

VA Financial Policies and Procedures
Government Purchase Card

CHAPTER 1

0101 OVERVIEW	2
0102 POLICIES	2
0103 AUTHORITY AND REFERENCES	2
0104 ROLES AND RESPONSIBILITIES	4
0105 PROCEDURES	5
0106 DEFINITIONS.....	5
0107 RESCISSIONS.....	7
0108 QUESTIONS	8
APPENDIX A: GOVERNMENT PURCHASE CARD PROCEDURES	9

0101 OVERVIEW

This chapter establishes the Department of Veterans Affairs (VA) financial policies and procedures regarding use of the Government purchase card and convenience checks for official purchases. The Government Purchase Card Program, known as GSA SmartPay2, is intended to meet the following objectives:

- Reduce paperwork and administrative costs for the acquisition of supplies and services within the existing Federal Acquisition Regulation (FAR);
- Streamline payment procedures and improve cash management practices, such as consolidating payments and reducing imprest funds; and
- Provide procedural checks and feedback to improve management control.

0102 POLICIES

010201 VA will use the Government purchase card for all micro-purchases. A micro-purchase is an acquisition of supplies or services using simplified acquisition procedures where the aggregate amount does not exceed the micro-purchase dollar limit set by the FAR, currently \$3,000. Refer to Appendix A, Government Purchase Card Procedures, for details. The following exceptions apply:

- For acquisitions of construction subject to the Davis-Bacon Act, the threshold is \$2,000 per transaction; and
- For acquisitions of services subject to the Service Contract Act, the threshold is \$2,500 per transaction.

010202 VA will use the Government purchase card to the maximum extent practicable for all purchases up to the \$150,000 simplified acquisition threshold established by FAR 2.101, where appropriate and the proper delegation of authority has been granted to the cardholder. The purchase card is the preferred method to make contract payments when the contractor agrees to accept the card.

010203 VA will require purchase card holders to purchase recycled content products, energy efficient products, bio-based products, alternative fuel vehicles/alternative fuels, environmentally preferable products and non-ozone depleting substances, in compliance with the overall Federal green purchasing program. Program exceptions are allowed if these products do not meet VA's performance needs, are not reasonably available or are only available at an unreasonable price.

0103 AUTHORITY AND REFERENCES

[010301 29 U.S.C. 794, Par. \(d\), Nondiscrimination under Federal grants and programs](#)

010302 31 U.S.C. Chapter 37, Subchapter II, Sections 3720B-3720E, Debt Collection Improvement Act of 1996

010303 38 U.S.C. 8127, Small Business Concerns Owned and Controlled by Veterans: Contracting Goals and Preferences

010304 5 C.F.R. Part 1315, Prompt Payment, August 25, 2008

010305 5 C.F.R. Part 2635, Standards of Ethical Conduct for Employees of the Executive Branch

010306 5 C.F.R. Section 2635.202, Standards of Ethical Conduct for Employees of the Executive Branch, Gifts from Outside Sources, General Standards

010307 5 C.F.R. Section 2635.704, Standards of Ethical Conduct for Employees of the Executive Branch, Misuse of Position, Use of Government Property

010308 48 C.F.R., Federal Acquisition Regulation (FAR)

010309 48 C.F.R. Volume 5, Chapter 8, Federal Acquisition Regulation System, Department of Veterans Affairs Acquisition Regulation

010310 Executive Order 13360, Contracting with Service-Disabled Veteran Businesses, dated October 26, 2004

010311 Executive Order 13423, Strengthening Federal Environmental, Energy and Transportation Management, dated January 24, 2007

010312 Executive Order 13514, Federal Leadership in Environmental, Energy and Economic Performance, dated October 5, 2009

010313 Office of Management and Budget (OMB) Circular A-123, Appendix B, Improving the Management of Government Charge Card Programs

010314 Treasury Financial Manual Volume 1, Part 4, Chapter 4500 (T/L 538), Government Purchase Cards

010315 U.S. Government Accountability Office (GAO), Principles of Federal Appropriations Law Volume I, Chapter 4, Section C, Part 5 – Entertainment, Recreation, Morale and Welfare

010316 VA Directive 6221, Accessible Electronic and Information Technology

010317 VA Directive 7002, Logistics Management Policy

010318 VA Directive 7401.6, Limited Authority to Pay by Purchase Card

010319 VA Directive 7401.7, Unauthorized Commitments and Ratification

010320 VA Handbook 5021, Part I, Employee/Management Relations, Appendix A Paragraph 2

010321 VA Handbook 7002, Logistics Management Procedures

010322 VA Handbook 7401.6, Limited Authority to Pay by Purchase Card

010323 VA Handbook 7401.7, Unauthorized Commitments and Ratification

010324 MP-4, Part X, Controller Records Control Schedule, Paragraph 5-1c

010325 VA Implementation Plan under Executive Order 13360, Contracting with Service-Disabled Veterans' Businesses

010326 Office of Financial Policy (internet)

0104 ROLES AND RESPONSIBILITIES

010401 The Assistant Secretary for Management/Chief Financial Officer (CFO) is responsible for the implementation, oversight and management of the Government Purchase Card Program within the Department. VA's CFO will manage the Government Purchase Card Program and establish overall program procedures.

010402 The Office of Financial Business Operations provides VA-wide financial purchase card policy and procedures guidance under the direction of the CFO.

010403 The Office of Charge Card Oversight & Travel Policy Service (CCO&TPS) serves as the Level 1 Agency/Organization Program Coordinator for VA's Travel Charge Card Program. The mission of CCO&TPS is to provide guidance, policy and oversight for the entire VA Charge Card Program.

010404 All VA officials are responsible for the implementation and management of the Government Purchase Card Program within their respective organization. They have delegated authority to issue operational procedures, establish procedures to implement management controls for card use and ensure that adequate internal controls are established and followed.

010405 The Financial Services Center (FSC), located in Austin, Texas, is the designated office responsible for making payments to the card contractor and providing refund and appropriate documentation to the finance activity.

010406 The Office of Business Oversight's Management Quality Assurance Service (MQAS) will perform reviews on a routine basis. Annual summaries of these reviews

are provided to VA senior management. Results of the quarterly reviews will be shared with facility level managers.

010407 The Office of the Inspector General (OIG) is responsible for performing purchase card audits of OIG personnel pursuant to the July 22, 2008 memorandum from the Assistant Secretary for Management/CFO.

0105 PROCEDURES

Detailed procedures on the use of the Government purchase card and convenience checks, and specific responsibilities for key personnel involved with their use are contained in Appendix A.

0106 DEFINITIONS

010601 Abuse. Use of a Government charge card or convenience checks to buy authorized items at terms (e.g., price, quantity) that are excessive or for a questionable Government need or both. Examples of such transaction would include purchase of a day planner costing \$300 rather than one costing \$45, allowable refreshments at an excessive cost, or year-end or other bulk purchases of computer or electronic equipment for a Government need in the current year (questionable).

010602 Agency/Organization Program Coordinator (A/OPC). The A/OPC oversees the card program(s) for his or her agency/organization and establishes guidelines. The A/OPC helps set up accounts; serves as liaison between the purchase card holder or convenience check account holder and the purchase card contractor; provides on-going advice; audits purchase card accounts as required; and keeps necessary account information current. This individual serves as the focal point for answering management, task order administration, establishing and maintaining accounts and issuing and destroying purchase cards or convenience checks.

010603 Approving Official (AO). The AO, typically a supervisor, ensures the purchase card is used properly; authorizes cardholder purchases (for official use only); and ensures that the statements are reconciled and submitted to the designated billing office in a timely manner. The AO serves as the initial internal control to prevent or identify fraud, abuse or misuse of the purchase card.

010604 Centrally Billed Account (CBA). A CBA is a charge card/account established by the Charge Card Contractor at the request of the A/OPC, wherein the Government is liable for the payment of the charges made under the account by an authorized user. Under a CBA, the agency/organization pays the contractor directly for all non-disputed transactions. All purchase charge cards are centrally billed accounts.

010605 Convenience Check. Convenience checks are written against a purchase card account. Convenience checks are a payment and/or procurement tool intended only for

use with merchants who do not accept purchase cards and for other authorized purposes where charge cards are not accepted.

010606 Convenience Check Account Holder. The legal agent using the convenience checks to buy goods and services in support of official Government business. The convenience check account holder signs the checks and holds the primary responsibility for their proper use.

010607 Delegation of Authority Form. Certification form that recognizes the purchase card and convenience check holder as a procurement official, grants authorization to spend Government funds and establishes the level of purchase authority.

010608 Electronic Access System (EAS). The charge card contractor's Internet-based system which provides a variety of reports that assist in the effective management of the Government Purchase Card Program.

010609 Electronic Funds Transfer (EFT). Any transfer of funds, other than a transaction originated by cash, check or similar paper instrument, that is initiated through an electronic terminal, telephone, computer or magnetic tape for the purpose of ordering, instructing or authorizing a financial institution to debit or credit an account. The term includes, but is not limited to, automated clearinghouse transfers, Fedwire transfers and transfers made at automated teller machines and Point-of-Sale terminals.

010610 Fraud. Any felonious act of corruption or attempt to cheat the Government or corrupt the Government's agents. For the purposes of this guidance, fraud is 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 a part of official Government business. This list is not intended to be all inclusive.

010611 GSA SmartPay2 Program. The Federal Government's charge card program that provides cardholders a means to pay for commercial goods and services, travel and travel-related expenses and vehicle fleet expenses. Charge cards are issued through contracts with those charge card vendors who are a part of this program. These contracts, collectively referred to as the Master Contract, are administered by the General Services Administration.

010612 Level 2 Purchase Card Manager. Each VA Administration has established a Level 2 Purchase Card Manager who provides guidance, policy and oversight of the Administration's purchase card program.

010613 Merchant. The source for the agency's supplies or services. The merchant may be a required source inside or outside of the Government, another Government agency or a private sector merchant of supplies or services.

010614 Merchant Category Code (MCC). A four-digit number assigned to a business by MasterCard or VISA when the business first starts accepting one of the cards as a form of payment. The MCC is used to classify the business by the type of goods or services it provides.

010615 Micro-purchase. An acquisition of supplies or services using simplified acquisition procedures, the aggregate amount of which does not exceed the micro-purchase threshold.

010616 Misuse. Use of the Federal charge card for other than the official Government purpose(s) for which it is intended.

010617 National Purchase Card Program Manager. The National Purchase Card Program Manager develops and provides policy, guidance and oversight for the entire VA Purchase Card Program.

010618 Purchase Card. A centrally billed, Government charge card used to pay for goods and services in support of official Government business.

010619 Purchase Card Holder. The legal agent using the charge card to buy goods and services in support of official Government business. The purchase card is issued in the cardholder's name and he or she holds the primary responsibility for the card's proper use.

010620 Simplified Acquisition Procedures (SAP). A term used to identify various methods for making simplified acquisitions, such as Agency Purchase Card purchases, purchase orders and blanket purchase agreements, as prescribed in the FAR (48 C.F.R. 1, Part 13), to streamline the process of purchasing.

010621 Simplified Acquisition Threshold. "Simplified acquisition threshold" means \$150,000, except for acquisitions of supplies or services that, as determined by the head of the agency, are to be used to support a contingency operation or to facilitate defense against or recovery from nuclear, biological, chemical or radiological attack (41 U.S.C. 428a).

010622 Warranted Contracting Officer. A Government employee with the authority to enter into, administer and/or terminate contracts and make related determinations and findings. Warranted refers to the extent of the authority delegated to them, normally described by the dollar amount of the authority.

010623 Waste. Any activity taken with respect to a Government charge card that fosters or results in unnecessary costs or other program inefficiencies.

0107 RESCISSIONS

010701 OFP Policy Volume XIV Chapter 1, Government Purchase Card, October 2010

010702 VA Directive 4080, Government Purchase Card Policy

010703 VA Handbook 4080, Government Purchase Card Procedures

010704 OF Bulletin 10047E3.01, Purchase Card Program Management Controls

010705 OF Bulletin 09047E3.01, Government Purchase Card Procedures for Food Purchases

010706 OF Bulletin 09047E3.02, Procedures for the Use of Government Charge Cards with Recovery Act Funding

010707 OF Bulletin 08GC1.02, Government Purchase Card Procedures Update – Training and Delegation of Authority

010708 OF Bulletin 07GC1.01, Government Purchase Card Policy Update

010709 OF Bulletin 06GC1.01, Use of Government Purchase Card with Information Technology Appropriation

0108 QUESTIONS

Questions concerning these financial policies and procedures should be directed as follows:

OFP Office of Financial Policy (Outlook)

APPENDIX A: GOVERNMENT PURCHASE CARD PROCEDURES

This appendix provides detailed procedures for the use of the Government purchase card and convenience check within the Department of Veterans Affairs (VA).

A. PROCEDURES

1. Scope.

a. In the event a vendor does not accept the Government purchase card, other disbursement methods, such as electronic funds transfers, may be used to process the transaction. For more information, refer to Volume VIII, Chapter 1B, *Disbursements*.

b. Other small purchase methods, such as convenience checks and Treasury checks that are non-EFT, may only be used if the waiver criteria of the Debt Collection Improvement Act (DCIA) (Public Law No. 104-134) are satisfied. Management of Federal Agency Disbursements: Final Rule (EFT rule), 31 C.F.R., Part 208, establishes the circumstances under which waivers to the DCIA are available. The Treasury Financial Manual, Volume 1, Part 4, Chapter 4500, section 4515, *Policy and Use*, states that other small purchase methods may only be used in lieu of the Government purchase card when it is more cost-effective, practicable or required by existing statutes. Convenience checks should only be used as a payment method of last resort, when no reasonable alternative merchant accepts the charge card.

2. Standards of Conduct. The Government purchase card and convenience check will only be used to purchase items authorized by VA and within the guidelines of the Government Purchase Card Program. Under no circumstances is the card or convenience check to be used for personal purchases. Government employees hold a public trust and their conduct must meet the highest ethical standards. Each employee has a duty to protect and conserve Government property and will not use a Government purchase card/convenience check or allow its use, for other than purposes authorized under this policy.¹ The Standards of Conduct, which apply to Government purchase card holders and convenience check account holders, further state that employees may not solicit or accept any gratuity, gift, favor, entertainment, loan or anything of monetary value from any party doing business with or seeking to obtain business with VA (5 C.F.R. section 2635.202). Employees may seek ethics advice from their regional counsel or an ethics official at the Office of General Counsel.

¹ Refer to Office of Government Ethics, Standards of Conduct for Executive Branch Employees, Use of Government Property, 5 C.F.R. section 2635.704.

3. Internal Controls.

a. All VA responsible offices/officials will establish procedures to implement internal controls for purchase card use. Internal controls include conducting periodic reviews of the VA Purchase Card Program to ensure all participants follow VA policies and procedures. Results of internal reviews will be documented and corrective actions will be monitored to ensure that they are effectively implemented. VA's Management Quality Assurance Service (MQAS) will systematically select sample purchases for auditing by facility/field stations on a regular basis.

b. All responsible VA officials will ensure that adequate internal controls are established and followed. Such internal controls will include at least the following:

(1) Proposed cardholders and A/OPCs must be full or part-time VA employees and must meet locally established criteria to be eligible to obtain the purchase card or convenience check. Contractors and temporary employees are not eligible to become purchase card holders, convenience check account holders or A/OPCs. Special consideration will be given to non-VA personnel employed at integrated Federal Health Care Centers.

(2) Each approving official's responsibility is limited to no more than 25 purchase card accounts to ensure they can adequately review every cardholder's purchases, at least monthly. The cardholder-to-approving-official ratio must not exceed 25 purchase card accounts to 1 approving official.

Prosthetics purchase card accounts are exempt from this requirement due to the restrictions of the prosthetics graphical user interface system. Prosthetics purchase card approving officials will be responsible for no more than 10 cardholders to ensure that they can adequately review every cardholder's purchases, at least monthly. The Prosthetics cardholder-to-approving-official ratio may be adjusted upon written approval of the facility director/regional office director on a case-by-case basis. However, this ratio will never exceed 20 cardholders to 1 approving official. The justification for exceeding the 10-to-1 ratio must be fully documented.

(3) There must be a clear separation of duties to minimize the risk of fraud and/or loss of property. Assignment of duties such as authorizing, approving and recording transactions; receiving assets; approving cardholder statements; making payments; certifying funding; and reviewing or auditing should be assigned to separate individuals to the greatest extent possible. For clarification, one person cannot be the cardholder and approving official for the same transaction.

(4) An Agency/Organization Program Coordinator cannot be a cardholder or approving official.

(5) Government purchase cards and convenience checks must be secured in a locked cabinet, drawer or safe. The purchase card numbers and convenience checks will not be available to anyone but the authorized cardholder or convenience check account holder. Purchase cards and convenience checks will not be kept on the person of the account holder when not in use.

(6) Billing statement reconciliations and certifications are performed within timeframes specified in policy.

(7) Supporting documentation is maintained (including but not limited to receipts, invoices, packing slips, any other information supporting valid Government need).

(8) Items purchased have been verified as received.

(9) Procedures are in place to ensure that purchases are periodically reconciled with property records to guard against theft or improper use of Government property.

(10) Charges are verified as for official purposes.

(11) Purchases are reasonably priced.

4. General Restrictions on Purchase Card Use. The purchase card may not be used for the procurement of:

a. Long-term rental or lease of land or buildings of any type;

b. Employee travel (airline, bus, boat or train tickets) or travel related expenses, excluding local transportation for employees or Veterans, e.g., Metro fare cards, subway tokens, toll passes;

c. Personal goods of any kind;

d. Items to be given away, presented as a gift or disposed of where the Government loses title, without legislative authority (excludes items authorized by VA Financial Policy Volume II, Chapter 4 –*Awards, Ceremonies, Food or Refreshments, Gifts or Mementos*);

e. Gift cards except for “patient only” purchases from the General Post Fund, which directly benefits the Veteran. Refer to section B, par. 3s of this appendix for additional guidance on gift card accountability.

f. Items where the payment method is through a third-party merchant (PayPal, E-Money, E-Account). When a third party vendor is used to process purchase card payments, the vendor shows up as the merchant name, masking what is bought and circumventing the Merchant Category Code (MCC) blocks. Additionally, in most

instances, disputes involving third party merchants are not resolved with the bank because billing discrepancies must be addressed directly with the merchant or supplier.

5. General Restrictions on Convenience Check Use. Policies, procedures and internal controls for purchase cards also apply to convenience checks. Convenience check account holders must comply with single purchase and cycle limits (single purchase limit, FAR 13.003 Policy (c) (2) – Do not break down (split) requirements aggregating more than the acquisition threshold into several purchases that are less than the applicable threshold merely to—(i) Permit use of simplified acquisition procedures; or (ii) Avoid any requirement that applies to purchases exceeding the micro-purchase threshold).

The total number of convenience check accounts will be limited to no more than five accounts per station/facility. Convenience check account holder names must be printed on the face of the convenience checks. Convenience checks may not be used for:

- a. Vendors who accept the purchase card;
- b. Vendor transactions already under another method of acquisition, e.g., purchase orders, contracts (see FAR 32.1103 for permissible exceptions);
- c. Employee reimbursements;
- d. Cash advances;
- e. Salary payments, cash awards or any transaction processed through the payroll system;
- f. Employee travel-related transportation tickets;
- g. Meals or lodging related to employee travel except in relation to emergency incident response;
- h. Veteran benefit payments including but not limited to Personal Funds of Patient (PFOP) reimbursements and Compensated Work Therapy (CWT) salary payments; or
- i. Purchases above the micro-purchase limit.

6. Inactive Accounts. Purchase card accounts and convenience check accounts with no transaction activity for 6 months will have their single purchase limits reduced to \$1. Accounts with no transaction activity within a 12-month period will be closed, except for those accounts defined in the bank's Electronic Access System with the following text:

- a. DEMPS: Accounts used specifically for Disaster Emergency Medical Personnel System situations.

- b. EMERGENCY RESPONSE: Accounts used only at times of natural disasters (not backup cards).
- c. PROSTHETICS: Exemption from this action authorized due to restrictions of the Prosthetics GUI system and prioritization of these accounts.
- d. VETPRO. Exemption from this action authorized for uniqueness of program to make payments for practitioner certifications.

7. Veteran Travel Expenses. Although not mandatory, Veteran travel expenses should be placed on Centrally Billed Account (CBA) travel cards, as opposed to Government purchase cards. However, VA facilities that choose to use a purchase card to pay for Veteran travel expenses must comply with the following:

- a. Cardholders must obtain appropriate authorization prior to making purchases;
- b. Cardholders must document and maintain transaction details (traveler name, travel dates, purpose of trip, amount, merchant name, date and description of purchase) in a log; and
- c. All documentation must be available upon request.

8. Merchant Category Code (MCC) Restrictions. To reduce unnecessary risk to the VA Purchase Card Program, VA has established MCC templates to match VA spending.

- a. Only VA MCC templates will be added to purchase card accounts. Individual MCCs will not be placed on cardholder accounts. A/OPCs may contact the purchase card contractor to have any existing VA MCC templates added to or removed from purchase card accounts.
- b. Requests to add or remove individual MCCs from existing VA MCC templates will be submitted to the Level 2 Purchase Card Manager and approved by the National Purchase Card Program Manager.

9. Unauthorized Use/Penalties.

- a. When using the Government purchase card or convenience check, a cardholder or convenience check account holder will comply with VA policies and procedures. Any violations of VA's approval requirements, spending limitations, internal controls or prohibitions are considered misuse of the purchase card or convenience check. Intentional use of the purchase card or convenience check by a cardholder or convenience check account holder for other than official Government business will

result in immediate cancellation of the employee’s purchase card or convenience check account by the program coordinator (also known as the A/OPC).

b. Use of the purchase card or convenience check by a cardholder or convenience check account holder for other than official Government business may be considered an attempt to commit fraud against the U.S. Government. The employee will be personally liable to the Government for the amount of any unauthorized transaction and may be subject to criminal prosecution. Misuse of the Government purchase card or convenience check or failure to adhere to the policies and regulations governing procurement, is cause for revocation of approving official or cardholder authority and may result in disciplinary action against the employee under applicable VA and Government-wide administrative procedures, up to and including removal from employment.

c. Upon notification of any unauthorized commitment or misuse of the Government purchase card or convenience check account, the A/OPC will immediately reduce the single purchase limit on the account to \$1. The single purchase limit will remain at \$1 during the investigation, until ratification requests have been approved and/or the determination has been made on whether the account will remain open or be permanently closed.

d. The table below is for VACO employees; however, it provides latitude to all supervisors within a range of penalties to consider the appropriate mitigating or aggravating circumstances and ensure consistent corrective action. The points selected within each range should be based on the severity of the offense. Multiple incidents of misconduct may warrant greater than the maximum points within a range.

NATURE OF OFFENSE	Points
Purchase Card or Convenience Check	
Inappropriate use of less than \$200.	4-to-7
Inappropriate use of more than \$200.	6-to-8
Failure to safeguard or monitor or allowing/enabling another to use cardholder’s card or account.	4-to-8
Misuse and/or conversion of Government funds for personal use.	7-to-8

POINTS CONVERSION TABLE			
Points	Penalty	Points	Penalty
1 pt	Admonishment	3 pts	2-workday suspension
2 pts	Reprimand	4 pts	4-workday suspension

POINTS CONVERSION TABLE			
Points	Penalty	Points	Penalty
5 pts	6-workday suspension	7 pts	10-workday suspension
6 pts	8-workday suspension	8 pts	Removal

e. The Debt Collection Improvement Act of 1996 allows VA to recover from the employee the full cost of unauthorized purchases plus interest and administrative debt collection fees. VA will take all actions necessary to collect the debt, including salary offset, if necessary, in accordance with VA and Government-wide administrative procedures. Refer to Volume XII, *Debt Management*, for financial policies and procedures relating to various debt collection issues.

10. Training.

a. Prior to the issuance of a Government purchase card or convenience check with purchasing authority, all Agency/Organization Program Coordinators (A/OPC), approving officials (AO), cardholders and convenience check account holders will complete the online VA Purchase Card Training (*course# VA 5863*). The course is located on VA's Talent Management System (TMS) at <https://www.tms.va.gov/plateau/user/login.jsp> and will be assigned as mandatory training. The A/OPC will certify on the Governmentwide Purchase Card Certification Form (VA 0242) or Governmentwide Convenience Check Certification Form (VA 0242c) that the AOPC, AO and cardholder or convenience check account holder have completed the VA Purchase Card training and understand the policies and regulations associated with purchase cards and convenience checks. Both the written certification and training certificates will be retained and readily available. VA purchase card forms are available on the Charge Card Oversight & Travel Policy Service intranet website at <https://vaww1.va.gov/ccotps/>.

b. Refresher training of the *VA Online Purchase Card Training* is required every two years for purchase card holders, convenience check account holders, AOs and A/OPCs. Failure to complete the initial or refresher training will result in cancellation of the purchase card and convenience check account, revocation of A/OPC and AO duties and possible administrative or disciplinary actions.

c. In addition, A/OPCs will complete the General Services Administration (GSA) SmartPay2 Purchase Charge Card A/OPC On-Line Training at <https://smartpay.gsa.gov/program-coordinators/training>. Refresher training for this course is required once every two years for A/OPCs.

d. Administrations, facilities and staff offices may require their employees to take additional training.

e. Except for payment only cards, discussed below, prior to obtaining a Government purchase card for transactions above the micro-purchase level, cardholders and AOs will complete all training prescribed for warranted contracting officers in addition to the *VA Online Purchase Card Training*.

11. Delegation of Authority. The VA Chief Acquisition Officer has delegated authority for management of the VA Purchase Card Program to the Deputy Chief Financial Officer (DCFO). The DCFO or designee may delegate authority to individuals to issue cards for both micro-purchases and purchases above the micro-purchase level in accordance with the Department of Veterans Affairs Acquisition Regulation (VAAR), part 801 and VA Directive and Handbook 7401.6, “*Limited Authority to Pay by Purchase Card*.”

The DCFO or designee will ensure that any purchase card holder with spending limits above the micro-purchase threshold has a warrant in accordance with Department of Veterans Affairs Acquisition Regulation (VAAR) or has delegation memoranda for the payment-only cards in accordance with VA Directive and Handbook 7401.6, *Limited Authority to Pay by Purchase Card*.

12. Payment-Only Authority. The Head of the Contracting Activity (HCA) or designee may delegate authority in writing for the assignment of “payment only” cards. Payment-only cardholders will complete VA’s online Purchase Card Training course located at <https://www.tms.va.gov/plateau/user/login.jsp>. With this delegation, cardholders may use purchase cards to pay for supplies or services above the micro-purchase threshold in accordance with VA Directive and Handbook 7401.6, *Limited Authority to Pay by Purchase Card*, and FAR 13.301(c). This authority is limited to contracts already established by an authorized contracting officer. Examples include, but are not limited to, station level contracts, national contracts, blanket purchase agreements and GSA orders.

In any of the aforementioned contracts, there will be a provision which stipulates that the purchase card may be used to pay for written or oral delivery orders issued under the contract. In addition, the contract will contain FAR Clause 52.232-36, “Payment by Third Party” {see FAR 32.1108(c); 1110(d)}. Under a Payment Only arrangement, the cardholder cannot change any terms or conditions of the order or the basic contract.

13. Performance Standards. Agency personnel responsible for critical duties such as reconciliation and certification of Government purchase card charges will have applicable performance standards included in their official performance plan. Facilities should develop standards based on local procedures. These individuals are listed in section B below.

14. Requirement for Timely and Accurate Reconciliation.

a. Cardholders will reconcile the transactions by verifying the accuracy of payment amounts and vendor names with their records of orders and received items. Cardholders will report any improper, incorrect or fraudulent charges or duplicate payments to their approving official (AO) and A/OPC promptly to ensure proper recovery from the vendor. If the vendor is unresponsive, the payment will be disputed with the card contractor within 90 calendar days from the date the transaction was processed. The cardholder is ultimately responsible for ensuring that all purchase card payment transactions are proper and for taking immediate action on any improper transactions. The AO is responsible for reviewing and certifying that all of the cardholder's purchases are legitimate expenditures.

b. Unless more stringent guidelines are specified by Administration guidance, cardholders will complete the reconciliation process no later than 10 working days from receipt of the monthly statement for subsequent AO review. Also, improper billing will be disputed within 90 calendar days from the date the transaction was processed. The AO will forward all certified statements to the billing officer no later than 14 working days from the date they were received from the cardholder. Per the GSA SmartPay 2 Master Contract, cardholders are responsible for reporting billing discrepancies to the bank within 90 calendar days from the date the transaction was processed to initiate a dispute.

15. Exit Procedures for a Purchase Card Holder or Convenience Check Account Holder. As part of the exit clearance process, the Government purchase card and convenience checks will be surrendered to the program coordinator, immediately cancelled and destroyed. The AO will certify that the cardholder has completed all order and payment reconciliations or has provided sufficient documentation so that the AO may complete the reconciliations.

16. Prompt Payment Compliance. Timely payments are essential to avoid the imposition of an interest penalty on VA and to limit the financial burden borne by the purchase card contractor. In accordance with the Prompt Payment Regulation, 5 C.F.R. Part 1315, Section 1315.8, VA will determine the Government purchase card payment dates based on an analysis of the total costs and benefits to the Federal Government as a whole, unless specified in a contract. When calculating costs and benefits, the agency is expected to include the cost to the Government of paying early. Payment due dates may be calculated using the refund formula provided in the regulation, unless the payment due date has been determined in the contract.

B. Overall Responsibilities for Key Personnel

1. Approving Official (AO). In most cases, the AO should not be a cardholder. However, where staffing levels necessitate, the AO may be a cardholder, but cannot be

the AO for his or her own card. No individual may be the AO for his or her supervisor. The AO is responsible for:

- a. Recommending individuals as cardholders and recommending single purchase and monthly purchase limits in conjunction with the program coordinator, the billing officer, the delegating authority; limits may not exceed the micro-purchase threshold unless a warrant is issued from the HCA or designee or payment only card delegation of authority has been granted (VA Directive and Handbook 7401.6);
- b. Monitoring use of the Government purchase card by the cardholder to ensure purchases are legitimate expenditures and within guidelines;
- c. Signing authorization for purchase of food or beverages prior to the purchase, to include SES or Title 38 equivalent concurrence. The justification will identify the legal exception used, but not limited to, authorities cited in GAO-04-261SP, *Principles of Federal Appropriations Law*, Volume I, Chapter 4, Section C, part 5. Refer to VA Office of Financial Policy Volume II Chapter 4, *Awards, Ceremonies, Food or Refreshments, Gifts or Mementos*, for additional information on the general rules and exceptions for VA to purchase food and beverages for patients, employees and other VA stakeholders;
- d. Certifying all transactions made by cardholders and ensuring applicable documentation is maintained for 6 years and 3 months;
- e. Ensuring Federal, VA and local acquisition regulations are followed;
- f. Certifying all procurements are legal and proper, ensuring all items are received and inventoried and services rendered;
- g. Ensuring purchase card holders inform the accountable officer of all equipment, including sensitive items regardless of cost, procured with purchase cards to ensure the items are entered into the appropriate inventory management system (see VA Directive and Handbook 7002, *Logistics Management Procedures*);
- h. Certifying reconciled payment charges within 14 working days from the date of receiving the cardholder statement;
- i. Monitoring cardholder compliance with single purchase and cycle limits (single purchase limit, FAR 13.003 Policy (c) (2) – Do not break down requirements aggregating more than the acquisition threshold into several purchases that are less than the applicable threshold merely to—(i) Permit use of simplified acquisition procedures; or (ii) Avoid any requirement that applies to purchases exceeding the micro-purchase threshold);

Example: A purchase card holder has multiple purchases from the same vendor on the same day where the total amount exceeds the micro-purchase threshold. This is only a

split if the cardholder intentionally separated the purchase into multiple transactions to avoid the limit. Determination of a split is dependent on identifying the initial requirement. In this example, if the cardholder was ordering furniture for a single office, this transaction would most likely be a split transaction because the requirement would be furnishing the office. If the request to purchase these furnishings came from different sources or at different times or from the same source, but were for different locations, the transaction would not be a split transaction because there is no intent to circumvent the limit.

j. Identifying and reporting unauthorized commitments and ensuring policy and procedures established by VA Directive and Handbook 7401.7, *Unauthorized Commitments and Ratification*, for ratifying unauthorized commitments are followed;

k. Certifying that the cardholder has completed all order and payment reconciliations upon exiting or has provided sufficient documentation so that the AO may complete the reconciliations;

l. Providing guidance to cardholders in response to issues he or she has raised related to use of the purchase card;

m. Having final certifying authority on the legitimacy of any procured item; and

n. Completing training on proper use of the purchase card.

2. Billing/Finance Officer. In most cases, the billing officer is part of the finance activity. A billing officer cannot be a cardholder or an AO. The billing officer is responsible for:

a. Ensuring that single purchase and monthly purchase limits are within budget limits;

b. Establishing default code string and merchant codes for all Government purchase cards and submitting them to the program coordinator;

c. Ensuring refunds are credited to the correct appropriation;

d. Collecting amounts from the cardholder for inappropriate procurements (if the goods cannot be returned for full credit) by using all applicable collection procedures, including salary offset; and

e. Ensuring that purchase card transactions are charged to the appropriate fund, cost center and budget object code based on items purchased.

3. Cardholder. The cardholder is responsible for:

- a. Completing training on proper use of the purchase card;
- b. Being knowledgeable of limitations on spending;
- c. Complying with all acquisition regulations including:

(1) Considering a purchase from mandatory Government supply sources to see if they meet organizational needs and best pricing prior to using open market sources.

(a) The priorities for purchasing supplies are: agency inventories; excess from other agencies; Federal Prison Industries (FPI); products on the Ability One Procurement List; wholesale supply sources (see FAR 8.002(a)(1)(v)); mandatory use Federal Supply Schedules; optional use Federal Supply Schedules; Federal Supply Schedules and lastly, open market.

(b) The priorities for purchasing services are: Services on the Ability One Procurement List; mandatory use Federal Supply Schedules; optional use Federal Supply Schedules; FPI or open market (see FAR Subpart 8.002, VAAR 808.002 and IL 049-03-1).

(c) Under the Veterans First Contracting Program, waivers are not required to procure FPI-available supplies and services or services if procured from a service-disabled Veteran-owned small business (SDVOSB) or Veteran-owned small business (VOSB). New requirements of supplies or services not on the AbilityOne Procurement List may be purchased from an SDVOSB or VOSB.

(2) Alternating among small business vendors with the same products to allow equal participation;

(3) Requiring vendors to include a Material Safety Data Sheet if any hazardous materials are ordered (see FAR subpart 23.3);

(4) Using vendors in the required socioeconomic groups for purchases over \$3,000 (e.g., women-owned, Veteran-owned, service-disabled Veteran-owned, small disadvantaged businesses, HUBZone small businesses or small businesses) (see FAR part 19);

(5) Using sustainable environmental practices when acquiring goods and services, in accordance with Executive Order 13423; including the acquisition of:

- Bio-based products
- Environmentally preferable products
- Energy-efficient products
- Water-efficient products

- Recycled-content products

Each agency will also account for the environmental quality of products procured with charge cards consistent with the requirements of OMB Circular A-123, Appendix B, Chapter 10 and the Federal Acquisition Regulation. The requirements include:

- Non-ozone depleting substances.
- Reduction of selected toxic and hazardous chemicals. The five priority chemicals are lead, mercury, cadmium, PCBs and naphthalene.
- Electronics with minimal use of power in the standby mode.
- Re-refined oil and retread tires / alternative fuel.

(6) Making micro-purchases for electronic and information technology products in accordance with the Rehabilitation Act of 1973, section 508 (see 29 U.S.C. 794d and VA Directive 6221, Accessible Electronic and Information Technology).

d. Verifying funds availability prior to making purchases;

e. Complying with single purchase and cycle limits (single purchase limit, FAR 13.003 Policy (c) (2) – Do not break down requirements aggregating more than the acquisition threshold into several purchases that are less than the applicable threshold merely to— (i) permit use of simplified acquisition procedures; or (ii) avoid any requirement that applies to purchases exceeding the micro-purchase threshold).

Example 1: A purchase card holder has multiple purchases from the same vendor on the same day where the total amount exceeds the micro-purchase threshold. This is only a split if the cardholder intentionally separated the purchase into multiple transactions to avoid the limit. Using the purchase of a training class to demonstrate the difference, a transaction would be considered split if a single class costing \$4,000 was broken into two payments of \$2,000. It would not be a split if the purchase card holder paid for employee training where multiple employees went to the same vendor for training and the individual charges, when totaled, exceeded the single purchase limit. The cardholder is not splitting the requirement of paying to register the employee for the class.

Example 2: A convenience check account holder has to pay for supplies from a company that does not accept the Government purchase card. The total cost of the supply order is \$4,160. If two separate convenience checks are issued (e.g., \$3,000 and \$1,160 or two payments of \$2,080), this would constitute a split as the two transactions would represent an attempt to circumvent the single purchase limit, \$3,000.

f. Providing the necessary documentation as prescribed in VA Directive and Handbook 7401.7, when an unauthorized commitment occurs;

g. Reconciling payment charges within 10 working days from receipt of the monthly statement;

h. Ensuring receipt of goods ordered and services rendered;

i. Complying with Office of Information and Technology requirements when purchasing nonexpendable IT equipment in accordance with VA Handbook 7002;

(1) Purchase card holders will not purchase general nonexpendable items without prior approval from the appropriate source within their Administration (i.e., VHA - local Equipment Committee; NCA – Cemetery Director; VBA – Regional Office Director). Once the cardholder receives the appropriate approval and upon receipt of the purchased non-IT nonexpendable item, the cardholder will contact the facility's Accountable Officer to ensure that the piece of equipment is properly accounted for in the agency's property record system. Purchase card holders will not purchase nonexpendable IT equipment with a Government purchase card unless they are authorized to make such procurements. Purchase card holders will inform both the Accountable Officer and IT Custodial Officer of all nonexpendable IT equipment procured with purchase cards to ensure the equipment is added to the inventory management system correctly upon receipt.

(2) Purchase card holders will inform the IT Custodial Officer of all expendable sensitive IT items (i.e., items capable of storing data electronically) procured with purchase cards to ensure the items are entered into the appropriate inventory management system.

(3) The Office of Inspector General's (OIG) information technology funding is included in its GOE Appropriation and, therefore, is not subject to Office of Information and Technology requirements for purchasing IT equipment.

j. Advising vendors to submit sales drafts only after an order is shipped;

k. Providing applicable receipts to the AO to enable certification of payment;

l. Safeguarding Government purchase cards and convenience checks;

m. Resolving disputes with vendors; if not resolved, filing an official dispute with the purchase card contractor and notifying the dispute officer;

n. Contacting the AO or A/OPC with any questions or issues concerning use of the purchase card;

o. Retaining purchase documentation for 6 years and 3 months;

- p. Inquiring about prompt payment discounts at time of purchase, if applicable. Vendors often offer discounts for purchases made on behalf of the Federal Government and when using the Government purchase card as payment;
- q. Obtaining merchant-offered refunds/coupons or additional items offered as a result of purchase, such as a free printer with purchase of a computer and returning it to VA. Questions about permission to receive a free item should be directed to the AO and A/OPC. The cardholder should supply VA's address when needed to obtain these offers. The refunds/coupons should be returned to the agent cashier, AO or appropriate VA representative;
- r. Complying with appropriations law, including, but not limited to, Comptroller General decisions associated with the purchase of food and or beverages. In general, an agency may not use appropriated funds to purchase items considered personal expenses, such as food and beverages, without specific authority (e.g., the legal exceptions described in GAO-04-261SP, *Principles of Federal Appropriations Law*, 3d. edition – Volume I, Chapter 4, section C, part 5). Refer to VA Office of Financial Policy Volume II Chapter 4, *Incentives Awards Ceremonies Expenses/Mementos*, for additional information on the general rules and exceptions for VA to purchase food and beverages for patients, employees and other VA stakeholders;
- s. When procuring gift cards from the General Post Fund, developing and maintaining standard operating procedure (SOP) for the accountability of all gift card purchases, distribution, and end use for audit purposes. The procurement of gift cards without an approved organizational SOP and auditable accountability procedures is prohibited; and
- t. Ensuring property management policies and procedures are adhered to. This includes notifying the agency property management activity of the receipt of goods in order to properly track and classify inventory.

4. Deputy Chief Financial Officer (DCFO). The DCFO has delegated authority from the Chief Acquisition Officer to manage VA's Purchase Card Program. The DCFO is responsible for:

- a. Auditing cardholders and AOs for compliance with applicable policy and procedures, in conjunction with the program coordinator and finance/fiscal officer, to ensure procurement and fiscal integrity;
- b. Reviewing MQAS letter reports of purchase card transactions findings as provided;
- c. Delegating authority to issue micro-purchase cards and convenience checks to other individuals within an activity. Such delegations will be in writing and will identify the specific limitations on the designee's authority; and

d. Delegating authority to issue cards beyond the micro-purchase level. Such delegations will be in writing and will identify the specific limitations on the designee's authority.

5. Dispute Officer. A dispute officer may also serve as a program coordinator, but cannot be a cardholder or an AO. The dispute officer is responsible for:

a. Coordinating and monitoring disputed procurements, credits and billing errors that cannot be resolved within 90 calendar days from the date the transaction was processed; and

b. Assisting or interceding when a dispute cannot be handled in the normal method using the Government cardholder dispute form.

6. Head of the Contracting Activity (HCA). The HCA or designee is responsible for:

a. Issuing warrants for purchases above the micro-purchase threshold, but not exceeding the \$150,000 simplified acquisition threshold;

b. Serving as the approving authority for unauthorized commitments made by staff assigned to a field facility for supplies, services (except leases of real property) and construction. For VA Central Office (VACO) organizations, for supplies, services (except leases of real property) and construction, the approving authorities for unauthorized commitments made by staff assigned to the Administrations are the respective chief financial officers. The approving authority for unauthorized commitments made by staff assigned to any other organization within VACO is the Deputy Assistant Secretary for Acquisition and Logistics.

7. Level 2 Purchase Card Manager. Each VA administration (VHA, VBA, NCA) and staff office will establish a Level 2 Purchase Card Manager who is responsible for:

a. Developing and implementing Administration-specific purchase card policy and internal controls in accordance with VA-wide purchase card policy;

b. Ensuring A/OPCs complete initial training requirements and refresher training;

c. Maintaining purchase card holder warrants in a central database and ensuring single purchase limits are set based on delegated purchasing authority;

d. Reviewing and monitoring reports to ensure compliance with Government-wide and VA policy;

e. Approving/denying requests to add/remove MCCs from VA MCC templates. Requests approved by the Level 2 manager will then be forwarded to the National Purchase Card Program Manager for final approval; and

f. Assisting A/OPCs with questions and issues concerning use of the purchase card or convenience check within the administration.

8. National Purchase Card Program Manager. The National Purchase Card Program Manager develops and provides policy, guidance and oversight for the entire VA Purchase Card program. This individual is responsible for:

a. Ensuring the agency's Purchase Card Program is in compliance with OMB Circular A-123, Appendix B, *Improving the Management of Government Charge Card Programs*, including:

- (1) Maintaining the annual Charge Card Management Plan;
- (2) Establishing agency purchase card policy;
- (3) Implementing risk management controls, policies and practices.

b. Staying abreast on Government purchase card issues, including pending legislation related to purchase cards, in order to update VA policy and disseminate Department-wide;

c. Serving as liaison to the purchase card contractor to provide training and guidance to Level 2 Purchase Card Managers and A/OPCs; and

d. Reviewing and acting on reports to prevent or identify fraud, waste and abuse.

9. Program Coordinator. Also referred to as Agency/Organization Program Coordinator or A/OPC. The program coordinator may also serve as a Dispute Officer, but cannot be a cardholder or an AO. The program coordinator is responsible for:

a. Ensuring completion of mandatory training of cardholders, convenience check account holders, AOs and alternate AOs prior to issuance of purchase cards and convenience checks. The delegating authority will certify completion by signing the Government-wide Purchase Card/Convenience Check Certification Form, VA Form 0242 and 0242c;

b. Ensuring refresher training is completed every two years for all AOs, cardholders and convenience check account holders;

c. Ensuring AO and A/OPC point of contact information is registered and updated with the purchase card contractor as personnel changes occur within the program;

d. Retrieving and canceling all cards and convenience checks of any employee who terminates employment or violates Government purchase card program procedures or

who transfers to a position where they do not have purchasing responsibilities or their duties have changed in their current position and they no longer have purchasing responsibilities;

- e. Being the designated point of contact for agency receipt of all purchase cards and convenience checks after initial setup and following up on non-receipt of cards/checks;
- f. Coordinating the joint review of cardholders and AOs to ensure compliance with applicable policy and procedures, in conjunction with the finance/fiscal officer;
- g. Distributing cards to cardholders with activation instructions as provided with the card;
- h. Performing daily maintenance online in the purchase card contractor's EAS including setting up cardholder and convenience check accounts and deleting accounts;
- i. Ensuring limits are set at appropriate levels: no convenience check account limit may exceed the micro-purchase threshold, currently \$3,000. No purchase card single purchase limit may exceed the micro-purchase threshold unless proper warranting documentation is presented or payment only card delegation of authority has been granted (see VA Directive and Handbook 7401.6);
- j. Ensuring proper receipt retention for 6 years and 3 months for current, reassigned, transferred and separated cardholders;
- k. Reviewing cardholder and convenience check account transaction reports for anomalies and questionable transactions on a monthly basis and taking action when appropriate;
- l. Performing annual assessment to determine the appropriateness of cardholder spending limits; and
- m. Performing annual assessment of the need for a card account to remain open.

10. Purchase Card Contractor. The purchase card contractor is responsible for issuing Government purchase cards and convenience checks, processing purchase transactions, providing VA's Financial Services Center with daily electronic invoices for all posted transactions and providing timely reports.