Note: These controls are also reviewed under the requirements of OMB Circular A-123 every three years.

APPENDIX L – PURCHASE CARD MANAGEMENT REVIEW REPORT

PURCHASE CARD MANAGEMENT REVIEW REPORT FOR *(insert field office)*

I. INTRODUCTION

A Purchase Card Management Review was conducted at *(insert field office)* on *(insert date(s))*, by *insert name(s) of those performing audit and the acquisition office)*. The purchase card program at this location consists of *(insert number of Approving Officials and number of cardholders)*. The current single purchase limits of the cardholders are as follows: *(insert how many cardholders have up to the micro-purchase limit and how many have over the micro-purchase limit and what their single purchase limit is)*. *(Insert the number of files reviewed)* purchase cardholder files were reviewed. The purpose of this review was to evaluate the effectiveness and efficiency of the purchase card program and provide suggestions to improve any noted weaknesses or deficiencies. The review offers a baseline assessment of current strengths and weaknesses within the office. *(Insert the percent of the files reviewed, for example: One hundred percent of the 277 available files were reviewed)* available files were reviewed for the period of *(insert period of the files reviewed)*. The rating elements that were used were obtained from the Commerce Acquisition Manual 1313.301. The elements were then listed under three specific areas, in which one of the five possible ratings was applied to each area. The rating criteria are as follows:

Distinguished: Develops and implements innovative approaches in the purchase card program; produces and demonstrates improvements in the program; and develops internal control procedures to identify fraud, waste and abuse.

Commendable: Actions within the program that often exceed the norm and offers considerable value.

Satisfactory: Complies with applicable statutory and regulatory procedures; which are outlined in the Federal Acquisition Regulation (FAR) and Commerce Acquisition Manual (CAM).

Needs Improvement: One-time occurrences or borderline violation(s) of elements.

Unsatisfactory: Circumvents or often does not comply with purchase card policies and procedures.

A. Statutory, Regulatory and Procedural Compliance: Consists of thirteen elements and are as follows:

- i. Did any other individual other than the cardholder use his or her card?
- ii. Did purchases exceed the Cardholder's limit?
- iii. Did the cardholder split requirements to stay under their single purchase limit?
- iv. Were Required Sources of Supplies or Services checked prior to making a purchase?
- v. Were purchases for official Government business?
- vi. Were the following items purchased using the purchase card: long-term rental or lease of land or building, travel or travel related expenses; cash

- advances; personal/convenience items; and were printing, personnel recruitment, newspaper advertisements, leasing of motor vehicles, meals at conferences purchased with the proper justifications and approvals?
- vii. Was the card used for repetitive buys to the same vendor?
 - viii. Did the Cardholder pay any U.S. State taxes?
 - ix. Was personal property items properly tracked?
 - x. Was there evidence of competition and supporting documentation for transactions exceeding the micro-purchase threshold?
 - xi. Were domestic transactions exceeding the micro-purchase threshold per transaction set-aside for small business?
 - xii. Were prices determined to be fair and reasonable in the absence of competition and
 - xiii. Did procurements over the micro-purchase threshold comply with all applicable FAR requirements?

B. Business Practices and Judgment: consists of 6 elements and are as follows:

- i. Does the cardholder reconcile their statement by the 21st of each month?
- ii. Are cardholder records being retained for a minimum of 6 years, 3 months?
- iii. Is there a valid written authorization that describes what is to be purchased and signed by someone with authorized requisitioning authority?
- iv. Are there valid receipts and/or cash register tapes supporting the purchase, if not is there a statement why a receipt and/or cash register tape is not available?
- v. Is there proof of delivery or completion of performance?
- vi. Were transactions entered in the Purchase Card Ordering Log at the time of purchase (ensure that the cardholder is not constructing the log from the monthly purchase card statement)?

C. Management Effectiveness: consists of two elements and are as follows:

- i. Does each cardholder meet the required training requirements?
- ii. Are acquisition references readily available?

The overall rating for your office resulting from this Purchase Card Program Review is: *(Insert the applicable rating the office should receive based upon the five levels discussed in Part I)*

The reviews consisted of the following findings:

II. STATUTORY, REGULATORY AND PROCEDURAL COMPLIANCE

Overview: This rating is based on compliance with procurement rules, regulations and procedures. Weaknesses are considered a violation in statutory, regulatory and procedural requirements. If a violation was a repeated occurrence, it was consolidated and considered a weakness under that particular element. The resultant rating assigned to this area was: *(Insert the applicable rating for this section based upon the five levels discussed in Part I)*

A. *Strengths*:

1. *List all strengths that are applicable to this specific area.*

EXAMPLE:

1. 95% of the purchases were for official Government business and were not purchases of restricted items or items requiring approvals prior to purchase.

2. *Personal Property was properly tracked in the accountable property records.*

B. *Weaknesses:*

1. *List all weaknesses that are applicable to this specific area as well as justification to support your rationale.*

EXAMPLE:

1. *One of the four cardholders paid state tax resulting in a total of \$182.14 for the year and a half reviewed.*

While this is a small amount of tax, the Government is tax exempt and therefore it is the responsibility of the cardholder to ensure that there is no tax charged to purchases. Each card has the tax exempt number embossed directly on the card. Should any of the cardholders have older cards without the number, they can provide the vendor with the tax-exempt number 19030214. There is also a complete list of states, which have agreed to tax-exempt status. Only four states have not agreed. A copy of these tax-exempt letters can be obtained on-line at: <http://apps.fss.gsa.gov/services/gsa-smartpay/taxletter/>.

2. *100% of the files lacked documentation stating whether the Required Sources of Supply or Services were checked prior to ordering on the open market.*

CAM Section __, Paragraph __ states that Cardholders are required to adhere to the requirements of FAR 8.001, which require agencies to acquire supplies and services from designated sources if they are capable of providing them. Cardholders must review the required sources of supply prior to placing an order with a commercial vendor.

3. *Clothing with agency insignia was purchased almost monthly for the employees to wear while attending conferences. It appeared the jackets, shirts, and parkas were also being purchased for contract personnel. Quantities purchased seemed excessive since there are only four permanent employees.*

Federal Appropriations Law Chapter 4, section 8 Gifts and Awards, part C Awards, page 4-137 & 4-138 states, "Awards under the Act may take forms other than cash" and lists \$50 jackets bearing agency insignia as an authorized expense. Additionally, it's stated, "the Government Employees Incentive Awards Act is limited to Government employees." The employees indicated the clothing purchases was not a part of their awards program.

4. *90% of the orders reviewed over \$2,500 lacked documentation of price reasonableness and/or sole source justifications.*

The CAM 1313.301, Section 3, Paragraph 3.2(b)(2) states that in accordance with FAR 13.104, competition must be promoted to the maximum extent practicable. FAR 13.106-3 states that the cardholder must determine that the proposed price is fair and reasonable before making award.

5. *100% of the orders reviewed over the \$2,500 threshold, lacked documentation of award to small businesses.*

The CAM 1313.301, Section 3, Paragraph 3.2(b)(1) and FAR 19.502-2(a) states that all Government purchases over the micro-purchase threshold up to the Simplified Acquisition Threshold (\$100,000) are by law reserved for small businesses. This included purchases made with the purchase card. Any

purchase over \$2,500 placed with a large business must be supported with a written justification that a small business could not be located that was able to satisfy the requirements of the purchase. The justification must describe efforts taken to locate small business sources and must be maintained with the purchase card documentation.

6. *Cell phone service is being provided to a Government contractor. This in itself is not a violation; however, the preferred method for accomplishing this would be to list the cell phone in the contract as Government furnished equipment.*

C. *Recommendations:*

Provide recommendations for the above weaknesses.

EXAMPLE:

1. *All cardholders should take the purchase card course offered by GSA or other commercial sources prior to the close of the third quarter in FY 08.*
2. *Provide the servicing HCO with your plan of action on how you will comply with statutory, regulatory, and procedural requirements no later than (Insert Date response should be received by).*

III. BUSINESS PRACTICES AND JUDGEMENT

Overview:

This rating is based on the overall quality of the purchase card files and business decisions by using the six elements that were listed. If a violation was a repeated occurrence, it was viewed as a trend and considered a weakness under that particular element. The resultant rating assigned to this area is: *(Insert rating from the five levels discussed in part I).*

A. *Strengths:*

List all strengths that are applicable to this specific area.

EXAMPLE:

1. *Credit card statements were centrally located making them readily accessible.*
2. *Purchase Card statements were reconciled within the required timeframe.*

B. *Weaknesses:*

List all weaknesses that are applicable to this specific area.

EXAMPLE:

1. *A procurement request or similar document was not consistently used to demonstrate funds availability, required source of supply availability, etc. prior to making purchases.*

FAR Part 32.702 states, "No officer or employee of the Government may create or authorize an obligation in excess of the funds available, or in advance of appropriations (Anti-Deficiency Act, 31 U.S.C. 1341), unless otherwise authorized by law. Before executing any contract, the contracting officer shall obtain written assurance from responsible fiscal authority that adequate funds exist."

C. *Recommendations:*

Provide recommendations for the above weaknesses.

EXAMPLE:

1. *A purchase request of some type shall be completed for each transaction to indicate funds availability.*

IV. MANAGEMENT EFFECTIVENESS

Overview:

This area included an assessment of the organization's structure, along with a review of the tools provided to purchase card personnel. The resultant rating assigned to this area is: *(Insert rating for this area based from the five levels discussed in Part I).*

A. *Strengths:*

List all strengths that are applicable to this specific area.

EXAMPLE:

All purchase card holders have had the required mandatory GSA Smart-Pay training and copies of the training certificates are on file.

B. *Weaknesses:*

List all weaknesses that are applicable to this specific area.

1. *One of the cardholders, with purchase card authority over the micro-purchase threshold, has not completed Simplified Acquisition Procedures, which is required as per CAM 1313.301, Section __, Paragraph ____.*

C. *Recommendations:*

Provide recommendations for the above weakness.

EXAMPLE: The cardholder shall complete the Simplified Acquisition Procedures course to ensure compliance with the CAM no later than _____. The Simplified Acquisition Procedures course is available online at no cost through Defense Acquisition University. The web site is: www.dau.mil .

V. SUMMARY

The overall rating for your office resulting from this Purchase Card Management Review is: *(insert rating).*

This was based on the ratings received for each of the following elements:

Statutory, Regulatory and Procedural Compliance:	(insert rating)
Business Practices and Judgment	(insert rating)
Management Effectiveness	(insert rating)

The review was conducted using all available resources and guidance, especially in the area of risk management and oversight. This is the focus of the DOC Purchase Card Program Risk Management Team, of which *[insert servicing acquisition office]* is an active team member and one of the *[insert operating unit name]* Representatives. The recommendations

that we have made are to improve and ensure that your purchase card program adheres to the policies and regulations.

Please provide your plan of action to comply with these recommendations no later than *(insert date)*.

END OF DOCUMENT

END OF CAM 1313.301