



DEPARTMENT OF VETERANS AFFAIRS  
Assistant Secretary for Management  
Washington, DC 20420

IL 049-08-06  
July 3, 2008

**OFFICE OF MANAGEMENT INFORMATION LETTER**

- TO:** Under Secretaries for Health, Benefits, and Memorial Affairs; Assistant Secretary for Management; Executive-In-Charge, Office of Construction & Facilities Management; Veterans Integrated Service Network Directors; Directors, VA Medical Center Activities, Domiciliary, Outpatient Clinics, Medical and Regional Office Centers, and Regional Offices; Directors, Denver Acquisition and Logistics Center, Austin Automation Center, Records Management Center, VBA Benefits Delivery Centers, and the VA Health Administration Center; and the Executive Director and Chief Operating Officer, VA National Acquisition Center
- ATTN:** Logistics Managers, Property Managers, Accountable Officers, Shipping and Receiving Personnel, OIT Program Managers, Heads of Contracting Activities, Contract Specialists for IT Purchases
- SUBJ:** Draft Directive and Handbook 4080, Government Purchase Card Policy and Procedures (Attachments included)

1. The purpose of this Information Letter is to provide guidance and instructions on the use and the early implementation of the attached draft directive and handbook.
2. As a result of the General Accountability Office's (GAO) report released April 2007 titled Inadequate Controls Over IT Equipment at Selected VA Locations Pose Continued Risk of Theft, Loss, and Misappropriation (GAO-07-505), I am directing all VA administrations and staff offices to implement the use of the attached draft directive and handbook 4080 immediately. The policy and procedures contained in the draft documents will be followed and carried out as described.
3. The draft directive and handbook is presently in concurrence within VA Central Office and should be released to field in the very near future. However, the contents of the directive and handbook are of such importance to VA that the policies and procedures contained in both documents need to be implemented as soon as possible.
4. Please direct any questions concerning this IL or the attached draft policies to Linda Pena at 202-461-6174.

/s/Robert J. Henke  
Assistant Secretary for Management

Distribution: RPC 7029

Attachment (2)

## GOVERNMENT PURCHASE CARD POLICY

- 1. REASON FOR ISSUE:** This directive sets forth policy for the use of the government purchase card for official purchases.
- 2. SUMMARY OF CONTENTS/MAJOR CHANGES:** The government purchase card shall be used by VA Administrations and staff offices in accordance with policies in this directive.
- 3. RESPONSIBLE OFFICE:** Charge Card Oversight and Travel Policy Service (047E3), Office of the Deputy Assistant Secretary for Finance.
- 4. RELATED HANDBOOK:** VA Handbook 4080, Government Purchase Card Procedures.
- 5. RESCISSION:** None.

**CERTIFIED BY:**

**BY DIRECTION OF THE SECRETARY  
OF VETERANS AFFAIRS:**

Robert T. Howard  
Assistant Secretary for  
Information and Technology

Robert J. Henke  
Assistant Secretary for Management

Distribution: RPC 0444  
FD

## GOVERNMENT PURCHASE CARD POLICY

**1. PURPOSE.** This directive establishes policy for the use of the government purchase card within VA. The government purchase card program is intended to meet the following objectives:

- a. reduce paperwork and administrative costs for the acquisition of supplies and services within the existing Federal Acquisition Regulation (FAR);
- b. streamline payment procedures and improve cash management practices, such as consolidating payments and reducing imprest funds, and
- c. provide procedural checks and feedback to improve management control and decision making.

**2. POLICY.** Government purchase cards will be used for all micro-purchases. A micro-purchase is an acquisition of supplies and services using simplified acquisition procedures, the aggregate amount of which does not exceed \$3,000. The following exceptions apply: (1) for acquisitions of construction subject to the Davis-Bacon Act (40 U.S. Code 3141 - 3144, 3146, and 3147), the limit is \$2,000; and (2) for acquisitions of services subject to the Service Contract Act of 1965 (41 U.S. Code 351), the limit is \$2,500. In addition, government purchase cards will be used, to the maximum extent practicable, for all purchases up to the simplified acquisition threshold, currently \$100,000, where appropriate warranting has been completed, or proper delegation of authority has been granted.

### **3. RESPONSIBILITIES.**

a. **VA Chief Financial Officer (CFO).** VA's CFO is responsible for implementation and oversight of the government purchase card program within the Department. VA's CFO shall manage the government purchase card program, and establish overall program procedures. The Office of Financial Business Operations (047E) will carry out these responsibilities under the direction of VA's CFO.

b. **Administration CFOs or Staff Office Equivalents.** The Administration CFOs or staff office equivalents 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 to supplement VA Handbook 4080, and shall establish procedures to implement management controls for card use and ensure that adequate internal controls are established and followed.

c. **Facility Director/Regional Office Director.** The facility director/regional office director is responsible for designating a program coordinator, billing officer, and dispute officer, and ensuring the decentralization of local purchasing through the dissemination of Government purchase cards to personnel in all services.

d. **Financial Services Center (FSC).** The FSC, located in Austin, Texas, is the designated payment office responsible for making payments to the card contractor; and providing rebate and appropriate documentation to the finance/fiscal officer.

e. **Office of Business Oversight (OBO).** OBO's Management Quality Assurance Service will perform random sampling audits on a monthly basis, and quarterly data mining audits. Findings of these results will be shared with VA's Administration CFOs or staff office equivalents, as well as other facility level managers.

DRAFT

## GOVERNMENT PURCHASE CARD PROCEDURES

- 1. REASON FOR ISSUE:** This handbook prescribes procedures for use of the government purchase card for official purchases.
- 2. SUMMARY OF CONTENTS/MAJOR CHANGES:** The government purchase card shall be used by VA administrations and staff offices in accordance with procedures in this handbook. VA administrations and staff offices are authorized to develop operational procedures to supplement this handbook.
- 3. RESPONSIBLE OFFICE:** Charge Card Oversight and Travel Policy Service (047E3), Office of the Deputy Assistant Secretary for Finance.
- 4. RELATED DIRECTIVE:** VA Directive 4080, Government Purchase Card Policy.
- 5. RESCISSIONS:** None.

**CERTIFIED BY:**

**BY DIRECTION OF THE SECRETARY  
OF VETERANS AFFAIRS:**

Robert T. Howard

Robert J. Henke

Assistant Secretary for Information and  
Technology

Assistant Secretary for Management

*Distribution: RPC 0444  
FD*

**GOVERNMENT PURCHASE CARD PROCEDURES**

**CONTENTS**

<b>PARAGRAPH</b>	<b>PAGE</b>
1. PURPOSE	5
2. PROCEDURES	5
3. RESPONSIBILITIES	10
4. REFERENCES	16
<b>APPENDIX</b>	
A. AUDIT GUIDE	A-1

## **GOVERNMENT PURCHASE CARD PROCEDURES**

**1. PURPOSE.** This handbook prescribes procedures for the use of the government purchase card within VA, in accordance with the policy published in VA Directive 4080.

### **2. PROCEDURES**

#### **a. Scope.**

(1) In the event a vendor will not accept the government purchase card, other disbursement methods, such as Automated Clearing House transfers, may be used to process the transaction. (For details, see VA Handbook 4070.2, Disbursement Mechanisms.)

(2) Other small purchase methods, such as convenience checks and Treasury checks that are non-electronic funds transfers (EFT), may only be used if 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 Code of Federal Regulations, 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.

(3) After conversion of VA's payroll to Defense Finance and Accounting Service (DFAS) convenience checks will not be used for payroll purposes. Corrections to payroll funds or modifications to payroll amounts (including missing/undelivered checks) will be done through DFAS.

#### **b. Prompt Payment Compliance.**

(1) 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 Code of Federal Regulations, part 1315, section 1315.8, VA shall determine the government purchase card payment dates based on an analysis of the total costs and total 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 rebate formula provided in the regulation, unless the payment due date has been determined in the contract.

#### **c. Requirement for Timely and Accurate Reconciliation.**

(1) Cardholders shall reconcile the transactions by verifying the accuracy of payment amounts and vendor names with their records of orders and received items. Any improper, incorrect, or fraudulent charges or duplicate payments must be

reported to their approving official (AO), and shall be handled promptly to ensure proper recovery from the vendor. If the vendor is unresponsive, the payment shall be disputed promptly with the card contractor. 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.

(2) Unless otherwise specified by Administration guidance, cardholders must complete the verification process no later than 10 working days from receipt of the monthly statement for subsequent AO review. Also, improper billing must be disputed no later than within 30 working days of receipt of the monthly statement. 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. The Administrations may define the timeliness requirements based upon their internal processes, but the contractual time limits of the card contractor for payment protest and recovery must always be met.

**d. Standards of Conduct.**

(1) The government purchase card shall only be used to purchase items authorized by VA, and those determined to be within the guidelines of the government purchase card program. Under no circumstances is the card to be used for personal purchases. Government employees hold a public trust, and their conduct must meet the highest ethical standards. An employee has a duty to protect and conserve government property and shall not use a government purchase card, or allow its use, for other than purposes authorized under this directive and handbook. (See Office of Government Ethics, Standards of Conduct for Executive Branch Employees, Use of Government Property, 5 C.F.R. section 2635.704.) The Standards of Conduct, which apply to government purchase card 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). There are several exceptions to the general gift prohibition; however, an employee should seek ethics advice prior to accepting a gift given because of his/her position, or from any party doing business with or seeking to obtain business with VA. Employees may seek ethics advice from their regional counsel or an ethics official at the Office of General Counsel (023).

**e. Unauthorized Use/Penalties.**

(1) When using the government purchase card, a cardholder must comply with VA's policies and procedures. Any violations of VA's approval requirements, spending limitations, internal controls, or prohibitions are considered misuse of the purchase card. Intentional use of the purchase card by a cardholder for other than official government business will result in immediate cancellation of the employee's



purchase card by the program coordinator. Use of the purchase card by a cardholder 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. Also, misuse of the purchase card may result in disciplinary action against the employee under applicable current VA and governmentwide administrative procedures, up to and including removal. (See VA Handbook 5021, Employee/Management Relations.)

The following two examples (#'s 12 & 22) are offenses and penalties as listed in VA Handbook 5021, part 1, appendix A, "Instructions For Use Of Table." The complete list of offenses and the range of penalties are identified in part 1, appendix A, section 2, pgs. 1.A.3 – 1.A.10.

NATURE OF OFFENSE	1ST OFFENSE	2ND OFFENSE	3RD OFFENSE
	Minimum/ Maximum	Minimum/ Maximum	Minimum/ Maximum
12. Deliberate failure or unreasonable delay in carrying out instructions.	Admonishment/ Reprimand	3 days/ 10 days	10 days/ Removal
22. Actual or attempted theft of Government or of personal property on VA premises.	Reprimand/ Removal	10 days/ Removal	Removal

(2) 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 applicable current VA and governmentwide administrative procedures.

**f. Training/Delegation of Authority.**

(1) Prior to obtaining a government purchase card with micro-purchase authority, cardholders and AOs must complete both VA's online purchase card training course, and complete the Governmentwide Purchase Card Certification Form VA 0242. The VA Form 0242 is available on the following web site:

<http://www.va.gov/ofinop/valociti/Forms/VA0242.pdf>. On this form, AO's and cardholders will certify they fully understand the policies and regulations associated with purchase cards. The course, *VA Online Purchase Card Training (course # VA 5863)*, is located on VA's Learning Management System (LMS) (<https://www.lms.va.gov>), and must be assigned as mandatory training for all cardholders and AOs. The Agency/Organization Program Coordinator (A/OPC) will certify, in the instructor's statement, that the AO and cardholder completed the *VA Online Purchase Card Training*. Copies of the training certification form should be kept on file by the cardholder and the AO. All cardholders and AOs must take refresher training at least once every two years. Administrations, facilities, and staff

offices may require additional supplemental training. Completion of training can be validated through the presentation of a certificate, or through LMS reports and be readily available at the cardholder's, AO's, or A/OPC's office for review. Failure to complete the initial or refresher training will result in cancellation of the purchase card and possible administrative or disciplinary actions. The head of the contracting activity (HCA) will delegate micro-purchase authority to cardholders 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," with established policies and procedures for the assignment of "payment only" authority to individuals who are not warranted contracting officers to use purchase cards to pay for task or delivery orders above the micro-purchase threshold, issued under locally or regionally awarded contracts. No other official is authorized to delegate micro-purchase authority, although the HCA may delegate this authority to another government official.

In addition to the cardholders and approving officials, the A/OPC, and other billing officials, are also required to be trained and have refresher training at least every two years.

**g. Performance Standards.**

(1) 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 appraisal.

**h. Exit Procedures for a Cardholder.**

(1) As part of the exit clearance process, the government purchase card shall be surrendered to the program coordinator, cancelled and destroyed. The AO must certify that the cardholder has completed all order and payment reconciliations, or has provided sufficient documentation so that a replacement cardholder can complete the reconciliations.

**i. Internal Controls.**

(1) VA's Administrations CFOs or staff office equivalents shall establish procedures to implement management controls for card use. Management controls include conducting periodic reviews of the government purchase card program to ensure all participants follow VA policies and procedures. Results of internal reviews shall be documented, and corrective actions shall 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 monthly basis. At a minimum, the facility/field station must ensure that each year an audit and a review is performed on a statistically valid sample of cards in accordance with the audit guide (see Appendix A).

(2) VA's Administration CFOs or staff office equivalents shall ensure that adequate internal controls are established and followed. Such internal controls shall include at least the following:

(a) proposed cardholders must be full or part-time VA employees and must meet locally established criteria to be eligible to obtain the purchase card;

(b) established procedures are in place to limit each approving official's responsibility to no more than 10 cardholders to ensure that they can adequately monitor every cardholder's purchases, at a minimum, monthly. The cardholders-to-approving-officials ratio may be adjusted upon written approval of the facility director/regional office director on a case-by-case basis. However, this ratio should never exceed 20 cardholders to 1 approving official. The justification for exceeding the 10-to-1 ratio must be fully documented;

(c) 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; certification of 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;

(d) government purchase cards are secured, and card numbers are not available to anyone but the authorized cardholders;

(e) billing statement reconciliations and certifications are performed within timeframes specified in policy;

(f) supporting documentation is maintained, such as documents supporting a valid government need for the purchase and describing exactly what was purchased;

(g) items purchased have been verified as received;

(h) procedures are in place to ensure that purchases are periodically reconciled with property records to guard against theft or improper use of government property;

(i) charges are verified as for official purposes;

(j) purchases are fairly priced; and

(k) an A/OPC cannot be a cardholder or approving official.

**j. General Restrictions On Card Use.**

The purchase card may not be used for:

- (a) long term rental or lease of land or buildings of any type;
- (b) procurement of travel (airline, bus, boat or train tickets) or travel related expenses (excluding local transportation services, e.g. Metro fare cards, subway tokens, toll passes, etc);
- (c) procurement of personal goods of any kind;
- (d) no item may be procured and given away, presented as a gift, or may be disposed of where the Government loses title, without legislative authority;
- (e) procurement of items where the payment method is through a third party merchant (PayPal, eMoney, Eaccount, etc.), and
- (f) procurement of gift cards.

**3. RESPONSIBILITIES**

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

(1) recommending individuals as cardholders and recommending single purchase and monthly purchase limits in conjunction with the program coordinator, the billing officer, and the HCA activity; limits may not exceed the micro-purchase threshold unless proper warranting is obtained from the HCA, or payment only card delegation of authority has been granted (VA Directive/Handbook 7401.6);

(2) monitoring use of the government purchase card by the cardholder to ensure purchases are within guidelines;

(3) authorizing the use of government purchase card to purchase goods;

(a) signing justification for purchase of food or beverages prior to purchase, justification must identify exception being used (GAO-04-261SP, Appropriations Law—vol. I, chapter 4, section C, part 5).

(4) certifying all transactions made by cardholders and ensuring applicable documentation is maintained for six years and three months;

(5) ensuring Federal, VA, and local acquisition regulations are followed;

(6) certifying all procurements are legal and proper, and ensuring all items are received;

(7) ensure purchase cardholders inform the accountable officer of all nonexpendable IT equipment, including sensitive items regardless of cost, procured with purchase cards so as to ensure the items are entered into the appropriate inventory management system, (See VA Series 7002);

(8) certifying reconciled payment charges within timeframes specified by policy;

(9) monitoring cardholders compliance with single purchase and cycle card limits; (single purchase limit, FAR 13.003 Policy(c) – 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. If the request for 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.*

(10) identifying and rectifying unauthorized commitments and ensuring policy and procedures established by VA Directive/Handbook 7401.7 for ratifying unauthorized commitments are followed;

(11) certifying completion of cardholder exit procedures;

(12) providing guidance to cardholders in response to issues raised by the cardholder related to use of the purchase card; and

(13) having final certifying authority on the legitimacy of any procured item; (removed from billing officer).

b. **Billing Officer.** In most cases, the billing officer is normally part of finance/fiscal service. A billing officer cannot be a cardholder or an AO. The billing officer is responsible for:

(1) ensuring that single purchase and monthly purchase limits are within fund control limits;

(2) establishing default code string and merchant codes for all government purchase cards and submitting them to the program coordinator;

(3) ensuring rebates are credited to the correct appropriation;

(4) 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

(5) ensuring that purchase card transactions are charged to the appropriate fund, cost center, and budget object code based on applicable items purchased.

c. **Cardholder.** The cardholder is responsible for:

(1) obtaining training on proper use of the purchase card;

(2) being knowledgeable of limitations on spending, and

(3) complying with all acquisition regulations including:

(a) considering a purchase from mandatory government supply sources to see if they meet organizational needs and best pricing prior to using open market sources. The priorities for ordering services and purchasing supplies are: Committee for People Who are Blind or Severely Disabled, Federal Supply Schedules, Federal Prison Industries, and lastly, open market (see FAR part 8);

(b) using the mandatory Javits-Wagner-O'Day Act (JWOD) and contract sources where required (see FAR subpart 8.7);

(c) alternating among small business vendors with the same products to allow equal participation;

(d) requiring vendors to include a Materiel Safety Data Sheet if any hazardous materials are ordered (see FAR subpart 23.3);

(e) 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);

(f) purchasing Environmental Protection Agency-designated products containing recovered materials (see FAR subpart 23.4, [www.epa.gov/cpg](http://www.epa.gov/cpg) and <http://www.ofee.gov/>); and

(g) 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).

(4) verifying funds availability prior to making purchases;

(5) complying with single purchase and cycle card limits; (single purchase limit, FAR 13.003 Policy(c) – 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. **If the request for 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.***

(6) providing the necessary documentation as prescribed in VA Directive/Handbook 7401.7 when an unauthorized commitment occurs;

(7) reconciling payment charges within timeframes specified in policy;

(8) ensuring receipt of goods ordered;

**(9) Complying with Office of Information Technology requirements when purchasing nonexpendable IT equipment (See VA Series 7002);**

**(a). Purchase card holders will not purchase nonexpendable IT equipment with a government purchase card unless they are authorized Purchasing Agents and are authorized to make such procurements.**

**(b) Purchase cardholders will inform the accountable officer of all nonexpendable IT equipment, including sensitive items regardless of cost, procured with purchase cards so as to ensure the items are entered into the appropriate inventory management system.**

(10) advising vendors to submit sales drafts only after an order is shipped;

(11) providing applicable receipts to the AO to enable certification of payment;

(12) safeguarding government purchase cards;

(13) resolving disputes with vendors; if not resolved, filing an official dispute with the purchase card contractor;

(14) addressing questions or issues concerning use of the purchase card to the approving official;

(15) retaining purchase documentation for six years and three months, as stated in MP-4, part X, 5-1c;

(16) inquiring about prompt payment discounts at time of purchase. Vendors often offer discounts for payment prior to their stated payment terms, for example, 2 percent discount if invoice is paid within 15 days/full amount due in 30 days;

(17) obtaining any merchant-offered rebate/coupon/or additional items offered as a result of purchase, such as a free printer with purchase of a computer, and returning it to VA. The cardholder should supply VA's address when needed to obtain these offers. These coupons/rebates should be returned to the agent cashier or appropriate VA representative, and

(18) complying with regulations and Comptroller General decisions associated with the purchase of food and or beverages. In general, an agency may not use appropriate funds to purchase items considered personal expenses, such as food, without specific authority (GAO-04-261SP, Appropriations Law—vol. I, chapter 4, section C, part 5). **To be granted authority for exception to this rule the following must be followed:**

- (a) obtain signed, written, authorization from approving official prior to purchase;
- (b) ensure authorization cites appropriate exception for food or beverage purchase; and
- (c) obtain concurrence from general or local counsel on the authorization.

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

(1) coordinating and monitoring disputed procurements, credits, and billing errors, which cannot be resolved within 30 working days of receipt of the statement; and

(2) assisting or interceding when a dispute cannot be handled in the normal method using the government cardholder dispute form.

e. **Finance/Fiscal Officer.** The finance/fiscal officer is responsible for:

(1) ensuring the FSC's random monthly quality reviews are completed by the responsible designee (program coordinator), verifying the reviews are accurate,



ensuring cardholders do not complete the reviews, and ensuring a remediation plan is in effect to correct any discrepancies as a result of the monthly reviews;

(2) ensuring that rebates are credited to the correct appropriation;

(3) providing training to cardholders on correct costing procedures, reconciliation procedures, and receipt records maintenance;

(4) reporting noncompliance to the appropriate management level for review and corrective action; and

(5) performing the joint review of cardholders and AOs to ensure compliance with applicable policy and procedures, in conjunction with the program coordinator and the HCA (see Appendix A).

f. **Head of the Contracting Activity (HCA).** The HCA is responsible for:

(1) auditing cardholders and AOs for compliance with applicable policy and procedures, in conjunction with the program coordinator and finance/fiscal officer, in order to ensure procurement integrity (see appendix A);

(2) reviewing all responses to the MQAS's monthly systematically selected sample of purchases transactions;

(3) appointing contracting officers and cardholders;

(4) delegating micro-purchase authority to cardholders (see Governmentwide Purchase Card Certification Form, VA Form 0242), and

(5) delegating his/her authority to other individuals within the HCA's acquisition activity, except as provided in the FAR. Such delegations must be in writing and must identify the specific limitations on the designee's authority. The delegation may include authority to appoint a contracting officer at the micro-purchase or the Level I warrant levels.

g. **Program Coordinator.** (Also referred to as Agency/Organization Program Coordinator or A/OPC).

The program coordinator can also serve as a Dispute Officer, but cannot be a cardholder or an AO. The program coordinator is responsible for:

(1) implementing the program to include contract compliance with the purchase card contractor's rules and regulations, and disseminating appropriate sections of the coordinator's guide to the billing and dispute officials;

- (2) ensuring appropriate training has been provided—with mandatory certification as outlined in the government purchase card guide—to cardholders, AOs, alternate AOs, and designated surrogates prior to issuance of purchase cards, and refresher training at least once every two years. The program coordinator is also responsible for ensuring that a cardholder’s certification record is maintained and updated to reflect the completion of initial and refresher trainings;
- (3) retrieving and canceling all cards of any employee who either terminates employment or violates government purchase card procedures;
- (4) being the designated point of contact for agency receipt of all purchase cards after initial setup, and following up on non-receipt of cards after five working days;
- (5) performing the joint review of cardholders and AOs to ensure compliance with applicable policy and procedures, in conjunction with the finance/fiscal officer and HCA (see Appendix A);
- (6) distributing cards to cardholders with activation instructions as provided with the card;
- (7) performing daily maintenance online to include setting up cardholder and AO accounts in the purchase card contractor proprietary system;
- (8) ensuring limits are set at appropriate levels and that no card purchase limit may exceed the micro-purchase threshold unless proper warranting documentation is presented, or payment only card delegation of authority has been granted (VA Directive/Handbook 7401.6);
- (9) retrieving and canceling all cards of any employee 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; and
- (10) ensuring proper receipt retention for six years and three months as stated in MP-4, part X, 5-1c, for current, reassigned, transferred, and separated cardholders.

**h. Purchase Card Contractor.**

The purchase card contractor is responsible for issuing government purchase cards, processing purchase transactions, providing the Financial Service Center (FSC) with daily electronic invoices for all posted transactions, and providing timely reports.

**4. REFERENCES**

- a. Department of Veterans Affairs Training Guide – Government Purchase Card, dated April 1999, prepared by the Office of Financial Operations, program services staff (047F).
- b. International Merchants Purchase and Authorization Cards (IMPAC) Purchase Card Procedures Guide, dated February 1996, prepared by the Office of Financial Operations, program services staff (047F).
- c. Office of Finance Bulletin 00GC1.02, Cash Management and Disbursement Requirements, dated January 7, 2000.  
[http://www.va.gov/publ/direc/finance/00gc1\\_02bul.htm](http://www.va.gov/publ/direc/finance/00gc1_02bul.htm)
- d. VA Handbook 4070.2, Disbursement Mechanisms, dated April 21, 1997.  
<http://www.va.gov/publ/direc/finance/v4070d00.htm>
- e. 5 Code of Federal Regulations, part 1315, Prompt Payment, effective date October 29, 1999. <http://www.access.gpo.gov/nara/cfr/cfr-table-search.html#page1>
- f. 5 Code of Federal Regulations, part 2635, Office of Government Ethics, Standards of Conduct for Executive Branch Employees.  
<http://www.access.gpo.gov/nara/cfr/cfr-table-search.html#page1>
- g. VA Acquisition Regulation, Title 48 – Federal Acquisition Regulation System, chapter 8, Department of Veterans Affairs Acquisition Regulation.  
<http://vaww1.va.gov/oamm/vaar/>
- h. 48 Code of Federal Regulations, Federal Acquisition Regulation (FAR).  
<http://www.arnet.gov/far>
- i. VA Directive 6221, Accessible Electronic and Information Technology, dated February 6, 2003.
- j. 36 Code of Federal Regulations, part 1194, Architectural and Transportation Barriers Compliance Board (Access Board) Standards.
- k. Federal Acquisition Regulation – Circular 97-27, FAR Case 1999-607.
- l. Public Law 105-220 and 105-246; amendments to section 508 of the Rehabilitation Act (29 U.S.C. 794d).
- m. Debt Collection Improvement Act – Public Law No. 104-134.  
<http://www.fms.treas.gov/debt/dmdcia.pdf>
- n. Treasury Financial Manual, volume 1, part 4, chapter 4500, section 4515.  
<http://www.fms.treas.gov/tfm/vol1/v1p4c450.txt>

- o. Office of Government Ethics, Standards of Conduct for Executive Branch Employees, Use of Government Property, 5 C.F.R., section 2635.704.  
[http://www.usoge.gov/pages/laws\\_regs\\_fedreg\\_stats/oqe\\_regs/5cfr2635.html](http://www.usoge.gov/pages/laws_regs_fedreg_stats/oqe_regs/5cfr2635.html)
- p. 5 C.F.R., section 2635.202.  
[http://www.usoge.gov/pages/laws\\_regs\\_fedreg\\_stats/oqe\\_regs/5cfr2635.html](http://www.usoge.gov/pages/laws_regs_fedreg_stats/oqe_regs/5cfr2635.html)
- q. VA Handbook 5021, Employee/Management Relations, part 1, appendix A, section 2, pgs. 1.A.3-1.A.10.  
<http://www1.va.gov/ohrm/Directives-Handbooks/Documents/5021.pdf>
- r. Debt Collection Improvement Act of 1996.  
<http://www.fms.treas.gov/debt/dmdcia.pdf>
- s. VA Directive/Handbook 7401.6. and 7401.7.  
<http://www.va.gov/ofinop/valociti/documents/VA74016h.pdf>  
[http://www1.va.gov/vapubs/viewPublication.asp?Pub\\_ID=305&FType=2](http://www1.va.gov/vapubs/viewPublication.asp?Pub_ID=305&FType=2)
- t. MP-4, part X, 5-1c.  
<http://vaww.va.gov/publ/direc/finance/M4P10.htm>
- u. Javits-Wagner-O'Day Act, FAR subpart 8.7—Acquisition from Nonprofit Agencies Employing People Who Are Blind or Severely Disabled.  
<http://www.acqnet.gov/far/>
- v. Appropriations Law—Vol. I, Chapter 4, Section C, Part 5.  
<http://www.gao.gov/htext/d04261sp.html>

**AUDIT GUIDE****1. SAMPLING**

- a. On a monthly basis, the Management Quality Assurance Service (MQAS) will systematically sample purchases from the Financial Service Center's (FSC) credit card system (CCS). The sample size of purchases will provide sampling attributes of a 95 percent confidence level at a +/-2 percent reliability. The universe of transactions has been stratified into three groups. The first group is composed of transaction dollar amounts of \$0-\$2,349.99; the second group consists of transaction amounts of \$2,350 – \$2,999.99; and the third group consists of dollar amounts of \$3,000 and above. The sampling procedures are to be implemented after the end-of-month CCS processing cycle closes, and will contain the following detailed credit card information: (1) Doc. ID #, (2) Card #, (3) Fund, (4) Satellite, (5) Purchase Date, (6) Vendor Name, (7) Amount, and (8) Results.
- b. The MQAS will provide the sample information to the respective finance/fiscal office facility/field station.
- c. The MQAS will distribute the quarterly summary of the results of these monthly audits to the various levels of management, including but not limited to: Assistant Secretary for Management, Deputy Assistant Secretary for Finance, Deputy Assistant Secretary for Acquisitions and Logistics, VHA Chief Logistics Officer, VHA Chief Financial Officer, NCA Chief Financial Officer, NCA Logistics Officer, and VBA Chief Financial Officer, and Director of Office of Construction and Facilities Management.

**2. FACILITY/FIELD STATION PROCEDURES**

- a. Upon receipt of the sample information from the MQAS, the finance/fiscal officer will confirm:
  - (1) Proper Costing.
    - (a) Purchases were charged to the proper control point.
    - (b) Expenditure transfers are being done when appropriated.
    - (c) Fund control point, cost center, and budget object code are applicable to the item purchased.
    - (d) Necessary changes in Master Accounting Code are coordinated with program coordinator.

(2) Proper Oversight.

- (a) Purchases were appropriate and were used for VA business purposes only.
- (b) Purchases were fairly priced.
- (c) Appropriate follow-up on disputes, overcharges, and credits were completed.
- (d) No pattern of disputes with a vendor are identified.
- (e) Cardholders inquire about vendor discounts for prompt payment at time of purchase.

(3) Timeliness Standards.

- (a) Reconciliation (matching) by cardholder was done timely according to the Administration guidelines, or no later than within 10 working days of receipt of the monthly statement.
- (b) Certification by the approving official was done timely according to the Administration guidelines, or no later than within 14 working days of receipt of the statement.
- (c) Improper billing was disputed no later than within 30 working days of receipt of the statement.

(4) Documentation.

- (a) Adequate supporting documentation is maintained for each sampled purchase (packing slip receipt, cash register slip, etc.) in accordance with MP-4, part X, 5-1c.
- (b) Documentation to support valid government need for the purchase is available.
- (c) Evidence that the purchase has been received is confirmed.

(5) Adherence to Dollar Limitations.

- (a) Sampled purchase is within cardholder dollar limits.
- (b) Purchase does not appear to have been fragmented.
- (c) Credit limits, both monthly and single purchases, are representative of actual spend.

(6) Safeguarding Government Purchase Card.

- (a) Purchase card should be kept in a locked cabinet at the workplace when not in use.
- (b) Only the cardholder has access and possession of the card.
- (d) Purchase cards are canceled for former employees (terminated, separated, or retired), and for those who violate government purchase card procedures.
- (e) Purchase cards are canceled for current employees who no longer have purchasing responsibilities.

b. The program coordinator and the head of the contracting activity will determine if the cardholder is:

- (1) considering a purchase from mandatory government supply sources prior to using open market sources;
- (2) using the mandatory Javits-Wagner-O'Day Act (see FAR Subpart 8.7) and contract sources where required;
- (3) alternating among small business vendors with the same products to allow equal participation;
- (4) requiring vendors to include a Material Safety Data Sheet if any hazardous materials were ordered;
- (5) 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);
- (6) purchasing Environmental Protection Agency-designated products containing recovered materials; and
- (7) making more purchases for electronic and information technology products in accordance with the Rehabilitation Act of 1973, section 508.

### **3. ERRORS**

The finance/fiscal officer, or designee, is responsible for (a) ensuring that any purchasing or payment errors are corrected, and (b) completing the electronic questionnaire. A site review file consisting of the monthly sample listing, along with any pertinent comments made during the review process, will be maintained by finance/fiscal service personnel. The MQAS will conduct periodic reviews of the facility/field station credit card files.