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# Treasury Financial Manual

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Transmittal Letter No. 688

Volume I

To: Heads of Government Departments, Agencies, and Others Concerned

## 1. Purpose

This transmittal letter releases revised I TFM 4-4500: Government Purchase Cards. This chapter prescribes procedures for all departments and agencies that use the Government purchase card. These procedures include program controls and invoice payments.

## 2. Page Changes

### Remove

Table of Contents for Part 4 (T/L 687)

I TFM 4-4500 (T/L 538)

### Insert

Table of Contents for Part 4

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## 3. Effective Date

This transmittal letter is effective immediately.

## 4. Inquiries

Direct questions concerning this transmittal letter to:

Payment Management  
Financial Management Service  
Department of the Treasury  
Liberty Center, Room 332D  
Washington, DC 20227  
Telephone: 202-874-6945  
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Date: December 27, 2012

David A. Lebryk  
Commissioner

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## Part 4—Chapter 4500

# GOVERNMENT PURCHASE CARDS

This chapter prescribes procedures for all departments and agencies that use the Government purchase card. These procedures include program controls and invoice payments.

### Section 4510—Authority

31 U.S.C. §§ 3321, 3322, 3327, 3335, 3901, and Public Law 112-194

### Section 4515—Policy and Use

The Government purchase card is the preferred method for making purchases at or below the micro-purchase threshold. Agency procedures should not limit the use of the Governmentwide commercial purchase card to micro-purchases. Agency procedures should encourage use of the card in greater dollar amounts by contracting officers to place orders and to pay for purchases against contracts. Other simplified acquisition procedure methods (such as imprest funds, SF 44: Purchase Order – Invoice – Voucher forms, and purchase orders) may only be used instead of the Government purchase card when it is more cost-effective, practicable, or required by existing statutes.

### Section 4520—Definition of Terms

**Agency/Organization Program Coordinator (A/OPC)**—The A/OPC serves as the focal point for management, task order administration, establishment and maintenance of accounts, and issuance and destruction of cards. The A/OPC oversees the card program for his or her agency/organization and establishes agency/organization guidelines. The A/OPC helps set up accounts, serves as

liaison between the cardholder and the charge card contractor, provides ongoing advice, audits card accounts as required, and keeps necessary account information current.

**Approving Official (AO)**—In purchase card programs, the AO (typically a supervisor) is responsible for ensuring that the purchase card is used properly by the agency/organization. The AO also 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. In travel card programs, the AO (also, typically a supervisor) is responsible for signing the traveler's voucher, indicating approval for payment and for the voucher's content.

**Cardholder**—A cardholder is any individual or agency/organization component issued a card at the request of the agency/organization.

**Cardless Account**—A cardless account is an established account without a physical card.

**Centrally Billed Account**—This account is a card/account established by the charge card vendor at the request of the agency/organization. Centrally billed accounts may be card [to include all carded products provided under the General Services Administration (GSA) SmartPay master contract] or cardless accounts. The agency makes payments directly to the charge card vendor.

**Certifying Official**—The certifying official within an agency or organization is responsible for verifying that payments made by the

Federal Government are legal, proper, and correct.

**Delegation of Authority**—Delegation of authority is a written delegation issued by responsible agency personnel that establishes authorized cardholder(s) and specifies spending and usage limitations unique to that cardholder.

**Designated Billing Office (DBO)**—The DBO is the office or third-party entity designated by the ordering agency/organization to receive the official invoice, and, in some instances, to make payment.

**Electronic Access System (EAS)**—The EAS is the charge card contractor's Internet-based system that provides account access and a variety of reports that assist in the effective management of the charge card programs.

**Electronic Commerce**—Electronic commerce includes electronic techniques for accomplishing business transactions such as electronic mail or messaging, World Wide Web technology, electronic bulletin boards, charge cards, electronic funds transfer, and electronic data interchange.

**GSA SmartPay Master Contracts**—The GSA SmartPay master contracts are indefinite delivery, indefinite quantity, no-cost contracts awarded to commercial financial institutions on behalf of the Federal Government for payment solutions. Agencies issue task orders under the GSA SmartPay master contracts for charge card services, as well as cardless account services. The GSA SmartPay master

contracts can be found at <https://www.smartpay.gsa.gov>.

**Office of Charge Card Management (OCCM)**—OCCM, within the GSA Federal Acquisition Service, manages the Governmentwide Federal charge card program.

**Official Invoice**—An official invoice is a proper invoice, as defined by the Federal Acquisition Regulation (FAR), that contains the data required by and formatted in accordance with contract and task order specifications, requesting that payment be made to the charge card contractor.

**Purchase Card**—A purchase card is a centrally billed account established by a commercial financial institution (charge card contractor) on behalf of agencies to which the cost of purchasing goods and services may be charged. Although actual plastic cards are associated with most of these accounts, this term also may be applied to certain accounts established by these same commercial companies that are billed directly to agencies, and, therefore, are “cardless” accounts.

**Productivity Refund**—Productivity refunds are payments from the charge card contractor to the agency/organization based on the timeliness and/or frequency of payments to the contractor.

**Sales Refund**—Sales refunds are payments from the charge card contractor to the agency/organization based on the dollar or “spend” volume during a specified time period.

**Simplified Acquisition Procedures**—These procedures are prescribed in Part 13 of the FAR for the acquisition of supplies and services, including construction, research and development, and commercial items, the aggregate amount of which does not exceed the simplified acquisition threshold.

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

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### Section 4525—Agency Procedures

Each agency develops its own internal procedures for using the purchase card. Agency policies should address the following areas to ensure that clear guidance is provided to the A/OPCs, AOs, and cardholders:

- Delegation of authority;
  - Training requirements;
  - Account limits;
  - Card uses;
  - Receipt and acceptance of supplies and services;
  - Account reconciliation;
  - Review procedures including the use of data mining capabilities to identify delinquency, fraud, misuse, and trends;
  - Span of control of AOs and A/OPCs;
  - Risk management controls;
  - Criteria for establishing accounts;
- AND
- Criteria for deactivating or canceling accounts with minimal activity.

In addition, all executive branch departments and agencies must follow the guidance outlined in the Office of Management and Budget (OMB) Circular No. A-123, Appendix B: Improving the Management of Government Charge Card Programs. Examples of purchase card specific guidance include:

- Increasing strategic sourcing initiatives;
- Performing accounts payable reviews to analyze spending patterns and find ways to increase savings;
- Limiting the use of convenience checks;
- Accounting for the environmental quality of products procured with purchase cards;

AND

- Managing property acquired with purchase cards.

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### Section 4530—Agency Refunds

Agencies receive sales-based refunds and productivity-based refunds from the charge card contractor on a quarterly basis. Sales refunds are based on the dollar or “spend” volume during a specified time period, and productivity refunds are based on the timeliness and/or frequency of payments to the charge card contractor. Refund minimums are included in the current GSA SmartPay master contracts, and agency specific refunds are stated in each agency specific task order. Agencies must take steps to maximize sales and productivity refunds in accordance with OMB Circular No. A-123, Appendix B, Chapter 7: Refund Management. Unless specific statutory authority exists that allows refunds to be used for other purposes, refunds must be returned to the appropriation or account from which the purchase was made that generated the refund. Refunds can be used for any legitimate purchase by the appropriation or account to which they were returned, or as otherwise authorized by statute.

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### Section 4535—Review and Approval of Billing Statement for Payment

When a Government purchase card is used, the vendor providing the goods or service to the Federal agency is paid by the charge card contractor. The Government paying agency then reimburses the charge card contractor in accordance with the terms and conditions of the GSA SmartPay master contracts and the Prompt Payment Act.

The cardholder reviews and reconciles the statement of account received at the end of each billing cycle with receipts and supporting documentation, and the approving official verifies reconciled transaction records to ensure that all purchases were

proper. Summary level information reflecting all relevant (consolidated) agency cardholder transactions is forwarded to the certifying official, within the designated billing office, to ensure that the Federal Government ultimately pays only for valid charges that are consistent with the terms of the applicable GSA SmartPay master contracts. This report must be forwarded to certifying officials within a timeframe that allows them to process and pay the consolidated invoice within the Prompt Payment Act deadline.

The designated billing office should make adjustments to the consolidated invoice, based on the statement of accounts received. The designated billing office pays the consolidated invoice in a timely manner even if all statements of accounts are not received (see subsection 4535.10). The GSA SmartPay master contracts contain provisions for disputing any billing discrepancies after payment of the invoices, as long as the charge card contractor is notified within 90 calendar days of the transaction date.

#### 4535.10—Payments

Payment of the consolidated invoice in a timely manner even if all statements of accounts are not received refers to a payment procedure in which payment is made to a contractor before the Government's verification that supplies have been received. It does not refer to, as provided in the FAR clause 52.232-25, payment to a contractor before the 30th day after receipt of the invoice.

All the provisions of the Prompt Payment Act apply, including interest penalties for late payment.

#### 4535.20—Training Requirements

Agencies must require program participants, including A/OPCs, AOs, cardholders, and other accountable/billing officials, to complete purchase card training in order to understand their roles and responsibilities within the charge card program. In accordance with OMB Circular No. A-123, Appendix B, Chapter 3: Training, requirements for executive branch departments and agencies are as follows:

- All program participants must be trained before appointment.
- All program participants must take refresher training, at a minimum, every 3 years.
- All program participants must certify that they have received training, understand the regulations and procedures, and know the consequences of inappropriate actions. Agencies determine the method of certification.

AND

- Copies of all training certificates must be maintained pursuant to U.S. National Archives and Records Administration requirements, General Records Schedule 1, Item 10a.

OCCM provides online training modules that fulfill OMB Circular No. A-123, Appendix B, training requirements to agencies. In addition, the GSA SmartPay master contracts outline training requirements for charge card contractors, including providing Web-based and onsite training options to agencies.

#### 4535.30—Safeguarding Charge Cards

Agency procedures must address safeguarding charge cards when not in use. Agencies must safeguard cards in the same manner as cash (see the Manual of Procedures and Instructions for Cashiers at [http://www.fms.treas.gov/imprest/cashiers\\_manual.pdf](http://www.fms.treas.gov/imprest/cashiers_manual.pdf)).

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#### Section 4540—Electronic Commerce

Agencies may electronically:

- Receive invoices;
- Make payments;
- Access and review account and master file data;

AND

- Receive reports.

Each department and agency should comply with the Debt Collection Improvement Act of 1996 (Public Law 104-134), and the Financial Management Service (FMS) Final Rule at 31 CFR 208. The FMS Final Rule at 31 CFR 208 requires recipients of Federal nontax payments to receive payment by electronic funds transfer, effective May 1, 2011, with certain exceptions. FMS has determined that, wherever possible, Federal payments should be made through electronic means. Agencies, or their agents, should use electronic funds transfer as the standard method of payment for all Federal program payments.

## **CONTACTS**

### ***Direct inquiries concerning the contract through which the Governmentwide charge card services are offered to:***

Office of Charge Card Management  
Federal Acquisition Service  
General Services Administration  
Telephone: 703-605-2808  
Email: [gsa\\_smartpay@gsa.gov](mailto:gsa_smartpay@gsa.gov)

### ***Direct inquiries on the imprest fund and any other activities to:***

Payment Management  
Financial Management Service  
Department of the Treasury  
401 14th Street, Room 332D  
Washington, DC 20227

### ***Direct imprest fund inquiries to:***

Telephone: 202-874-7366  
Email: [Steve.Lopez@fms.treas.gov](mailto:Steve.Lopez@fms.treas.gov)

### ***Direct all other inquiries to:***

Telephone: 202-874-6945  
Email: [Gary.Kosciolek@fms.treas.gov](mailto:Gary.Kosciolek@fms.treas.gov)

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