

DEPARTMENT OF HEALTH AND HUMAN SERVICES

PURCHASE CARD PROGRAM GUIDE

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I. Overview of the Purchase Card Program

A. Purpose of This Guide

This Guide establishes policies and procedures at the Department of Health and Human Services (HHS) for using the purchase card and managing the HHS Purchase Card Program.

The guidance is in compliance with the Federal Acquisition Regulation (FAR), Health and Human Services Acquisition Regulation (HHSAR), OMB Circular A-123, Appendix B, "Improving the Management and Government Charge Cards" and the GSA SmartPay® Program for purchase card use and management.

HHS' Office of the Assistant Secretary for Financial Resources, Office of Grants and Acquisition Policy and Accountability (ASFR/OGAPA), is responsible for issuing and maintaining this guide.

B. Scope and Applicability

The guidance applies to all Cardholders, Convenience Check-writers, Approving Officials (AOs), Agency/Organization Program Coordinators (A/OPCs), and other HHS personnel with duties associated with the HHS Purchase Card Program. The guidance serves as the basis for any HHS Operating Division (OPDIV) implementation of the HHS Purchase Card Program. OPDIVs may establish policies that are more restrictive than the policies set forth in this guide. However, OPDIVs requiring policies and procedures that are less restrictive must submit a request for deviation to purchase card policy consistent with subpart 301.470 of the HHSAR through their Head of the Contracting Activity (HCA) to the Associate Deputy Assistant Secretary for Acquisition.

C. Background

The Federal Acquisition Streamlining Act of 1994 and Executive Order 12931, Federal Procurement Reform set forth requirements for federal agencies to establish programs for reducing administrative costs and other burdens that the acquisition function may impose on the Federal government and the private sector. In 1998, the GSA SmartPay® Program was established. The Program has procedures in place for Federal agencies to contract with a major bank to obtain purchase cards to purchase and pay for goods and services up to the micro-purchase threshold. FAR currently establishes the micro-purchase threshold at \$3,000 (\$2,500 for services subject to the Service Contract Act, and \$2,000 for construction). OPDIVs are also encouraged to use the card for micro-purchases; and in greater amounts by contracting officers to place orders and to pay for purchases against contracts established under FAR Part 8 procedures, when authorized; and to place orders and/or make payments under other contractual instruments, when agreed to by the contractor.

The HHS Purchase Card is an internationally accepted VISA card. To help distinguish the card from regular credit cards, the card is embossed with the seal of the United States and the words, "United States of America" and "For Official U.S. Government Purchases Only" and additional requirements specified by the OPDIV. HHS' bank for obtaining purchase cards and related services is JP Morgan (hereinafter referred to as the "servicing bank").

D. HHS Purchase Card Program Organization

HHS uses the servicing bank hierarchy system for organizing and managing the Purchase Card Business Line. The hierarchy allows for accounts to be established; and for restricting, granting, and revoking access to card data through the servicing bank's Electronic Access System. The hierarchy as it applies to HHS is as follows:

Level 1 represents GSA. GSA's Office of Charge Card Management manages the Program at this level and has access to card data across the Federal government.

Level 2 represents HHS. ASFR/OGAPA manages the Program at this level and has access to purchase card data across HHS.

Level 3 represents an HHS OPDIV. The OPDIV HCA manages the Program at this level. The following OPDIVs have authority to manage their purchase card business line:

- Agency for Healthcare Research and Quality (AHRQ)
- Centers for Disease Control and Prevention (CDC)
- Centers for Medicare and Medicaid Services (CMS)
- Food and Drug Administration (FDA)
- Health Resources and Services Administration (HRSA)
- Indian Health Service (IHS)
- National Institutes of Health (NIH)
- Program Support Center (PSC)*
- Substance Abuse and Mental Health Services Administration (SAMHSA)

Additional levels are available for OPDIVs to use to establish AO and cardholder accounts and to further organize and manage their card programs.

*Other HHS OPDIVs and Staff Divisions (STAFFDIVs) may obtain purchase card support from the PSC.

E. Key Program Officials and Responsibilities

HHS Office of Grants and Acquisition Policy and Accountability (OGAPA): OGAPA has the overall responsibility for managing the HHS purchase card program, ensuring that the program complies with Federal and departmental laws and regulations and monitoring the program's effectiveness. The HHS A/OPC (the HHS Purchase Card Program Coordinator), who resides within OGAPA, carries out these responsibilities, which include, but are not limited to, the following:

- Establishing and issuing HHS-wide purchase card guidance
- Preparing HHS-wide purchase card reports
- Representing HHS in interactions with GSA, the servicing bank, and other organizations

- OPDIV implementation of the department-wide purchase card program, which includes conducting periodic audits, assessing card usage, data mining and approving OPDIV deviation requests and requests to modify policies set forth in the guide.

Agency/Organization Program Coordinator: A/OPCs are responsible for implementing the HHS purchase card program at their respective OPDIVs. The following are key A/OPC responsibilities:

- Establishing and terminating accounts
- Issuing cards and/or convenience check accounts
- Establishing default Merchant Category Classification (MCC) codes
- Providing training and advice to cardholders and approving officials
- Ensuring that training records are complete
- Conducting surveillance of the card program by periodically auditing cardholder transactions
- Reporting improper card usage to the HHS Purchase Card Program Coordinator
- Monitoring card usage and deactivating cards when appropriate
- Acting as the point of contact with the servicing bank for purchase card issues at the OPDIV
- Developing OPDIV purchase card procedures as necessary
- Requesting deviations to the purchase card policies in the HHSAR or modifications to the policies set forth in this Purchase Card Guide, as necessary

Approving Officials: AOs are responsible for reviewing and approving cardholders' transactions under their purview to ensure the transaction is legal, proper, mission essential, and in accordance with purchase card policy. AOs should be at a higher or equivalent grade level with respect to the cardholders under their purview. AOs are responsible for requesting the establishment of new purchase card accounts and cardholders' single purchase and monthly billing limits. Other duties include the following:

- Ensuring that all of the correct approvals and documentation are in place for the approval of the purchase
- Resolving any questionable purchases with the cardholder
- Verifying that cardholders maintain purchase card records
- Assigning default Common Accounting Numbers (CANs) and Object Class Codes (OCs) to the cardholder's account
- Ensuring that cardholders reconcile their statements and transactions in a

timely manner

- Reconciling the cardholder's statements and transactions during cardholder absences
- Reporting any suspected cases of fraud and abuse to the A/OPC
- Reporting any lost, stolen, or compromised cards to the A/OPC
- Assisting cardholders with dispute resolution
- Requesting cancellation of cardholder accounts
- Notifying the OPDIV property officer of all accountable property acquired
- Notifying the A/OPC of any cardholders that have transferred, retired, or terminated their employment; are absent without leave; are on extended leave (with or without pay); or have no further need of a purchase card
- Notifying the A/OPC prior to being reassigned or leaving the organization

Cardholders: Individual cardholders are responsible for making authorized purchases, maintaining required documentation, processing the cardholder statement, and obtaining approvals of purchases when required. The following are other duties of cardholders:

- Ensuring the legitimacy of the purchase, that adequate funds are available and obtaining written pre-approval before making the purchase
- Complying with restrictions in the prohibited purchases list ([Appendix C](#)) and list of products and services that require special attention ([Appendix D](#))
- Obtaining required pre-purchase approvals or clearances
- Complying with single purchase and monthly purchase limits
- Purchasing supplies or services from required sources, when applicable
- Following procedures for using convenience checks
- Verifying that purchased items have been received and keeping track of those that have not been received
- Reviewing all transactions reported by the servicing bank and reconciling them with the corresponding purchase records
- Resolving errors and invalid purchases with merchants
- Disputing any unresolved invalid transactions with the servicing bank within the required time frame
- Notifying the AO of disputed transactions

- Safeguarding the purchase card and account information
- Immediately reporting lost, stolen, or compromised cards to the servicing bank and notifying the AO
- Notifying the A/OPC (with copy to the AO) of any administrative changes to their account, such as name, address, or phone number changes
- Notifying the AO of planned reassignment, absence, or departure from the organization.

Billing Official: The billing official is responsible for receiving and paying invoices from the servicing bank. The billing official also serves as a liaison between the OPDIV finance office and the A/OPC on purchase card matters.

Disputes Official: The disputes official is the A/OPC, or another official designated by the OPDIV, who is responsible for providing guidance to cardholders regarding disputes and for interacting with the servicing bank on disputed transactions.

II. Establishing and Maintaining Purchase Card Accounts

A. Selection and Approval Process

1. Nomination of Cardholders and AOs

OPDIV officials are responsible for nominating prospective AOs and cardholders. When making the decision, OPDIV officials should consider individuals who have good judgment, character, and adequate business acumen to be entrusted with a charge card. AOs and cardholders are not limited by position or grade; however, an AO should be a higher or equivalent grade level with respect to the cardholders under their purview. An AO and a cardholder cannot serve as each other's cardholder and AO, respectively.

Only HHS employees may serve as cardholders under the HHS Purchase Card Program. Any questions regarding who is considered to be an HHS employee should be resolved between the ODPIV A/OPC and an appropriate OPDIV Human Resource official. HHS contractors requiring the use of the GSA SmartPay® Program can be granted authority only in accordance with FAR Part 51.101 ([see Appendix A](#)).

Nominations shall be forwarded to the OPDIV A/OPC for approval with a written justification to serve as a cardholder or AO; and certifications that the prospective cardholder or AO has completed the required training, understand the regulations and procedures, and know the consequences of inappropriate actions. The templates for nominating cardholders and approval officials can be found in [Appendix B](#).

2. Nomination of A/OPCs

The HCA is responsible for the nomination and approval of the A/OPC. A/OPCs must be an employee of the OPDIV acquisition organization. All training must be completed prior to approval.

3. Approval of Appointments

The A/OPC is responsible for the approval of new cardholders and AOs. Factors such as anticipated need, including ongoing requirements and estimated dollars, as well as the organization's purchasing history and patterns should be considered when approving the request. These factors assist in determining reasonableness of the number of cards, as well as single and monthly purchase limits for each cardholder.

4. Cardholder and AO Account Set-up

The A/OPC is responsible for setting up cardholder and AO accounts with the servicing bank. The A/OPC is also responsible for maintenance of the account including making changes in the cardholder or AO's account status.

5. Delegation of Procurement Authority (DPA)

The HCA (or designee) is responsible for issuing the DPA for cardholders with spending limits up to the micro-purchase threshold. The DPA shall contain the cardholder's official spending limits and any other restrictions deemed appropriate by the A/OPC for obligating the Government. Appendix B contains the standard DPA template for authority up to the micro-purchase threshold.

For cardholders with spending limits in excess of the micro-purchase threshold, the Standard Form 1402, *Certificate of Appointment* shall be used. The SF-1402 shall indicate the Contracting Officer/Contract Specialist warrant level and threshold and any other limitation for obligating the government. See Part 1.6 of the FAR for Appointments at <https://www.acquisition.gov/far/index.html>

6. Card Delivery

The A/OPC determines the method of delivery of the card to the cardholder. The cardholder is responsible for verifying accuracy of his or her name and address, signing the card, and following the servicing bank's procedures to activate the card.

B. Account Maintenance

1. Changes in Cardholder Status

Cardholders anticipating retirement, resignation, transfer, etc. should stop using the card far enough in advance of their separation date, if possible, to allow all outstanding transactions to be processed before their separation. The cardholder must also give the AO any remaining receipts or other documents related to outstanding transactions. A new purchase card account must be established if the transferred employee is to be a cardholder in another HHS organization.

The AO is responsible for reconciling and processing all transactions remaining outstanding when a cardholder departs the Program. The AO will notify the A/OPC to cancel the cardholder's account. Retrieval and destruction of the purchase card is not required when a cardholder's departure is due to termination, such as death or disability.

2. Changes in AO Status

Where there is a change in the AO status, such as retirement, resignation, transfer, etc. a new AO shall be nominated and the cardholder accounts shall be transferred. If it is not possible to establish a new or permanent replacement AO before the current AO leaves the position, the A/OPC may recommend the designation of another AO to assume the former AO's duties until a permanent replacement is appointed.

3. Changes to Account Dollar Limits

Changes in the cardholder's single or monthly purchase limit must be submitted by the AO to the A/OPC with an appropriate justification. A new DPA or SF-1402 is required if the requested change raises the cardholder's single

purchase limit. Requested changes that would raise the cardholder's single purchase limit above the micro-purchase threshold also require that the cardholder meet all training and certification requirements for the requested dollar level (see Part III) and are part of the workforce.

4. Other Changes to Accounts

OPDIVs may require that all requests for changes to cardholders' default CANS be made through the A/OPC. AOs are responsible for ensuring that the correct codes are associated with each cardholder transaction. AOs may also request additions to, or deletions from, the list of authorized merchant category codes from which a cardholder may purchase.

C. Account Suspension, Termination and Reinstatement

1. Account Suspension

In addition to any bank-initiated card suspensions for delinquent accounts, the A/OPC may suspend a cardholder's account as a disciplinary method for improper card use or failure to adequately perform his or her cardholder duties. Before taking this action, the A/OPC must consider the impact of a cardholder's suspension on the affected organization and take appropriate steps to minimize any adverse impact.

2. Account Deactivation

Account deactivation may be used as a risk-management tool to prevent card misuse. AOs may request account deactivation for cardholders who are expected to be away from the office for more than 6 consecutive weeks. This would include long vacations, training, temporary duty assignments, leave of absence, and medical leave.

3. Account Termination

A/OPCs shall terminate cardholder or AO accounts that transfer, retire, or otherwise separate from the organization. A/OPC may also terminate cardholder or AO accounts as a disciplinary method for improper use of the card; failure of the AO or cardholder to carry out their responsibilities; failure of the AO or cardholder to complete the required training; inactivity; or upon the direction of management.

4. Account Reinstatement

A/OPCs may reinstate cardholders and AOs whose accounts have been suspended, based upon an assessment of the circumstances. If an AO or cardholder has had an account suspended or terminated for 12 months or more and the account needs to be reinstated, the AO or cardholder must retake the basic purchase card training.

D. Card and Account Security

Cardholders are responsible for the security of the purchase card; and may be held personally responsible if misuse is determined to be the result of negligence on their

part. The purchase card should be kept on the cardholder person or in a secure environment to prevent access by unauthorized personnel. Cardholders should exercise discretion in selecting reputable merchants in order to minimize the possibility of fraud. Cardholders shall not permit a copy of their card to be maintained by a merchant.

E. Lost or Stolen Cards

If the card is lost or stolen, the cardholder must immediately notify the AO, A/OPC, and, by telephone, the servicing bank. HHS is not liable for unauthorized charges on lost or stolen cards when properly reported. To formally document the loss or theft, the call to the servicing bank must be followed by a written notice to the A/OPC that includes the card number; the cardholder's name; the date and location of the loss; the date reported to police (if stolen), the date and time the loss was reported to the servicing bank, any transactions made on the date the card was lost or stolen; and any other relevant information describing the loss or theft.

The servicing bank will issue a replacement card with a new account number, usually within 24 hours.

III. Purchase Card Program Training

A. General

All program participants must be trained in charge card use and management prior to their appointment. All participants must certify after completion of the basic training as well as refresher training that they have read, understand and will abide by the policies and procedures for using a government purchase card as set forth in Part II.A.1 of this Guide.

Training must be consistent with the program participant's level of responsibility or spending authority. Training must familiarize cardholders and AOs with Federal laws and regulations (i.e. Green Buying, Mandatory Source Requirements, and Section 508 of the Rehabilitation Act of 1973). In addition training must identify Departmental and OPDIV policies and procedures that impact purchases and payments made with the Government purchase card. Training must address cardholders and AO's role and responsibilities, proper card management, prohibited purchases, use of convenience checks, purchase limitations, sources of supply, and consequences of incorrect and improper uses of the card. Training for A/OPCs must address proper program management, control and oversight tools and techniques, and the role and responsibilities of cardholders and AOs. A/OPCs must also receive training by the charge card vendor on using their Electronic Access System (or applicable system) to manage the Program. Program participants must obtain the basic purchase card training through the HHS' University, or an OPDIV equivalent course approved by ASFR/OGAPA.

A/OPCs are required to maintain a centralized database that captures the training of all cardholders and AO's, including refresher training for auditing purposes.

1. Refresher Training

To continue participating in the purchase card program, AOs, and cardholders' must receive refresher training annually. Failure to take the required training will result in the suspension or revocation of AO or cardholder account until training is complete.

2. Training Schedule

[Table 1](#) summarizes the training required for different levels of spending authority. Participants must receive the training commensurate with the proposed authority for using the purchase card.

Table 1. HHS Purchase Card Training Program, by Authority Level

Authority ^a	Program participant	Required training ^b
Up to \$3,000	Prospective/newly appointed purchase cardholders and Approving Officials	Basic purchase card training (HHS University course or an OPDIV equivalent course)
	Purchase card holders and Approving Officials	Yearly refresher purchase card training (HHS University course or an OPDIV equivalent course)
3,001 to \$25,000	Prospective/newly appointed purchase cardholders and Approving Officials	<ul style="list-style-type: none"> • Basic purchase card training (HHS University course or an equivalent) • Basic simplified acquisition procedures (e.g., DAU's CON 237) • Advanced simplified acquisition procedures or Appropriations law
	Purchase card holders and Approving Officials	Yearly refresher purchase card training (HHS University course or an OPDIV equivalent course)
\$25,001 to \$100,000	Prospective/newly appointed purchase cardholders and Approving Officials	<ul style="list-style-type: none"> • Basic purchase card training (HHS University course or an OPDIV equivalent course) • Basic simplified acquisition procedures (e.g., DAU's CON 237) • Advanced simplified acquisition procedures or Appropriations law • CON 100 (Shaping Smart Business Arrangements) • CON 110 (Mission Support Planning)
	Purchase cardholders and Approving Officials	Yearly refresher purchase card training (HHS University course or an OPDIV equivalent course)
Not applicable	Prospective/newly appointed Agency/Organization Program Coordinators	<ul style="list-style-type: none"> • Basic purchase card training (HHS University course or an OPDIV equivalent course) • Basic simplified acquisition procedures or DAU's CON 237 • Advanced simplified acquisition procedures or appropriations law • CON 100 (Shaping Smart Business Arrangements) • CON 110 (Mission Support Planning)
	Agency/Organization Program Coordinators	Yearly refresher purchase card training (attendance at GSA's annual training conference satisfies refresher training). The training must include use of the electronic access system for managing and monitoring purchase card usage.

^a Cardholders and Approving Officials with authorized increases in DPA have up to 3 months to complete the training requirements for the new DPA.

^b CON 237, CON 100, and CON 110 are available at the DAU website at <http://www.dau.mil/registrar/enroll.asp>. CON 100 is also offered through HHS University (see website at: <http://learning.hhs.gov>).

IV. Using the Purchase Card

A. Cardholder Process for Micro-purchases

[Figure 1](#) depicts the cardholder process for micro-purchases. Each major step is numbered and discussed in greater detail below.

1. Determine Eligibility for Card Purchase

The first question the cardholder should ask is whether Federal funds can be used to buy the product or service. The next question is whether the purchase card can be used to purchase the product or service.

[Appendix C](#) lists the products and services that are STRICTLY PROHIBITED when using a purchase card.

[Appendix D](#) lists products and services that can be purchased with a purchase card but may have restrictions or require additional pre-approvals or clearances before the purchase is made.

Cardholders should review their OPDIVs supplement to this guide for any special restrictions or variances from [Appendix D](#). Products and services not specifically mentioned in [Appendix D](#), or in OPDIV supplementation, may be purchased using the card if consistent with Federal and HHS purchase card regulations and guidance, and if not otherwise limited by the OPDIV.

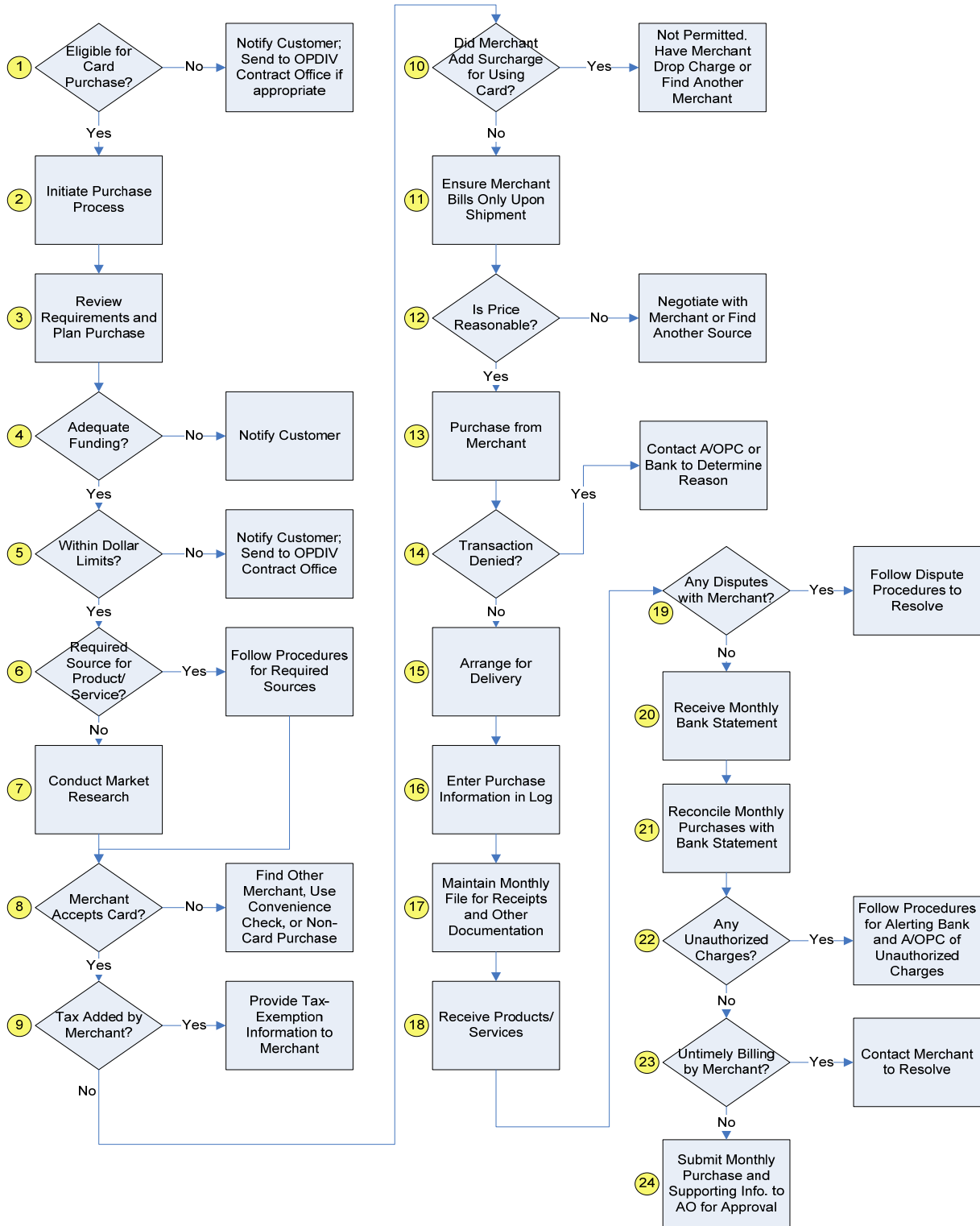
Products or services ineligible for purchase using the card should be sent to the OPDIV contracting office.

2. Obtain Written Pre-Approval

Prior to initiating a purchase transaction using the purchase card or a convenience check, the cardholder (including cardholders with warrants) must obtain written pre-approval (dated) from their supervisor, AO, or higher authority. Written pre-approval may be in the form of an e-mail, requisition, memo/note, etc., certifying that the proposed purchase is for a legitimate need of the government and not for personal benefit. The pre-approval should list all items being purchased. A copy of the written pre-approval must be retained in the purchase card file or in an electronic system that may be accessed for auditing purposes.

After verifying the legitimacy of the purchase and receiving certification of funds availability, the cardholder must comply with any OPDIV procedures for documenting the purchase request.

Figure 1. Cardholder Process for Micropurchase



3. Review Requirements and Plan Purchase

The purchase card is intended to purchase standard, commercial, and off-the-shelf products and services. The card must not be used to purchase products that require modifications to meet the customer's needs or to purchase complex services that require a statement of work or that must be altered in any way to meet the customer's requirements. Customized products or services are to be purchased by the OPDIV contracting office.

4. Determine if Funding is Adequate

The cardholder must follow OPDIV procedures for obtaining any funding pre-approvals. If in doubt, the cardholder should check with the AO. Funding levels can sometimes be uncertain at the end and beginning of a fiscal year, so it is particularly important to verify the availability of funding during these times.

The cardholder must also ensure that the product or service to be purchased meets a bona fide need of the organization. The bona fide needs rule of appropriations law says that a fiscal year's appropriations must be used only for a legitimate need that arises during the year for which the appropriation was made.

The bona fide needs rule has some limited exceptions, such as a subscription or license renewal that will be delivered or become effective during the next fiscal year. The A/OPC can provide guidance on whether the requirement is for a bona fide need in the current fiscal year.

5. Determine if Purchase is Within Dollar Limits

Use of the purchase card is subject to single purchase limits and monthly purchase limits. A "single purchase limit" is a total of those items that may be purchased at one time from a particular vendor. A "monthly purchase limit" is the maximum total dollar amount the cardholder is authorized to procure each month.

If the purchase cannot be made within the cardholder's single purchase limit, the cardholder should notify the customer to submit the requirement to their contracting activity, or require that the procurement be made by a cardholder with a higher single purchase limit. The requirement must not be split into two or more separate requirements to avoid exceeding the single purchase limit. This practice is a violation of FAR 13.003(c) (2), an extract of which states the following:

Do not break down requirements aggregating more than the...micro-purchase threshold into several purchases that are less than the applicable threshold merely to...avoid any requirement that applies to purchases exceeding the micro-purchase threshold.

Cardholders who deliberately violate the FAR requirements regarding split purchases may have their card accounts cancelled and could be held personally liable for the charges. In some cases, determining whether a purchase is a split purchase or not can be difficult. The following examples illustrate several

cases.

Situation Assume cardholder has a \$3,000 single purchase limit	Determination	Rationale
<p>Cardholder receives a requirement for an item costing \$2,000 today and makes the purchase. Later in the day, the cardholder receives another requirement for the same item. The cardholder was not aware of the second requirement at the time the first purchase was made.</p>	<p>Not a split purchase</p>	<p>The cardholder was not aware of the second requirement when the first purchase was made. Had the cardholder received both requisitions at the same time, the proper action would have been to consolidate the requirements, and forward to the contracting office if the cost exceeded the cardholder's single purchase limit.</p>
<p>Cardholder receives a request for multiple items. The total exceeds \$3,000, but not all items are available from a single vendor. When making the purchases from each vendor, the individual purchases will not exceed \$3,000. The cardholder makes the purchases from different vendors.</p>	<p>Not a split purchase</p>	<p>Although the single requirement exceeded the cardholder's limit, the cardholder could not obtain all of the items from the same vendor. There was no intent on the part of the cardholder to split the purchase just to avoid the single purchase limit, therefore, this is not considered a split purchase.</p>
<p>The cardholder has a requirement to have three office areas painted. Each area will cost \$2,000. The cardholder decides to issue three separate purchases for the work.</p>	<p>Split purchase</p>	<p>The cardholder split the purchase requirement, which totaled \$6,000, into three smaller purchases solely for the purpose of allowing the purchases to be made under the cardholder's purchase limit. The proper course of action would have been to forward the requirement to the contracting office for purchase.</p>
<p>Cardholder receives a requirement for five identical products, each costing \$1,000 and available from the same vendor, but needing delivery to five different locations. Cardholder elects to make five separate purchases.</p>	<p>Split purchase</p>	<p>The shipping destination alone is not a valid reason to split a requirement into multiple purchases. The proper course of action would have been to consolidate the requirements and forward to the contracting office for purchase.</p>
<p>Cardholder has a requirement for two products, each of which is available from the same vendor. The total cost will be \$4,000. However, the cardholder knows that one of the items can be obtained from another vendor at substantially less cost. If the cardholder purchases from two vendors, the total cost will be \$3,000.</p>	<p>Not a split purchase</p>	<p>The cardholder made a good business decision by using two vendors instead of one, saving \$1,000. Because the cardholder had no intent to split the purchase just to avoid the single purchase limit, this is not considered a split purchase.</p>

6. Check Required Sources for Product/Service

Purchase card transactions are subject to FAR Part 8 regarding the use of required sources. Before a product or service can be purchased on the open market, the cardholder must first determine if it can be obtained from or through one of the required sources. The order of priority differs depending on the availability of the product or service being purchased. If a product or service is available from a higher priority source, it should be purchased from that source instead of a lower priority source. If the product or service is available from one of the required sources, but the cardholder determines not to purchase from that source due to price, quantity, delivery time, quality, or other reason, he or she must comply with any waiver requirements for that source contained in FAR Part 8 before purchasing the product or service from a lower-priority source. [Tables 2](#) and [3](#) indicate the priorities and required sources for products and services. The full text web addresses for the hyperlinks in the tables are found in [Appendix G](#).

Table 2. Required Sources for Products

Priority Order	Required Sources for Products (Supplies)												
1.	HHS and OPDIV inventories. Check local storerooms/inventories for availability prior to purchasing new products.												
2.	Excess from other agencies . The GSA maintains lists of excess property that is available from other agencies.												
3.	Federal Prison Industries (UNICOR) . Federal Prison Industries is a required source only for items above the micro-purchase threshold. Cardholders who have purchase card authority greater than the micro-purchase threshold and are purchasing items above the micro-purchase threshold should see FAR Subpart 8.6 for the evaluation procedures.												
4.	Products that are on the procurement list maintained by the Committee for Purchase from People Who Are Blind or Severely Disabled . This committee comprises Javits-Wagner-O'Day (JWOD) Act nonprofit agencies: National Industries for the Blind (NIB) and National Industries for the Severely Disabled (NISH). The Committee, along with NIB and NISH, administer the AbilityOne (formerly JWOD) Program. Cardholders should check the Procurement List on the Committee's Web site to determine if the product is a required AbilityOne purchase. AbilityOne products can be purchased through contractors on GSA Schedules, GSA wholesale supply sources, or self-service retail stores. Some AbilityOne products may also be available through the HHS Strategic Sourcing Contracts/BPAs or OPDIV Contracts/BPAs. The HHS Strategic Sourcing contracts/BPAs should be used in lieu of other sources if they offer the AbilityOne product.												
5.	Wholesale supply sources, such as GSA stock programs. See GSA Global Supply .												
6.	<p>Strategic Sourcing blanket purchase agreements (BPAs). Strategic sourcing BPAs exist for the categories shown in the table below. The HHS strategic sourcing website (http://intranet.hhs.gov/ssc/) contains detailed information on the contractors, services available, and the ordering procedures</p> <p style="text-align: center;"><i>Categories of Strategic Sourcing BPAs for Products</i></p> <table border="1" data-bbox="448 1115 1409 1518"> <thead> <tr> <th data-bbox="448 1115 805 1161">Category</th> <th data-bbox="808 1115 1409 1161">Scope</th> </tr> </thead> <tbody> <tr> <td data-bbox="448 1165 805 1283">IT peripherals hardware</td> <td data-bbox="808 1165 1409 1283">Printers, monitors, data storage, routers/switches, scanners, input devices (keyboards, mice), and memory (excludes desktop and laptop computers, servers, and software)</td> </tr> <tr> <td data-bbox="448 1287 805 1346">Lab supplies</td> <td data-bbox="808 1287 1409 1346">Laboratory and medical supplies, instruments, equipment, and inorganic chemicals</td> </tr> <tr> <td data-bbox="448 1350 805 1409">Office equipment</td> <td data-bbox="808 1350 1409 1409">Purchase and lease of copier equipment (standalone copiers or multifunctional equipment)</td> </tr> <tr> <td data-bbox="448 1413 805 1472">Office furniture</td> <td data-bbox="808 1413 1409 1472">Desks, modular and systems furniture, seating, tables, filing, storage, and computer workstations</td> </tr> <tr> <td data-bbox="448 1476 805 1518">Office supplies</td> <td data-bbox="808 1476 1409 1518">General office supplies, copier paper, and toner</td> </tr> </tbody> </table>	Category	Scope	IT peripherals hardware	Printers, monitors, data storage, routers/switches, scanners, input devices (keyboards, mice), and memory (excludes desktop and laptop computers, servers, and software)	Lab supplies	Laboratory and medical supplies, instruments, equipment, and inorganic chemicals	Office equipment	Purchase and lease of copier equipment (standalone copiers or multifunctional equipment)	Office furniture	Desks, modular and systems furniture, seating, tables, filing, storage, and computer workstations	Office supplies	General office supplies, copier paper, and toner
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Office furniture	Desks, modular and systems furniture, seating, tables, filing, storage, and computer workstations												
Office supplies	General office supplies, copier paper, and toner												
7.	Federal schedules												
8.	HHS preferred sources. An OPDIV may have awarded an IDIQ contract or a BPA for products not covered by any of the instruments or sources in the order of priority above. Before going to open market sources to fill the requirement, the cardholder should first check to see if the item is available from an existing OPDIV contract vehicle and if the price, delivery time, quality, and quantity offer a fair value to HHS. These instruments have been negotiated in advance and usually provide for discounts beyond what can be obtained on the open market. When using another vendor for a product covered under an existing OPDIV contract or BPA, the cardholder must document the reasons before going to the open market to fill the requirement.												

Priority Order	Required Sources for Products (Supplies)
9.	Commercial sources (open market purchases). When purchasing from open market sources and the value is \$3,000 or less, the cardholder should consider purchasing from small businesses to the greatest extent possible. From \$3,001 to \$100,000, awards must be made to small businesses unless waived in writing per FAR 19.502-2.

Table 3. Required Sources for Services

Priority Order	Required Sources for Services												
1.	Services that are on the procurement list maintained by the Committee for Purchase from People Who Are Blind or Severely Disabled . This committee comprises Javits-Wagner-O'Day (JWOD) Act nonprofit agencies: National Industries for the Blind (NIB) and National Industries for the Severely Disabled (NISH). The Committee, along with NIB and NISH, administer the AbilityOne (formerly JWOD) Program. Cardholders must check the Procurement List on the Committee's Web site to determine if the service is a required AbilityOne purchase. AbilityOne services can be purchased through contractors on GSA Schedules. Some AbilityOne services may also be available through the HHS Strategic Sourcing Contracts/BPAs or OPDIV Contracts/BPAs. The HHS Strategic Sourcing contracts/BPAs should be used in lieu of other sources if they offer the AbilityOne service.												
2.	<p>Strategic Sourcing indefinite-delivery, indefinite-quantity (IDIQ) contracts or blanket purchase agreements (BPAs). Strategic sourcing contracts and BPAs exist for the categories shown in the table below. The HHS strategic sourcing website (http://intranet.hhs.gov/ssc/) contains detailed information on the contractors, services available, and the ordering procedures.</p> <p>Categories of Strategic Sourcing Contracts and BPAs for Services</p> <table border="1"> <thead> <tr> <th>Category</th> <th>Scope</th> </tr> </thead> <tbody> <tr> <td>Office equipment</td> <td>Maintenance of copier equipment (standalone copiers or multifunctional equipment)</td> </tr> <tr> <td>Events management</td> <td>Professional and scientific seminars and conferences, pre-event planning, facilitation, A/V services, venue arrangements, attendee registration, attendee travel and hotel arrangements, fiduciary services, project management services, and information systems infrastructure</td> </tr> <tr> <td>Temporary medical and professional staffing (TPMS)</td> <td>Temporary medical staffing resources such as physicians, nurses, and allied healthcare professionals</td> </tr> <tr> <td>Temporary administrative and professional staffing (TAPS)</td> <td>Temporary administrative staffing resources such as secretaries, computer programmers, paralegals, and technical writers</td> </tr> <tr> <td>Domestic Mail Delivery Services</td> <td>Ground and Express mail delivery services (domestic only)</td> </tr> </tbody> </table>	Category	Scope	Office equipment	Maintenance of copier equipment (standalone copiers or multifunctional equipment)	Events management	Professional and scientific seminars and conferences, pre-event planning, facilitation, A/V services, venue arrangements, attendee registration, attendee travel and hotel arrangements, fiduciary services, project management services, and information systems infrastructure	Temporary medical and professional staffing (TPMS)	Temporary medical staffing resources such as physicians, nurses, and allied healthcare professionals	Temporary administrative and professional staffing (TAPS)	Temporary administrative staffing resources such as secretaries, computer programmers, paralegals, and technical writers	Domestic Mail Delivery Services	Ground and Express mail delivery services (domestic only)
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Priority Order	Required Sources for Services
5.	Commercial sources (open market purchases). When purchasing from open market sources and the value is \$3,000 or less, the cardholder should consider purchasing from small businesses to the greatest extent possible. From \$3,001 to \$100,000, awards must be made to small businesses unless waived in writing per FAR 19.502-2.

7. Conduct Market Research

When purchasing products or services from commercial sources on the open market, cardholders should gain some knowledge about the merchants that typically provide the products or services the cardholder wishes to obtain. Do they offer reasonable prices? Do they offer quality products? Do they provide good customer service? The purchase should represent the best buy that meets the government’s minimum requirement.

When purchasing from the open market or from contracts or Blanket Purchase Agreements (BPAs) (including HHS Strategic Sourcing contracts and BPAs) that have multiple merchants for the same product or service, cardholders should rotate purchases among qualified merchants to avoid showing favoritism to a particular merchant.

8. Determine if Merchant Accepts Card

Once the cardholder has selected a merchant, he or she should verify that the merchant accepts VISA. If the merchant does not accept VISA, the cardholder must first attempt to find another merchant that does accept VISA. If no other merchant is available to provide the service or supply, the cardholder may pay the merchant using a convenience check, if authorized by the OPDIV; or have the requirement purchased by the contracting office.

The cardholder should also check to see if the merchant selected uses a Third Party Credit Card Processor to process the transaction. Technically, when doing business with a merchant through a third-party credit card processor, the cardholder is actually completing the transaction with the processor, not the merchant. The name of the processor will appear on the monthly statement of account instead of the merchant. Some commonly know third party credit card processors are *Amazon, CC Bill; PayPal; SpeedPay; CCNow; 2Check; and iBill.*

The use of Third Party Credit Card Processors is discouraged because of a greater risk of abuse, issues involving disputed transactions, and difficulty identifying and reconciling transactions. Third Party Credit Card Processors may only be used when no other merchants can supply the product or service or meet delivery, quantity, or quality requirements, and the merchant in question will accept payment only through the third-party processor. In any case, the cardholder must document the purchase card file and send an informational e-mail to the A/OPC indicating the names of the merchant and third-party processor. A/OPCs must keep a list of merchants using third-party processors and periodically advise cardholders to avoid these merchants if possible.

9. Determine if Tax is added by Merchant

Purchases made with the purchase card or convenience check are generally exempt from state and local taxes. Because state tax laws vary, there may be instances where merchants will not agree to deduct taxes from the purchase price. The cardholder may be required to provide the merchant with the OPDIV employer identification number (EIN) or a copy of the state's tax exempt letter in order to support the removal of taxes. If the merchant refuses to remove the tax, the cardholder should attempt to locate another merchant that does not add tax to the purchase price. If no other merchant is available, the cardholder may make the purchase from the original merchant, and document the file that an attempt was made to have the tax removed. Copies of state tax letters are found at the GSA Web site at:

<http://apps.fas.gsa.gov/services/gsa-smartpay/taxletter/letters08.cfm> The HHS OPDIV EINs are as follows:

AHRQ—52-0821668B1

CDC—58-6051157

CMS—52-0883104

FDA—53-0196965

HRSA—52-0821668

IHS—Cardholder should contact their Area Finance Office

NIH—52-0858115

PSC—52-0821668

SAMHSA—52-0821668A8

10. Ensure Merchant Does Not Include a Surcharge

The cardholder should check to ensure that the merchant does not add a separate fee or premium for using the purchase card. Fees or premiums are not permitted by VISA. This includes instances in which a merchant may pay a fee to another merchant to process the transaction in the VISA system.

Merchants are prohibited from requiring a minimum or maximum transaction amount as a condition for accepting the card. Merchants also cannot require cardholders to complete a postcard or similar document that includes the account number, card expiration date, signature, or other account data that would appear in plain view when mailed. Cardholders that encounter these situations should ask the merchant to delete that requirement and should contact the A/OPC if the merchant refuses.

11. Ensure Merchant Bills Only Upon Shipment

When purchasing products, the cardholder should ensure that the merchant charges the purchase card account only upon shipment of the items. This is required by VISA regulations. Cardholders must not place orders for products that have to be backordered. Backorder is defined as an item that has not been manufactured or is out of stock and not available in the merchant's warehouse. Exceptions to the no backorder policy are subscriptions (including scientific reprints), which are paid for and then delivered in subsequent periods, and public service announcements and print media ads, which require up-front payments. Cardholders should maintain complete records of

purchases, because items with delayed billing and delivery can complicate the monthly reconciliation process.

When the cardholder is purchasing services, VISA regulations allow the merchant to bill upon initiating some action related to the service being performed. The merchant is not required to wait until the service is completed or accepted by the Government in order to process the transaction.

12. Price Reasonableness

Cardholders making purchases up to the micro-purchase threshold are not required to obtain quotes from more than one merchant, but may compare value among merchants, if time permits. That is, the merchant with the lowest price does not have to be selected if another merchant offers a better value. Cardholders that have obtained prices from more than one merchant and decide to make a best-value purchase from a merchant that does not have the lowest price should document the decision, indicating the merchants and prices, and include a brief statement of the rationale for the decision in the purchase card file.

Cardholders who are authorized to use the purchase card above the micro-purchase threshold must follow the policies in FAR Part 13, Simplified Acquisition Procedures, for determining price reasonableness.

13. Purchase from Merchant

When ready to complete a purchase, the cardholder should ask the merchant if there are any discounts for U.S. Government purchases. Some merchants may apply this discount automatically at the point of sale. The cardholder should also determine if there are any additional charges for shipping, establish the delivery time, and inquire about the merchant's return policies should there be a problem with the item. Before completing the transaction, the cardholder should check the sales amount to make sure it agrees with the price quoted.

If making a telephone order or internet order, the cardholder should exercise discretion when selecting the merchant. Never transmit a copy of the card over a facsimile machine, or permit a copy of the card to be maintained by the merchant. Cardholders should check with their AO or A/OPC for any additional restrictions for using the card for internet or telephone orders.

14. Denied Transactions

If the transaction is denied during the card authorization process, the cardholder should do the following:

- Determine whether the transaction amount exceeds either the single purchase limit or the monthly limit. If either limit is exceeded, the transaction will be denied.
- Check the card expiration date to determine if the card is still valid.
- For telephone or other purchases that do not use electronic card readers, ask the merchant to verify that it has recorded the account

number and expiration date correctly.

- Contact the servicing bank using the toll-free number on the card and try to determine why the transaction was declined.
- Contact the A/OPC to determine the reason the transaction was declined. The merchant category code may have been blocked by default as an ineligible business type for use with the card under the SmartPay® Program. Some merchants may have an incorrect merchant category code assigned to their business, which may have been blocked by the servicing bank. If the merchant has a blocked code, but upon review is determined to be a valid business for use with the card, the A/OPC can contact the servicing bank and temporarily have the restriction lifted. A/OPCs should request that merchants correct any merchant code errors to avoid future declined transactions.

15. Arrange for Delivery

If the product will be shipped, the cardholder is responsible for providing clear and precise shipping instructions for delivery of the product. This includes the cardholder's name and office and a complete delivery address and telephone number.

If the product is shipped directly to the cardholder's office, the cardholder must retain in the purchase card file the shipping document, packing slip, or other receiving documents signed by the person accepting the delivery.

Cardholders ordering products are responsible for complying with all HHS and OPDIV requirements for recording reportable and sensitive items. See Part V.H for additional information on property accountability.

16. Register Purchase Information in Log

After making a purchase using the card, the cardholder must register the purchase in the purchase card log (electronic or paper depending upon the OPDIV). At a minimum, the log must include the date purchased, a description of the product or service, the merchant name and address, the amount paid, and the date received. The cardholder must then compare the logged purchases with the transactions reported by the bank (electronically or on the monthly bank statement) and check to see if the dollar amounts agree. If there are differences between the logged purchase and the bank's transaction record, the cardholder should contact the vendor to attempt to resolve the discrepancy. If it cannot be resolved with the vendor, the cardholder must treat the discrepancy as a disputed item and follow the procedures under [Part IV.A.19](#).

17. Maintain Monthly File for Receipts and Other Documentation

The cardholder must maintain a file of all original records and documents related to purchases made during the month. The documents include price quotes, receipts, invoices, telephone records, shipping documents, price justifications, and any other documents related to the purchases.

In accordance with FAR 4.805, the cardholder's purchase card files must be

retained for a total of 3 years after payment, following OPDIV procedures for on-site and off-site storage.

18. Receive Products/Services

When the cardholder or the customer receives delivery of a product, the cardholder should compare the product delivered with what was ordered to ensure that the proper item was delivered and is not damaged or defective. If the product (or service) delivered differs from what was ordered the cardholder should contact the merchant to resolve the discrepancy. If a merchant refuses to replace the product or make corrections, the transaction should be considered to be in dispute.

19. Disputed Transactions

Disputed transactions occur when the cardholder and the merchant are unable to resolve questioned transactions and the servicing bank must be involved in the resolution. The following are examples of disputes:

- Defective items not replaced
- Incorrect or altered transaction amounts
- Canceled transactions not credited on your account
- Duplicate transactions
- Products/services ordered but never received
- Product returned to merchant (other than in person)
- Canceled recurring transaction (such as a subscription)
- Credits never received
- Invalid transactions
- Shipping one item but billing for another
- Unrecognized charge

Before notifying the bank, the cardholder must first try to resolve the dispute with the merchant. If the merchant refuses to resolve the problem, the cardholder has 90 days from the date the transaction was processed to notify the servicing bank of a disputed transaction. Cardholders' failure to submit the dispute within the 90-day time frame may be held personally liable for the charge. This infraction should be reported to the HHS Office of Inspector General for remedial action.

The servicing bank will issue a temporary credit for the transaction while the dispute is processed. The servicing bank will also provide a written statement as to the resolution of the dispute (i.e., resolved in favor of the merchant or cardholder).

The cardholder cannot dispute shipping charges, tax, exchange rates, or convenience check purchases with the servicing bank. These items must be resolved directly with the merchant.

For advice or assistance regarding any dispute-related issue or problem, the cardholder should contact the OPDIV disputes official, if one has been designated, or the A/OPC. Documents pertaining to the dispute should be provided to the AO.

20. Receive Monthly Bank Statement

Cardholders' purchases made during the monthly billing cycle will be reflected on a monthly statement. The card system and process for generating cardholder's monthly statements is at the discretion of the OPDIV. A/OPCs must ensure that cardholders and AO are trained on specific systems used to generate monthly statements and reconcile purchases.

21. Reconcile Monthly Purchases with Bank Statement

The cardholder must review the monthly statement to ensure that all of his/her actual purchases and transactions are matched to the corresponding transactions on the purchase log and follow the OPDIV procedures for reconciling the transactions.

22. Review for Incorrect or Improper Charges

The cardholder should review his or her account regularly for any incorrect or improper charges. An incorrect or improper charge could be the result of a clerical error by a merchant, or it could be an indicator that the account number has been compromised. If the cardholder suspects an error, then he or she should follow the dispute procedures. If the account has been compromised, the cardholder should immediately notify the servicing bank, AO, and A/OPC. Cardholders may be held personally liable for failure to dispute incorrect or improper charges.

23. Untimely Billing by Merchant

The cardholder shall continually review the account to ensure that merchants are billing promptly for products or services ordered. Although VISA regulations allow merchants to invoice up to one year from the date of purchase, the cardholder should monitor merchant billing practices and encourage merchants to bill upon shipment, rather than delaying or batching their VISA transactions.

24. Submit Monthly Purchase and Supporting Information to AO for Approval

At the end of the billing cycle, the cardholder must sign the statement of account detailing the monthly transactions, attach the original receipts from the monthly purchase card file, and submit them to the AO for review and signature.

If the AO questions the legitimacy of any purchase and the cardholder is unable to justify the purchase, the cardholder will either have to provide restitution to

the Government, or return the unauthorized products to the merchant and obtain a credit to the account. The cardholder will also be subject to disciplinary actions for card misuse as well as criminal and/or civil penalties for fraudulent actions.

V. ADDITIONAL REGULATIONS AND REQUIREMENTS FOR USING THE PURCHASE CARD

A. Buying Green

The Department's Affirmative Procurement Plan (APP) (also known as HHS' Green Purchasing Plan) sets goals for meeting the requirements of:

Executive Order 13423, "Strengthening Federal Environmental, Energy, and Transportation Management" and Executive Order 13514, "Federal Leadership in Environmental, Energy, and Economic Performance."

The APP goals are to reduce the adverse environmental impact of our purchasing decisions by buying goods and services from manufacturers and vendors who share our commitment to protect human health and the environment. By including environmental considerations into purchasing decisions, along with the traditional focus on price, quality, performance, and availability, OPDIVs will remain fiscally responsible while promoting practices that improve public health and safety reduce pollution, conserve natural resources, and support manufacturers and vendors that reduce the adverse environmental impact of their production and distribution systems.

To meet the goals, the APP sets forth a mandatory requirement for "Green Purchasing." The APP defines "Green Purchasing" as the purchase of environmentally preferred products and services consistent with the following standards:

- **Recycled Content Products** - The current list of designated products, Environmental Protection Agency's (EPA) guidance, and related technical information can be found on EPA's web site at: <http://www.epa.gov/epawaste/consERVE/tools/cpg/database.htm>
- **Energy-Efficient Products: Energy Star®, Federal Energy Management Program (FEMP-Designated), and Low Standby Power** - Information on FEMP-designated products can be found at <http://www.eere.energy.gov/>. Information on low standby power products can be found on FEMP's web site at: <http://www.eere.energy.gov/>.
- **Biobased Products** - Information on these designated products, United States Department of Agriculture's (USDA) guidance, and related documentation can be found on USDA's web site at: www.biopreferred.gov/.
- **Environmentally Preferable Products and Services** - The database of the products and specifications that are environmental preferred can be found at: www.epa.gov/epp.
- **Electronic Product Environmental Assessment Tool (EPEAT) Products** - EPEAT is intended to help purchasers in the public and private sectors evaluate, compare and select desktop computers, notebooks and monitors based on their environmental attributes. EPEAT also provides a clear and consistent set of

performance criteria for the design of products, and provides an opportunity for manufacturers to secure market recognition for efforts to reduce the environmental impact of its products. The EPEAT website is: <http://www.epeat.net/>.

- **Water-Efficient Products** - Information about the WaterSense Program is available at: www.epa.gov/watersense.
- **Non-Ozone Depleting Substances** - EPA's Significant New Alternatives Policy (SNAP) program. Information about the SNAP Program is available at: <http://www.epa.gov/ozone/strathome.html>

The mandatory requirement applies to all HHS acquisitions including those at or below the micro-purchase threshold when buying goods or services.

At the outset, an OPDIV determines its minimum needs, including any applicable environmental or energy considerations; then market research is performed to find sources. If an **EPA designated product is available** that meets that minimum need then **there is a preference** for buying an environmentally preferred product. If a decision is made to choose a non-compliant product or service, cardholders and other officials making purchasing decisions must document the file accordingly.

EXEMPTIONS to this requirement can be granted when: (a) Products/services are not reasonably available within a reasonable period of time; (b) Products/services could not meet the performance standards set forth in the applicable specifications; (c) Products/services are only available at an unreasonable price; or (d) the Product/services are not cost-effective over their useful life, taking energy cost savings into account. However, the rationale for choosing a non-compliant product or services must be documented.

For purchases at or below the micro-purchase threshold (\$3,000), the cardholder's purchase file may be used to document the rationale for choosing a non-compliant product or service.

For purchases above the micro-purchase threshold (\$3,000), the requirements official and the cardholder must document the file in accordance with the requirements set forth in Appendix A of the HHS APP at: <http://dhhs.gov/asfr/ogapa/index.html>. Cardholders are strongly encouraged to use Required Sources listed in this guide for compliance since many of the products and services available, such as the Strategic Sourcing BPAs, AbilityOne Program, UNICOR Federal Prison Industries, etc. have already been identified to have key environmental attributes. Additional resources for complying with the policies and procedures for "Green Purchasing" may be found in the APP.

B. Section 508 Compliance

Section 508 of the Rehabilitation Act of 1973 requires that when Federal agencies develop, procure, maintain, or use electronic and information technology (E&IT), they must ensure that: (1) Federal employees with disabilities have access to and use of information and data that is comparable to the access to and use of information and data by non-disabled Federal employees; and (2) members of the public with disabilities seeking information or services from an agency have access to and use of information and data that is comparable to the access to and use of information and

data by members of the public who are not individuals with disabilities.

All procurements including micro-purchases must comply with the requirements of Section 508 when buying E&IT. See Part 39.2 of the FAR for reviewing the exceptions at: <https://www.acquisition.gov/far/index.html>. The requiring official has the responsibility for making the required determination; and document in writing the non-availability, including a description of market research performed and which standards cannot be met, and provide documentation to the contracting officer or cardholder for inclusion in the contract file. For additional assistance in Section 508, please contact your OPDIV accessibility coordinator at <http://www.hhs508.org/coordinators.htm>.

C. Purchases made over the Micro-purchase Threshold

Cardholders are required to follow the policies and procedures in FAR Part 13 and HHSAR Part 313, Simplified Acquisition, with respect to any purchase that exceeds the micro-purchase threshold (\$3,000). The cardholder must adhere to the requirements for competition, public notice, reporting data, small business set-asides, and use of appropriate provisions and clauses. Other administrative procedures specific to the card program—for example, logging and reconciling transactions, and disputing transactions—will still apply. Cardholders must be trained and the delegated authority must be issued on the Standard Form 1402, Certificate of Appointment. Cardholders with authority over \$3,000 are considered warranted officers and are part of the acquisition workforce.

D. Reporting Transactions over the Micro-purchase Threshold

The Department requires that all contract actions made with the purchase card over the micro-purchase threshold (\$3,000) be reported in the Departmental Contract Information System (DCIS). The DCIS provides a single system capability within HHS that collect, edits and stores information on individual procurement and contracting actions executed by the OPDIVs and other HHS offices. It forms a HHS-wide database of the collected information; forwards selected information about HHS procurement and contracting actions reportable under Public Law 93-400 to the Federal Procurement Data System (FPDS). DCIS also provides readily available HHS specific reports on selected contract actions. Additional information on the DCIS can be found at: <http://dcis.hhs.gov/>

E. Using Convenience Checks

Convenience checks are a payment and/or procurement tool intended for use with merchants that do not accept purchase cards and for other authorized purposes where the purchase card is not accepted.

Checks shall not be written above the micro-purchase threshold unless the cardholder is a warranted Contracting Officer.

Convenience checks are subject to the same regulations and restrictions as the purchase card. The requirements for pre-approval to initiate the convenience check, training, nomination, account setup, use of required sources and delegation

procedures for the purchase card apply to convenience checks also.

Convenience checks should be used as a payment method of last resort, only when no reasonable alternative merchant is available who accepts the purchase card. Convenience checks have a greater potential for fraud and misuse. Unlike the purchase card, convenience checks are not authorized, processed, or settled through the VISA network, so merchant category classification (MCC) code restrictions, chargeback/dispute and liability coverage are not available.

If convenience checks are authorized for use within an OPDIV, the A/OPC is the only person authorized to make the initial order for convenience checks and any ordering of additional checks. The cardholder must complete a justification documenting the need for the checks, and send the request to the A/OPC. Examples of such use may include recurring needs to make payments to:

- Participants in medical studies/trials (HHS employees participating in medical studies/trials are NOT to be issued convenience checks; recommend payment via electronic funds transfer).
- Individuals and/or small businesses (e.g., photographers, consultants) that do not have merchant accounts with a card provider
- Indian tribes or tribe affiliates, often at remote locations
- Vendors in underdeveloped countries
- Emergency incidents in which electronic payment capabilities are not available

Using more than one check to pay for a single product or service, or splitting the requirement so that it falls below the micro-purchase threshold, is prohibited.

Checks must not be written to "Cash" or to any other Government employee under any circumstances. Copies of canceled checks are available from the servicing bank for 3 years.

The only person authorized to sign a convenience check is the individual to whom it was issued. This signature requirement may not be delegated or transferred to another person. Checkwriters must not pre-sign checks.

Checks must be written in U.S. dollars only and for the exact amount of the purchase. Purchases made with convenience checks are tax exempt.

When using a convenience check, the checkwriter must record the vendor's name, address, telephone number, and a brief description of the purchase, check number, check amount, and check fee on the convenience check register. In addition, when writing a check to an individual, sole proprietor, partnership, or corporation in payment for services, the checkwriter must collect the Taxpayer Identification Number (TIN), which can be the EIN or social security number. This information is required by the finance office to prepare the IRS-required 1099-MISC forms. A MCC table which may be used to determine whether transactions are reportable for Form 1099 reporting can be found at the following link:

http://usa.visa.com/download/corporate/resources/mcc_booklet.pdf

The checkwriter must adhere to his or her single purchase and monthly purchase limits when using convenience checks and ensure that there is sufficient funding

remaining in the account to cover the amount of the check. If limits are exceeded, the check may be returned unpaid and fees could be charged by the merchant. This practice must be avoided because of the resulting increased administrative costs for returned checks and vendor payment, as well as the negative impact on vendor relations. Checking accounts are issued under the same account as the purchase card; therefore any suspension, cancellation or deactivation of the purchase card would result in the same action on the checking account.

Delays by a merchant in cashing a check or in the check-clearing process could result in monthly purchase limits being exceeded, because the check transaction may be recorded against the monthly limit in the next billing cycle. The checkwriter should keep track of their outstanding checks. If the monthly limit is exceeded, the bank will return the check to the merchant unpaid. To reduce this risk, the checkwriter should advise the merchant to cash the check promptly. Checkwriters should also use their check register to keep track of all outstanding checks.

The bank disputes procedure does not apply to convenience checks. Any disputes involving convenience checks must be resolved directly with the merchant. A "stop payment" order may be issued on a convenience check by contacting the servicing bank before the check is posted to the account.

Convenience checks must be kept in a secure location (such as a locked safe) and protected against theft, loss, and forgery. The checkwriter will be held personally responsible for any loss incurred as a result of his or her failure to safeguard the checks. Existing controls that restrict purchases to certain MCC codes or prevent single and monthly purchase limits from being exceeded are not enforced at the point of sale, and may not always be enforced by the bank during the check clearing process. As a result, extra diligence is required to ensure that convenience checks are not misused or used fraudulently.

Because convenience checks have greater potential for fraud, misuse and abuse, and are costly (2% fee assessed to the check amount), OPDIVs using convenience checks as a payment mechanism should analyze their card environment on a quarterly basis for opportunities to minimize check use.

F. Using Other Commercially SmartPay Product and Service Offerings Available

OPDIVs are encouraged to take advantage of the other commercially available GSA SmartPay® Program product and servicing offerings available through HHS GSA SmartPay® Program Task Order No. HHSP23320080001T under the GSA SmartPay® Program master contract no. GS-23F-T0002. The product and services are listed as Tier 1 – Required Additional Product and Service Offerings; and Tier 2 – Value Added Product Service Offerings and are organized into contract line item numbers (CLINs). A copy of the GSA contract and pricing schedule may be found at:

<http://www.gsa.gov/portal/gsa>.

Examples of the Tier 1 – Required Additional Product and Service Offerings include: contact-less card accounts, pre-paid cards, debit cards, single use accounts, program management tools, and customized services. No additional fees may be charged for Tier 1 products and service offerings; but there may be some variations in the

schedule for calculating quarterly refunds.

Examples of the Tier 2 - Value Added Product and Service Offerings include virtual cards, additional customer services, emerging technology, and foreign currency cards. The GSA SmartPay® Program Master Contract only contain ceiling prices for value added products and service offerings; and additional fees for the value-added product and service offerings may be charged.

A/OPCs are encouraged to consult with the servicing bank for recommendations, on how, or if the additional products and services would improve program management. Any recommendations accepted that result in a change in the scope or change in the ceiling price of current products and services offered under HHS existing GSA SmartPay® Program Task Order must be submitted to the Task Order Contracting Officer for price determination. The request should be submitted to the following address referencing Task Order No. HHS23320080001T: Program Support Center, Division of Contract Management, Room 5-101, Parklawn Building, 5600 Fishers Lane, Rockville, Maryland.

OPDIVs should be aware that their structure, technology status, or other factors could impact their ability to take advantage of Tier 1 and 2 product and service offerings. When conducting the analysis for other card solutions, OPDIVs must take into consideration the controls required to minimize the risk of card fraud, misuse or abuse through use of the new products and services. All new products added to an OPDIV card program must be approved by OGAPA to ensure that adequate controls are in place to effectively monitor the use of the new products and services prior to implementation.

Note that the GSA SmartPay® Program issued debit card is not the same as the debit card issued under the U.S. Debit Card Program administered by the Federal Management Services, a Bureau of the U.S. Department of Treasury. OPDIVs interested in using the U.S. Debit Card Program as an alternative to using convenience checks can obtain additional information at: <http://www.fms.treas.gov/debitcard>

G. Strategic Sourcing

ASFR/OGAPA is committed to improving HHS acquisition performance through a continual effort to identify strategic sourcing opportunities. Strategic sourcing is the process of continually analyzing the way funds are spent on commonly purchased goods and services. A number of indefinite delivery/indefinite quantity (IDIQ) contracts and BPAs have been awarded as part of HHS' strategic sourcing initiative. These instruments are designed to: (1) lower costs and increase efficiency for the purchase of certain products and services used throughout HHS, and (2) provide discounts over traditional contracting methods and offer substantial savings to HHS. Due to these benefits, the strategic sourcing contracts and BPAs should be used to the maximum extent possible over commercial, open market sources.

A/OPCs are responsible for making cardholders and AOs aware of the Department-wide and OPDIV-wide strategic sourcing contracts and BPAs and the policies for using them. A/OPCs should also review and analyze purchase card spending and levels for opportunities to negotiate discounts and make recommendations to their HCA to improve the buying process and increase savings based on volume. The HHS strategic sourcing website (<http://intranet.hhs.gov/ssc/>) contains detailed information on the

contractors, products available, and the ordering procedures.

H. Refund Management

The servicing bank provides refunds to OPDIVs in accordance with the HHS task order under the GSA SmartPay® master contract. There are three types of refunds:

- Sales – payments from the servicing bank to HHS based on the dollar or “spend” volume during a quarter.
- Productivity – payments from the servicing bank to HHS based on the timeliness and/or frequency of payments to the bank
- Corrective – payments from the servicing bank to the HHS to correct improper or erroneous payments or an invoice adjustment.

A/OPCs are responsible for reviewing delinquency reports and taking appropriate actions to ensure that cardholders and AOs are processing their accounts in a timely manner to maximize sales and productivity refunds. The GSA SmartPay® Program Manager is responsible for reviewing the Department’s purchase card refund agreement as follows:

- Quarterly, to ensure that the proper amounts are refunded
- Annually, to benchmark the Department’s agreement with those of other Government agencies to prepare for re-bid of the task order
- Prior to re-bid of the task order

I. Property Accountability

Cardholders and other personnel who purchase and/or receive personal property and equipment (PP&E) and sensitive items must report the property to their OPDIV Property Management Office (PMO) for assigning an individual number for tracking, inventory, and disposal. This includes property purchased by the cardholder with delivery scheduled at locations other than a central receiving facility.

PP&E is defined as items purchased at an acquisition costs greater than \$5,000. Sensitive items are defined as all items, regardless of the acquisition costs, that require special control and accountability due to unusual rates of loss, theft or misuse, or due to national security or export control considerations. The below table provides a partial list of “sensitive items” for HHS. OPDIVs may specify additional categories to effectively manage their property.

Questions concerning property accountability may be directed to the following address: HHS/Assistant Secretary for Administration, Division of Logistics Policy and Programs, Room 4B-03, 5600 Fishers Lane, Rockville, Maryland 20852.

Sensitive Items:

Category	Minimum Acquisition Threshold	Examples include:
Multi-functional Office Equipment	\$300.00	Computer and video projectors, fax, copiers, scanners, & digital senders.
Computers	No minimum acquisition cost.	Includes PCs, servers, laptops, & micro-mini laptops.
Personal Digital Assistant with PC Connectivity	No minimum acquisition cost.	Palm Pilot, Palm M505, Blackberry, Handspring, iPads, iPods & Kindles
Portable Hard Drives	No minimum acquisition cost	Does not include smart cards, USB memory sticks or other devices classified as "media".
Power Tools	\$300.00	Includes stand alone items such as Portable compressors, generators, or table saws.
Video Recorders/players	\$300.00	Video (VCR), tape, dictation machines, digital compact audio disc (CD), digital video disc (DVD) and audio tape.
Portable Instrumentation	\$300.00	Voltmeters, O-scopes, & Watt Meters, GPS
Hazardous Materials	No minimum acquisition cost	Radioactive, chemical, nuclear materials & Reagents. (See 40 CFR part 261)
Still Cameras	\$300.00	Digital, Laparoscopic, and X-ray Identification
Video Cameras	\$300.00	Does not include surveillance equipment.
Weapons	No minimum acquisition cost	Firearms
Precious Metals (or equipment made of same)	No minimum acquisition cost	Gold, Silver, Platinum, & Silver.

VI. Purchase Card Use During Emergencies

A. Background

This section is designed to give guidance to cardholders for using the purchase card during emergencies. Emergencies may be national, regional, or local in scope. Events that trigger emergencies may include natural disasters such as hurricanes, earthquakes, floods, volcanic activity, tsunamis, etc. Emergencies may be triggered by disease outbreaks, epidemics and contamination of water or food supplies. Emergencies may also be triggered by acts of war or terrorism, including nuclear, biological, chemical, or radiological attacks, explosions, or cyber attacks. Finally, a local emergency may result from local weather events, fires, utility interruptions, accidents, localized illnesses, criminal activity, etc. The cardholder's AO or other agency official will advise the cardholder when an emergency exists and when the card may be used.

B. Effect of Emergencies on Purchase Card Policies and Procedures

Congress may pass legislation that temporarily raises the micro-purchase threshold under certain circumstances, such as purchases in support of hurricane relief. The President may declare a national emergency, which may allow for higher purchase limits. Further, the FAR permits a cardholder's single purchase limit to be raised in support of contingency operations or to prevent or recover from nuclear, biological, chemical, or radiological attack. This is not an automatic action. A/OPCs and HCAs will be notified by ASFR/OGAPA of any limit increases. Upon notification, the A/OPC may coordinate with the servicing bank to make any adjustments to card limits as appropriate. Cardholders that have their card limits raised can only use the higher limits for purchases in direct support of the emergency.

An emergency may also require a temporary waiver, or imposition of, HHS and/or OPDIV administrative card procedures. Should this be the case, cardholders will be notified by ASFR/OGAPA or through their OPDIV A/OPC, as appropriate. Unless temporarily waived or modified, all existing purchase card procedures remain in effect. If the nature of the emergency prevents the cardholder from following an HHS administrative procedure (such as purchase pre-approval), and the requirement has not been formally waived or modified, then the cardholder should make the purchase and document the file with the rationale. This exception does not apply to Federal statutory requirements, such as prohibited purchases.

Cardholders who have been issued emergency cards with limits that exceed the micro-purchase threshold must remember that they are required to follow FAR procedures for any purchase that exceeds the micro-purchase threshold (unless the micro-purchase threshold has also been raised at or above the emergency card's single purchase limit).

[Table 4](#) below describes in greater detail the emergency authorities that address the emergency situations described above.

Table 4. Summary of Emergency Conditions

Emergency Situation	Authority	Initiated By	Effect on Cardholders
Disease, epidemic, contamination or other disorder resulting in a public health emergency	Public Health Emergency under 42 U.S.C. 247d	Determination by the Secretary of HHS	Existing rules for purchase card and convenience checks apply. No increases to micro-purchase threshold unless additional legislation, Executive Order, etc. is issued that raises the threshold. Cardholders may use their cards to support the public health emergency in accordance with their normal authority. Cardholders with designated emergency cards may use them for purchases in support of the public health emergency, up to the limits of their emergency card authority as designated on their DPA or SF-1402.
Defense against, or recovery from, acts of war or terrorism, such as a nuclear, biological, chemical, or radiological attack	Special Emergency Procurement Authority under 41 U.S.C. 428a. See FAR 13.201(g)	Determination by the head of an executive agency	Existing rules for purchase card and convenience checks apply. Cardholders may use their cards to support the emergency in accordance with their normal authority (see next paragraph for higher limits). Cardholders with designated emergency cards may use them for purchases in support of the emergency up to the limits of their emergency card authority (see next paragraph for higher limits). In this emergency, the micro-purchase single purchase limit is increased to \$15,000 for purchases conducted inside the U.S. and \$25,000 for purchases conducted outside the U.S. Cardholders do not automatically get a higher single purchase limit. Cardholders will either be selected by OPDIV management to receive a higher limit, or the AO or supervisor must request a higher limit for a cardholder. The higher limits can only be used for purchases directly related to the nuclear, biological, chemical, or radiological attack.

Emergency Situation	Authority	Initiated By	Effect on Cardholders
Major natural disasters in which emergency assistance is provided to states, local governments, tribal nations, individuals, and qualified nonprofit organizations	Robert T. Stafford Disaster Relief and Emergency Assistance Act under 42 U.S.C. 5121 et. seq.	Declaration of an emergency or major disaster by the President	Existing rules for purchase card and convenience checks apply. No increases to micro-purchase threshold unless additional legislation, Executive Order, etc. is issued that raises the threshold. Cardholders may use their cards to support the emergency relief or disaster recovery in accordance with their normal authority. Cardholders with designated emergency cards may use them for purchases in support of the disaster relief or emergency assistance up to the limits of their emergency card authority as designated on their DPA or SF-1402.
Recovery from local emergencies	Local emergencies covered under a Continuity of Operations Plan (COOP)	Determination by HHS officials in accordance with the organization's COOP	Existing rules for purchase card and convenience checks apply. No increases to micro-purchase threshold. Cardholders with designated emergency cards may use them for purchases in support of the local emergency up to the limits of their emergency card authority as designated on their DPA or SF-1402.

C. Issuing Emergency Purchase Cards

Emergency cards should be issued in advance of an emergency and placed with trained cardholders so that they can use the cards immediately upon declaration of an emergency. The only employees eligible to receive an emergency card are those who have been designated as "emergency employees" or "mission-critical emergency employees" under an emergency response plan or continuity of operations plan (COOP) and those who are active duty officers in the Public Health Services (PHS) Commissioned Corps. Requesting a purchase card solely as a "backup card" for another cardholder is not considered an emergency use and is not permitted.

Request for an emergency card must contain an appropriate justification citing the anticipated circumstances under which they would be used. The servicing bank is required to process and send emergency cards within 24 hours of the request of the A/OPC. Cardholders must receive adequate training to ensure emergency cards are used only for their intended purpose.

A/OPCs are required to maintain a record of emergency purchase cardholders. Emergency cards should be requested with single purchase limits sufficient to cover the intended use, and the cardholder should be at an organizational level

commensurate with the responsibilities of holding a card with fewer restrictions and potentially higher purchase limits. Convenience checks may also be requested to accompany the emergency card.

D. Identifying Purchases Made in Support of Emergencies

Attempts to identify purchase card transactions related to an emergency after-the-fact can prove to be difficult. For example, cardholders deployed to an emergency location may not have access to HHS or bank information systems. To address the need for identifying emergency purchases, an emergency purchase log template for cardholders/checkwriters is provided in [Appendix B](#) for cardholders to use. Cardholders must complete this template or a locally developed template that captures the same required information, whenever a purchase is made in support of the first three emergencies listed in Table 4 above. Cardholders should continue to use the log until they are notified through official HHS channels that the emergency condition is no longer in effect. If cardholders have more than one card, a separate log should be completed for each. Cardholders should retain the logs and submit them to their A/OPC in accordance with HHS or OPDIV guidance.

E. Cardholder Deployment to Emergency Locations

During an emergency, some cardholders may be deployed to the location of the emergency. Deployed cardholders may include officers in the Commissioned Corps, members of the HHS Contracting Cadre, and other HHS cardholders with regular or emergency cards who have volunteered for deployment. Below are some challenges cardholders deployed to an emergency location may be faced with and suggestions for minimizing the problems:

1. Purchases of unfamiliar products or services

Prior to deployment, cardholders should learn as much as they can about potential products and services they may be buying, including pricing, suppliers, existing BPAs, strategic sourcing contracts, Federal Schedules, or other contracts already in place for ordering certain products.

Once deployed, cardholders can also seek advice about unfamiliar products or services by contacting their A/OPC, the HHS Emergency Hotline or Help Center (if established), the contracting office of their OPDIV, members of the HHS Contracting Cadre that are deployed in the same area, OPDIV legal counsel, state or local government purchasing officials, local businesses, local business directories, and through internet searches if access is available.

Cardholders should check Appendices C and D of this guide to determine whether purchasing the product or service is prohibited or whether there are special requirements that must be met before making a purchase.

2. Separation from cardholder's AO, home office, internet, email, communication networks, support systems, etc

Depending on the nature of the emergency, deployed cardholders may have to work in locations where communication networks are inoperative, or where access to the cardholder's usual resources is limited or nonexistent. In cases such as these, cardholders will have to work independently, relying on their judgment and business acumen to conduct business as necessary. Cardholders must still have their purchases reviewed and approved. If a cardholder is deployed and is unable to access the purchase card software and tools to log and review purchases, the AO must perform this function. Deployed cardholders must document their purchases, using paper logs if necessary, and send this documentation to their AO at the end of the billing cycle so that the account can be reconciled.

3. Price gouging

While most vendors will continue to maintain ethical standards during an emergency, some vendors may use the emergency as an excuse to profit unreasonably through price gouging or other unethical business practices. Cardholders may avoid paying unreasonable prices by using their knowledge of the product or service, price lists, catalogs, manufacturer's suggested retail prices, previous sales, competitive quotes, or assistance from their home office to help determine if a price is fair and reasonable.

If a cardholder believes that a price may be unreasonable, but the product or service is needed and there are no other alternatives, the cardholder should make the purchase and document her or his purchase card file with the details. In addition, the cardholder's AO and A/OPC should be alerted to any incidents of suspected price gouging or unethical business practices so that they may be investigated and coordinated with the servicing bank as necessary.

4. High-stress purchasing environment

When faced with ambiguous or uncertain purchase decisions, and help from the resources mentioned in the paragraphs above is unavailable, cardholders should use their knowledge, business judgment, and common sense to make a purchase decision. Document the rationale for the decision thoroughly so that the information is available should the purchase be reviewed or called into question after-the-fact.

5. Survival or life-preserving situations

In rare cases, a deployed cardholder may be presented with a purchasing decision that directly affects another person's survival. For example, a cardholder may be faced with the need to purchase fuel using a purchase card, so that a critically ill or injured person can be transported to a hospital. In cases such as these, even though such a purchase would be prohibited under normal circumstances, the cardholder may use the card as necessary to preserve human life. Any such purchases must be documented thoroughly. Further, the cardholder shall immediately notify his or her

AO and A/OPC of any such purchases.

F. Deployment Kit for Cardholders

Prior to deployment to the site of an emergency, cardholders should assemble a cardholder deployment kit to help them carry out their purchasing duties. Suggested items for the cardholder deployment kit are as follows:

- Purchase card
- Convenience checks (if cardholder is authorized to have)
- Centrally-billed travel card (if likely that cardholder will need to arrange travel for others while deployed)
- Personal credit card and/or travel card for handling personal expenses while deployed
- Copy of this Guide, the cardholder Quick Reference Guide, and any OPDIV cardholder procedures
- Copy of the FAR at <https://www.acquisition.gov/far/index.html> and HHSAR at: <http://dhhs.gov/asfr/ogapa/index.html> if the cardholder has authority to make purchases above the micro-purchase threshold
- Points of contact, including the AO, OPDIV A/OPC, ASFR/OGAPA, OPDIV contracting office, HHS Emergency Hotline or Help Desk (if established), OPDIV legal counsel, OPDIV finance office, and the servicing bank's customer support number
- Copies of any memos, e-mails, or other correspondence that concern emergency declarations, revised thresholds, changes to purchase card policies and procedures, etc.
- Copy of the cardholder's delegation of procurement authority or SF-1402
- Based on expected purchases, information on existing BPAs, Strategic Sources, IDIQ contracts, Federal Schedules, and other ordering arrangements that allow for products and services to be quickly ordered
- Copies of state tax exempt letters for the deployed locations
- Maps of deployment location to assist with locating businesses
- Copies of HHS Emergency Purchase Log for Cardholders use to identify all purchases made in support of the emergency
- Copies of paper purchase card logs to be used in case cardholder does not have electronic access to his or her account
- File folders for storing and organizing purchase card documents, receipts, and records for the purchase card billing cycle.

HHS cardholders that do not deploy to the site of an emergency may still be called on

to support purchases related to the emergency from their normal duty locations. Cardholders in this situation may face some of the same challenges and should use the same resources for minimizing problems.

VII. Oversight and Surveillance of the Purchase Card Program

A. Management Controls

The HHS Purchase Card Program includes a variety of management controls designed to minimize purchase card misuse. OPDIV A/OPCs are responsible for ensuring that management controls under their purview are followed and appropriately used to reduce potential card misuse or abuse within their OPDIVs. Key management controls are as follows:

- ASFR/OGAPA support of the HHS purchase card program through establishing HHS-wide policies and procedures, and through publication and periodic update of this guide.
- Mandatory annual training requirements and documentation of successful completion for HHS purchase card program participants.
- Individual cardholder purchase limits, and documentation of cardholder limits and authorities through DPAs and SF-1402s.
- Written and approved justifications to support new cardholder, checkwriter, and AO appointments.
- Separation of duties such that a participant in the HHS purchase card program is not permitted to serve in two or more roles for the same transaction, such as performing the duties of both a cardholder and AO, or having the cardholder certify funds availability for purchases to be made with his/her card.
- Requiring dated written pre-approval for all purchase card and convenience check purchases.
- Identifying prohibited purchases and purchases requiring special attention.
- Use of MCC codes to restrict card use to appropriate merchants.
- Limiting convenience checks to \$3,000 unless the cardholder is a warranted contracting officer; and requiring A/OPC approval before convenience checks are ordered.
- Requiring cardholders to document their transactions and maintain purchase card records.
- Requiring that certain products be documented in the HHS property management system upon delivery in accordance with Federal and HHS property management policy.
- Requiring A/OPCs to review purchase card data and reports from the bank to identify and investigate potential cases of fraud, waste, abuse, or misuse. In accordance with the HHS General Administration Manual, Chapter 5-10, "Responsibility and Procedures for Reporting Misconduct and Criminal Offenses," the OPDIV must report alleged misuse of the purchase card to the Office of the

Inspector General (OIG).

- Requiring inactive purchase cards to be reviewed for necessity on a semi-annual basis, and documenting the results of the reviews.

B. Risk Management

[Table 5](#) below identifies typical purchase card factors that may result in elevated risk, along with recommended risk reductions methods. This list is not all inclusive. A/OPCs should regularly assess their card program to identify additional areas of risk and develop adequate risk mitigating methods.

Table 5. Purchase Card Risk Factors

Risk Factor	Description	Recommended Risk Reduction Methods
General risk of fraud, waste, abuse and misuse	Ensure that the environment is not conducive to purchase card fraud, waste, abuse, and misuse.	<ul style="list-style-type: none"> • Conduct regular surveillance and annual reviews of AOs and cardholders. • Ensure that all violations are promptly identified and that corrective and/or disciplinary actions are taken. • Publicize serious violations and actions taken. • Ensure that separation of duties exist so that an individual is not performing two or more purchase card functions for a transaction (cardholder and AO, AO and billing official, independent receipt and acceptance, etc.) • Ensure that cardholders and AOs receive all necessary training and refresher training commensurate with their purchase limits. • Ensure that cardholders and AOs are not each other's AOs and cardholder respectively • Conduct spot checks to ensure that pre-approval for making purchases is obtained at the time the purchase is initiated. • Conduct spot checks to ensure that accountable and/or sensitive property purchased with the card is properly documented.
Newly appointed AOs and cardholders	Newly appointed AOs and cardholders have less experience with the purchase card program's policies and procedures and may therefore have a higher risk of misuse.	<ul style="list-style-type: none"> • Perform a review of all new AOs and cardholders within 90 days of their appointment to identify procedural errors or misuse.
Purchase card accounts that have few or no merchant category restrictions	Card accounts with few merchant category restrictions provide more flexibility for cardholders but may increase the risk of unauthorized purchases.	<ul style="list-style-type: none"> • Based on the types of products and services the card is being used to purchase, consider adding merchant category code restrictions to the account • Review cardholder transactions for suspicious purchases and follow up as necessary • Conduct periodic spot checks of cardholders to ensure compliance
Purchase card accounts with many transactions at or near the cardholder's single purchase limit	This could be an indicator that purchases are being split in order to bring them under the cardholder's limit.	<ul style="list-style-type: none"> • Review cardholder transactions for suspicious purchases and follow up as necessary

Risk Factor	Description	Recommended Risk Reduction Methods
Purchase card accounts where the individual transaction amounts are significantly below the cardholder’s single purchase limit	This could indicate that the cardholder has greater purchase authority than they require for their typical purchases.	<ul style="list-style-type: none"> • Consider reducing the cardholder’s purchase limit consistent with their purchase needs • When establishing new card accounts, ensure that single purchase limits reflect actual needs rather than automatically defaulting to the micro-purchase limit.
Inactive cards (except for emergency cards)	Cards with little or no activity over a six month period are considered inactive. Cards that are issued solely as a backup card for another cardholder are prohibited.	<ul style="list-style-type: none"> • Conduct review of inactive cards semi-annually in accordance with II.D of this guide, and cancel cards that are no longer required.
Purchase card transactions during emergencies or other contingencies	Purchase card transactions occurring during emergencies (natural disasters, biological, radiological, chemical, health-related, etc.) pose a higher risk.	<ul style="list-style-type: none"> • Ensure cardholders/checkwriters identify all purchases in support of the emergency on the Emergency Purchase Log (or electronic equivalent) for anticipated reporting requirements to Congress, GAO, IG, etc. • Ensure AOs and cardholders are advised of any changes to purchase card procedures or changes to authority levels as a result of the emergency. • Conduct spot checks during the emergency for compliance, and post-event reviews of transactions. • Ensure AOs and cardholders are promptly alerted when the emergency is over and any special emergency procedures or authorities revert to normal.
AOs with a span of control of seven or more cardholders	As an AO’s span of control and monthly transaction review increases, the risk of failure to identify improper purchase transactions increases.	<ul style="list-style-type: none"> • If problems due to workload are identified during the annual review, consider reducing the span of control by training and appointing additional AOs as necessary. • Conduct more frequent spot checks or surveillance of AOs with spans of control of seven or more.
A/OPCs with a span of control greater than 300 AOs and cardholders	A/OPCs with more than 300 AOs and cardholders assigned to them may find it difficult to adequately carry out their program oversight role effectively, thereby increasing risk.	<ul style="list-style-type: none"> • The HHS Purchase Card Program Coordinator should monitor OPDIV A/OPC spans of control and recommend establishing additional A/OPCs or assistant coordinators as warranted. • The HHS Purchase Card Program Coordinator should review the OPDIV’s oversight and surveillance process and risk reduction approach for adequacy, and recommend any needed improvements

Risk Factor	Description	Recommended Risk Reduction Methods
AOs or cardholders that have had previous instances of misuse, the nature of which was such that termination of their cardholder or AO duties was deemed to be unnecessary	AOs and cardholders that have violated procedures in the past may have a higher risk of future violations	<ul style="list-style-type: none"> • Increased surveillance and spot checks to ensure compliance. • Cancel cards for cardholder repeat offenders, or train and assign new AOs for repeat AO violations.
Convenience check users	Convenience checks pose a greater risk of misuse because they have fewer controls over their use.	<ul style="list-style-type: none"> • Conduct more frequent spot checks for convenience check users. • Ensure that convenience checks are adequately safeguarded and transactions are properly logged and identified. • Review convenience check usage and cancel checks for users that no longer require them.
Cardholders who are a higher grade than their AO	This situation is discouraged, and AOs should be at an equivalent or higher grade level. However, when organizational circumstances prevent this, there is a higher risk that the cardholder may exert undue influence over the AO's actions due to the disparity in grade or position.	<ul style="list-style-type: none"> • Increased surveillance of cardholder transactions. • Conduct spot checks of AOs and cardholders to ensure compliance with policies and procedures.
Cardholders who are physically or geographically removed from an office environment or their AO	Cardholders whose duties require them to be "on the road" or to operate outside of a typical work environment may pose a higher risk of card abuse or misuse.	<ul style="list-style-type: none"> • Increased surveillance of cardholder's transactions with follow-up of questionable purchases.
AO absence	The cardholder's AO is absent due to leave, illness, temporary assignment, etc. This situation may lead to improper purchases if cardholder believes transactions will not be reviewed by a trained AO.	<ul style="list-style-type: none"> • A/OPCs should ensure that another AO is temporarily assigned to the cardholder to review transactions.
Prohibited Purchases	GSA and HHS prohibit using the purchase card to make certain purchases. Appendix C of the guide list prohibited purchases.	<ul style="list-style-type: none"> • Review purchases made from merchants that would typically offer prohibited purchases, such as gas stations, airlines, motor vehicle rental agencies, automobile repair shops, merchant know for selling luxury items hotels, etc.

Risk Factor	Description	Recommended Risk Reduction Methods
Cardholders who frequently use the same merchant	Cardholders who frequently use the same merchant to purchase items available from other merchants may not be equally distributing purchases among qualified suppliers	<ul style="list-style-type: none"> • Conduct a review of cardholders frequently using the same merchant to purchase items available from other qualified merchants

C. Reviews, Surveillance, and Reporting

Purchase card reports and reviews are important tools for managing the program and monitoring performance over time. [Appendix E](#) summarizes required reports and reviews associated with the purchase card program. The following provides greater detail regarding high-visibility reviews conducted under the HHS Purchase Card Program framework.

1. OMB Quarterly Reports

Within 45 days following the end of each quarter of the fiscal year, the HHS Purchase Card Program Coordinator is responsible for submitting the following metrics to OMB:

- Number of cards
- Number of active accounts
- Percentage of employees that are cardholders
- Net number of new accounts (new less cancelled)
- Charge card dollars spent; total refunds earned; percentage of potential refunds earned
- Number of cases reported to the agency Office of Inspector General or A/OPC for possible card misuse and/or abuse
- Number of administrative and/or disciplinary actions taken for card misuse, including delinquency (if known)
- Number of AOs
- Ratio of AOs to purchase cardholders (span of control)
- Average number of monthly purchase card transactions reviewed per approving official
- Number of cardholders with authority over \$3,000 who hold warrants
- Number of cardholders with authority over \$3,000 who do not hold

warrants

- Number of individuals authorized to write convenience checks
- Number of convenience checks written
- Number of checks written over \$3,000
- Number of checks written under \$3,000

2. Purchase Card Management Plan

The HHS Purchase Card Program Coordinator is required to maintain a Purchase Card Management Plan consistent with the requirements of OMB Circular A-123, Appendix B. A copy of the plan shall be submitted to OMB, Office of Federal Financial Management, on an annual basis, not later than January 31 of each calendar year. The findings from the annual OPDIV and Departmental reviews of the card program will be factored into the card management plan.

3. Annual OPDIV Reviews

A/OPCs are required to review their purchase card program annually to ensure that cardholders and approving officials are adhering to applicable requirements. A/OPCs should use [Appendix F](#) and the review and surveillance methods described in Table 6 below as internal tools in the conduct of these reviews. A/OPCs may use the template in Appendix B, "OPDIV Annual Report of Program Performance" to capture the results of the review. The review results must be submitted to the HHS Purchase Card Program Coordinator by November 30 each year. This report also serves as the basis for the HHS Purchase Card Program Coordinator's Purchase Card Management Plan submission to OMB and GSA.

The OPDIV reports will cover the review results from the previous fiscal year, and contain, at a minimum, the following:

- Number and percentage of OPDIV AOs and cardholders reviewed
- Number and percentage of OPDIV purchase card transactions reviewed
- The method(s) used to conduct the reviews
- A summary of significant findings, including fraud, waste, abuse, or misuse, based on the OPDIV annual program reviews conducted in accordance with this section and [Appendix F](#) of the Guide.
- A description of corrective and/or disciplinary actions taken
- A description of any exceptional performance and/or best practices, if applicable
- Recommendations for program improvements, if any.
- A/OPCs may use a variety of methods, consistent with available

resources, to conduct reviews and surveillance of their purchase card program. [Table 6](#) below discusses the advantages and disadvantages of various methods.

Table 6. Review Methods for Purchase Card Oversight and Surveillance

Method	Description	Advantages	Disadvantages
Statistical sampling	Statistical sampling involves selecting a random sample from the transactions occurring during the review period and analyzing those transactions for compliance. This is the preferred approach if time and resources are sufficient.	<ul style="list-style-type: none"> • Allows review results to be projected to the entire population • Minimizes possible bias in the sample selection process • Can be applied to individual cardholders, AOs, or to the entire organization 	<ul style="list-style-type: none"> • Requires knowledge of statistics to determine sample size, selection, and projection to entire population • Requires resources to identify and select the sample, and to review transactions in the sample
Non-random sampling	This is a non-random method of selecting a sample based on judgmental factors, such as reviewing a single month's transactions, or selecting questionable transactions for review.	<ul style="list-style-type: none"> • Simplifies sample selection • Can be easily scaled to fit the resources available for conducting the review 	<ul style="list-style-type: none"> • Review results cannot be projected to the entire population • The sample may be biased and not be indicative of overall performance, whether positive or negative
Data mining	This is a form of non-random sampling that typically employs software (either bank-developed or third-party) to identify suspicious transactions or patterns in the data.	<ul style="list-style-type: none"> • Software-based data mining can screen and identify suspicious transactions faster than a manual review of the data • Serves as a good compliance technique by directly targeting suspicious transactions 	<ul style="list-style-type: none"> • May result in additional expense to acquire and use software • May not project results to the entire population • Subtleties and exceptions in data may generate false positives

Method	Description	Advantages	Disadvantages
Spot checks	These are random, on-site or desk reviews of cardholders, AOs, etc.	<ul style="list-style-type: none">• Useful for ensuring compliance because personnel never know when they may be reviewed• Useful for targeting high-risk areas	<ul style="list-style-type: none">• Cannot project results to the population• Requires resources to conduct the reviews

4. Departmental Reviews

In order to support OMB reporting requirements, ASFR/OGAPA will conduct Procurement Management Reviews (PMR) to assess OPDIV's implementation of their purchase card program. PMRs will be scheduled and coordinated as part of the overall ASFR/OGAPA process. This assessment will address the following elements:

- Adequacy of the HHS purchase card program management controls
- OPDIV A/OPC implementation of the purchase card program, including:
 - A/OPC knowledge of purchase card policies and procedures
 - Verification of AO and cardholder selection and appointment procedures
 - Verification of training and delegation of authority procedures
 - Verification of A/OPC monitoring and surveillance activities, and use of bank reports and purchase card data
 - Resolution of cases involving fraud, waste, abuse or misuse
- The degree of OPDIV managers' satisfaction with the card program, which may be obtained through various feedback mechanisms such as formal or informal surveys, interviews, focus groups, meetings, etc.
- Identification of program weaknesses and recommendations for improvement

5. Convenience Check Reviews

AOs, through their cognizant A/OPCs, are required to review all convenience check transactions on a semi-annual basis, both at the transaction and account level to ensure that check use is in compliance with "Convenience Check Policies," as set forth in Part V.E. The template in [Appendix B](#), "Semi-Annual Review of Convenience Checks Use" may be used for conducting the review. The review results must be furnished to the HHS Purchase Card Program Manager. The results shall be used to continually assess HHS' overall need for convenience checks, number of convenience check accounts holders, and appropriate use of checks.

6. Inactive and Emergency Purchase Card Reviews

A/OPCs are required to review purchase card activity within their organizations on a semi-annual (April 30 and October 31) basis to identify inactive purchase card accounts. The guideline for "inactive" is an account that has not had a transaction within the preceding 6 months. Cards identified as "inactive" should be canceled unless there are extenuating circumstances, such as reasonable expectation of future purchase requirements, a history of requirements that have irregular buying patterns; or are identified as an

“emergency card.”

Emergency cards that are exempted from cancellation are those assigned to “emergency employees” or “mission-critical emergency employees” under an emergency response plan or COOP and those who are active duty officers in the PHS Commissioned Corps. However, emergency card issuance must be included in the review to make sure issuance to designated cardholders is still warranted.

A/OPCs must provide AOs with a list of inactive card accounts and request cancellation of the accounts or a sufficient justification to support retaining the inactive accounts. The template in Appendix B, “Status of Inactive or Emergency Purchase Card” should be used for completing the review.

Failure to respond could result in cancellation of the card in question. AOs will return the forms to the A/OPC, who, in turn, shall cancel those cards determined to be no longer needed.

A/OPCs are required to submit to the HHS’ Purchase Card Program Manager a report listing the number of cards cancelled; number of cards retained; the basis for not cancelling cards; and an updated list of “emergency cardholders.” The report will be used to ensure that HHS does not have a proliferation of unused cards.

7. HHS Office of Inspector General Reviews

The HHS, OIG, Office of Investigations (OI) conducts independent reviews of HHS purchase card transactions on an ongoing basis. The purpose of these reviews is to determine whether HHS purchase card transactions are made in accordance with applicable laws, regulations, and policies, and to uncover any cases of fraud or misuse. Results of OIG reviews are provided to the OPDIV’s integrity office, A/OPCs and ASFR/OGAPA for appropriate corrective and/or disciplinary actions as needed. On occasion, OI may forward the results to senior management officials within the OPDIV.

8. Reviews by External Organizations

A/OPCs may receive requests for reviews and purchase card information from external organizations, such as the GAO, Inspector General, OMB, Congress, etc. All requests for reviews and purchase card information from external organizations must be referred to, and coordinated with, ASFR/OGAPA. A/OPCs are required to safeguard cardholder records and data and coordinate with ASFR/OGAPA before releasing any information to external organizations. A/OPCs shall cooperate with external reviewing organizations that have been cleared through ASFR/OGAPA.

D. Fraud and Misuse

1. Incorrect or Improper Card Purchase

Any purchase that should not have been made or that was made in an incorrect manner under statutory, contractual, administrative, or other legally applicable requirements is an improper card purchase. An improper purchase can be of

two types:

1) Unauthorized – purchase made with the government purchase card consisting of items that are intentionally purchased and are outside of the cardholder’s purchasing authority.

2) Incorrect – purchase made with the government purchase cards that are mistakes as the result of an unintentional error during the purchase process.

All participants in the HHS purchase card program are responsible for preventing fraud and the conditions that lead to fraud. Fraudulent purchases include those made by cardholders that were unauthorized and intended for personal use, purchases made using the government purchase cards or account numbers that had been stolen or compromised, and purchases incorrectly charged to the charge card but that involve potentially fraudulent activity that went undetected.

Fraud often occurs when two or more individuals collude to circumvent the management controls in place to prevent fraudulent practices. Collusion may occur between merchants and cardholders, cardholders and AOs, or between purchase card program participants and other employees.

2. Indicators of Fraud and Misuse

Suspected purchase card misuse and fraud often have the same or similar indicators. A determination of whether the misuse is fraudulent may only be possible after a thorough investigation. Therefore, all suspected cases must be reported. A/OPCs are required to review bank purchase card data and reports on a regular basis to identify and investigate possible instances of fraud or misuse. Any of the following can be an indicator of fraud or improper card use:

- Repetitive purchases from the same merchant in situations where the cardholder should be rotating purchases among more than one merchant
- Missing purchase documentation
- Cardholders or AOs who allow others to use the card
- Failure to safeguard cards, checks, or account information
- Lack of oversight and surveillance of cardholders and/or AOs
- Unauthorized purchases (unnecessary purchases, personal purchases, purchases of prohibited products or services, etc.)
- Payments made for items that were never received
- Split purchases made to avoid spending limits
- Failure to account for nonexpendable or sensitive items per property management procedures
- Approval of a cardholder’s purchases by someone other than the

cardholder's AO (or temporary alternate AO)

- Cardholders returning items to a merchant for a store credit instead of a credit to their purchase card account
- Attempted purchases that exceed the cardholder's limits
- Purchases that have been declined by the card system

The servicing bank continuously monitors accounts for suspicious activity, and at times may block an account until the cardholder confirms any transactions they deem questionable. Once the cardholder verifies the legitimacy of questionable transactions, any blocking on the account is removed and the cardholder may continue to use the card for purchasing. If fraudulent charges are found, the account is permanently blocked and the bank will make arrangements with the cardholder to issue a new card. If convenience checks are associated with the card, new convenience checks will be issued as well. The cardholder should follow their OPDIV procedures for documenting any change in account status.

4. Potential Consequences for Purchase Card Fraud and Misuse

Government purchase cards and convenience checks are for official use only. Personal purchases are not permitted, nor are purchases of any unauthorized products or services. Violations of HHS purchase card policies and procedures may result in immediate cancellation of the card and disciplinary action against the cardholder, AO, or both. The range of disciplinary actions, which may vary with the severity of the infraction, will be applied in accordance with HHS employee relations, legal, and management guidelines.

Intentional misuse of the card will be considered an attempt to commit fraud against the U.S. Government, and in addition to the disciplinary actions in Table 7 below, the individual may be subject to a fine of not more than \$10,000, or imprisonment for not more than 5 years, or both under 18 U.S.C. 287. Individuals may face criminal and/or civil prosecution under other applicable statutes.

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

[Table 7](#) lists potential consequences and penalties for fraud or misuse of the purchase card. A/OPCs shall use the table as a guide for disciplinary measures, but must coordinate with the HHS Office of Inspector General, Office of General Counsel, Human Resources Office, and management chain, as appropriate.

Table 7. Consequences for Purchase Card Fraud and Misuse

Infraction	Potential Consequences for Infraction
<p>Fraud, Waste, and Abuse Intentional use of the purchase card for unauthorized purchases or the approval of unauthorized transactions</p>	<ul style="list-style-type: none"> • Card cancellation • Termination of employment • Fines and/or imprisonment • Civil judgments • Salary offset to collect full cost of unauthorized purchases including administrative expenses
<p>False Statements False statements on purchase card records by cardholders and/or AO's</p>	<ul style="list-style-type: none"> • Card cancellation • Reprimand • Fines or imprisonment • Civil judgments
<p>Personal Misuse Unintentional use of the purchase card for unauthorized purchases</p>	<ul style="list-style-type: none"> • Counseling • Cardholder payment to HHS required to cover full cost of unauthorized purchases and possible administrative expenses
<p>Card Transfers Transfer of purchase card to any person other than the cardholder</p>	<ul style="list-style-type: none"> • Counseling • Reprimand
<p>Failure to Maintain Card Security Failure to safeguard physical location of the card and card account information</p>	<ul style="list-style-type: none"> • Counseling • Reprimand
<p>Splitting Purchases Splitting purchases to avoid the cardholder's single purchase limit</p>	<ul style="list-style-type: none"> • Counseling • Card cancellation
<p>Disputing Charges Failure to timely dispute an erroneous charge on an account</p>	<ul style="list-style-type: none"> • Reprimand • Card Cancellation • Cardholder held personally liable for charges not disputed timely

4. Reporting Suspected Fraud or Misuse

Employees are responsible for reporting cases of suspected fraud or misuse of the purchase card and/or convenience checks. Employees who suspect purchase card or convenience check fraud should immediately call 1-800-HHS-TIPS or contact their local OIG, Office of Investigations. The OIG will coordinate with the appropriate A/OPC on any actions it takes in response to a fraud allegation.

Employees should report instances of purchase card or convenience check misuse (other than suspected fraud) to their A/OPC. A/OPCs will take immediate action to ensure that all instances of misuse are promptly reported and investigated. Also, upon learning of misuse, A/OPCs should notify and/or coordinate actions, as necessary, with the OIG Office of Investigations, servicing bank, finance office, OPDIV supervisory chain, and the HHS Purchase Card Program Coordinator.

Appendix A. Authorizing Contractors' Use of GSA's SmartPay® Program

Only cost reimbursement contractors are eligible to use GSA SmartPay® Program to acquire goods or services to further the objectives of a Government contract. The authorization is granted in accordance with the policies and procedures prescribed in FAR Part 51.101, Use of Government Supply Sources. FAR provisions require that the contractor receives a letter of authorization from his/her contracting officer before submitting the request to GSA to use the source of supply in performance of the contract.

GSA will furnish the contractor an application for other-than-Federal agencies to use the SmartPay® Program as a source of supply in performance of the contract upon receipt of the contracting officer's letter of authorization. The completed application provides GSA the information for determining contractor's eligibility and the contractor's agreement to abide by the terms and conditions for program participation. Definitions and guidelines concerning eligibility may be found on GSA's website: <http://www.gsa.gov/portal/gsa>. The website also provides a downloadable version of the application. The completed application may be electronically submitted or mailed to GSA, Federal Supply Service (FCXC), 1941 Jefferson Davis Highway, Arlington, VA 22202.

Contractors determined by GSA as eligible to use the SmartPay® Program as a source of supply in performance of the contract will receive a letter from GSA with instructions for placing an order under GSA's master contract for Government-wide commercial card service. A full copy of the contract (GS-23F-T0002) may be found on GSA's website: <http://www.gsasmartpay.gov>. The website includes a task order guide, an overview of the program, and samples for developing requests for proposals.

The contractor using the SmartPay® Program is responsible for the administrative and staffing requirements for program compliance. This includes, but is not limited to, program management and structure, account maintenance, prompt payment, training, and monitoring of cards for appropriate usages. HHS employees may not serve as A/OPCs, AOs, or cardholders in the contractor's charge card program. The responsibility for ensuring that the contractor's card service program is in accordance with Federal and departmental regulations is shared between the cognizant HHS contracting officer and the project officer.

The contracting officer has the duty to promptly report any contractor's improper management of the purchase card program to GSA. GSA has complete authority to settle disputes and to terminate the contract with the bank for the card service program.

Appendix B. Templates

This appendix contains the following templates:

Template	Page Number
Cardholder and Approving Official Training Certification	B-2
Request for New Cardholder/Checkwriter	B-3
Request for New Purchase Card Approving Official	B-4
Standard Delegation of Procurement Authority Memo	B-5
Status of Inactive or Emergency Purchase Card	B-6
Emergency Purchase Log for Cardholders/Checkwriters	B-7
Approving Official Semi-annual Review of Convenience Check Use	B-8
A/OPC Semi-annual Review of Convenience Check Use	B-9
OPDIV Annual Report of Program Performance	B-10



DEPARTMENT OF HEALTH AND HUMAN SERVICES

Cardholder and Approving Official Training Certification

I certify, as a cardholder and/or checkwriter or approving official (AO), that I have successfully completed all required purchase card training for my level of authority, and that I have read, understand, and will abide by the policies and procedures that govern the use of the Government purchase card (and convenience checks, if authorized) at HHS as described in the HHS Purchase Card Guide and any OPDIV-specific supplemental procedures.

Terms and Conditions for Cardholders and Checkwriters:

I further certify that I:

- will only use the card and/or convenience checks for official purchases, within the dollar limitations designated for my card, and only when sufficient funds are available
- will only purchase authorized products or services, and will seek guidance from the A/OPC before making a purchase in any case where doubt exists as to the legitimacy of a purchase
- will protect the card and/or convenience checks from unauthorized use, and will immediately report the loss or theft of the card/checks in accordance with HHS and OPDIV procedures
- will surrender the card and/or convenience checks upon termination of employment or at any time upon the request of the A/OPC
- will comply with all audit requests in a timely manner
- understand that willful misuse of the card and/or convenience checks may result in immediate cancellation of the card/checks and disciplinary action against me

Terms and Conditions for Approving Officials:

I further certify that I:

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

Organization _____

Signature _____

Printed Name _____

Date _____



DEPARTMENT OF HEALTH AND HUMAN SERVICES

Request for New Cardholder/Checkwriter

Date:

To: [Insert OPDIV A/OPC]

From: [Insert name of requesting official – at AO level or above]

The following individual is nominated to be a [] purchase cardholder and/or [] convenience checkwriter:

CARDHOLDER INFORMATION	
Name:	Job Title:
Series:	Grade:
Organization:	Address:
Building/Room/Location:	City:
State:	Zip:
Phone:	Fax:
E-mail:	Date Purchase Card Training (including Green-Purchasing and Section 508 requirements) Completed:
FINANCIAL INFORMATION	
Proposed Single Purchase Limit: \$	Proposed Monthly Purchase Limit: \$
Default CAN (if required):	Default Object Class Code (if required):
Warrant Value (if applicable): \$	
APPROVING OFFICIAL INFORMATION	
Approving Official (if different from requestor):	
Approving Official's Grade:	Approving Official's Monthly Office Limit: \$

Justification for card, including the anticipated products or services the card will be used to purchase:

Is the card for [] emergency use only, or [] day-to-day requirements? Are the requirements new? [] Yes [] No If Yes, identify the new requirements. If No, how were the requirements purchased previously?

If convenience checks are requested for the individual, provide a justification that describes the circumstances under which checks will be written:

Signature of requesting official or AO: (typed name if submitting by e-mail)

Date:

Approved by (if required by OPDIV): (typed name if submitting by e-mail)

Date:



DEPARTMENT OF HEALTH AND HUMAN SERVICES

Request for New Purchase Card Approving Official

Date:

To: [Insert OPDIV A/OPC]

From: [Insert name of requesting official – at AO level or above]

The following individual is nominated to be a primary or alternate purchase card Approving Official:

Name:	Job Title:
Series:	Grade:
Organization:	Address:
Building/Room/Location:	City:
State:	Zip:
Phone:	Fax:
E-mail:	Date Purchase Card Training (including Green-Purchasing and Section 508 requirements) Completed:
Warrant Value (if applicable): \$	

List all existing or prospective cardholders that will report to this Approving Official:

Cardholder Name	Grade	Monthly Purchase Limit
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$
Total Monthly Purchase Limit:		\$

Signature of requesting official:
(typed name if submitting by e-mail)

Date:

Approved by (if required by OPDIV):
(typed name if submitting by e-mail)

Date:



DEPARTMENT OF HEALTH AND HUMAN SERVICES

Date:

From: [HCA or Designee Name]

To: [Cardholder Name]

Subject: Delegation of Procurement Authority for Micro-purchases using the Government Purchase Card

In accordance with Federal Acquisition Regulation (FAR) Subpart 1.6, and HHS Acquisition Regulation (HHSAR) Subpart 301.6, you are hereby delegated authority to make official purchases for your organization using the Government Purchase Card under the GSA SmartPay® Program. All purchases made under your authority are subject to the FAR, HHSAR, HHS Purchase Card Guide and any OPDIV procedures. Your authority is subject to the following limitations:

Single Purchase Limit:

Micro-purchase Threshold as defined at FAR 2.101 (currently \$3,000 for all products and for services not subject to the Service Contract Act; \$2,500 for services subject to the Service Contract Act; \$2,000 for construction; the thresholds for contingency and nuclear, biological, chemical, or radiological incidents (as determined by the head of the agency per FAR 13.201(g)); or other higher threshold established by law, regulation, Executive Order, or other directive), OR

\$_____ for purchase of all products, and for services not subject to the Service Contract Act [Amount not to exceed \$3,000]

\$_____ for purchase of services subject to the Service Contract Act [Amount not to exceed \$2,500]

\$_____ for purchase of construction [Amount not to exceed \$2,000]

Monthly (Billing Cycle) Purchase Limit: \$_____ **OR** As determined by the A/OPC

Additional restrictions, limits, or conditions on card use as specified below:

[List any additional restrictions on card use here]

Your Agency/Organization Program Coordinator (A/OPC) is: [A/OPC Name, Phone, E-mail]

This delegation of authority becomes effective when you receive a purchase card from the servicing bank embossed with your name. This delegation of authority shall not be re-delegated or transferred to another person. This delegation of authority shall remain in effect until you are transferred or terminate your employment, or until the delegation is



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suspended, modified, or canceled. This delegation of authority will be subject to periodic review. If you have any questions regarding your authority, please contact your A/OPC.

[Signature and Title of HCA or Designee]



DEPARTMENT OF HEALTH AND HUMAN SERVICES
Status of Inactive or Emergency Purchase Card

Date:

From: [Insert Name of A/OPC]

To: [Insert Name of Approving Official]

Subject: Purchase Card ending in __[insert last six digits of card]Cardholder Name

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

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

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

Approving Official Determination

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

- Card is no longer needed and should be canceled for the following reason(s):
 - Cardholder has transferred to another office or has left the organization
 - Cardholder no longer wants to retain the card
 - There are no requirements to justify need for a card
 - Requirements are being satisfied by another cardholder or through other means
 - Other (explain)
- Card is still required for the following reason:
 - Card is to be used for emergencies. The cardholder has been designated as an "emergency employee" or a "mission-critical emergency employee" under an emergency response plan or continuity of operations plan (COOP), or is an active duty officer in the Public Health Services' Commissioned Corps. (Note: Use of card as a "backup card" for another cardholder does not qualify as an emergency use and is not permitted.) Cardholder has been verified to be in physical possession of the card.
 - Office requirements exist but demand patterns are highly variable. Estimated use is \$_____ during the next 6 months. Indicate the major types of products or services that are anticipated to be ordered during the next 6 months.
- Other (explain)

Approving Official: _____

Signature: _____

Date: _____

HHS Emergency Purchase Log for Cardholders/Checkwriters

Emergency Name:

Single Purchase Limit:

Cardholder:

Last 4 digits of account:

OPDIV:

Office:

Instructions: Complete an entry in this log for each purchase made with a card or convenience check in support of any of the following emergencies: A public health emergency declared under 42 U.S.C. 247d; a defense against or recovery from a nuclear, biological, chemical, or radiological attack under FAR 13.201(g); or a major disaster under the Stafford Act 42 U.S.C. 5121. Indicate who received the product or service if other than the cardholder.

Date Purchased	Amount	Vendor	Description of Product or Service	Received by:	Purchase Method
	\$			<input type="checkbox"/> Cardholder <input type="checkbox"/> Other (specify)	<input type="checkbox"/> Purchase Card <input type="checkbox"/> Convenience Check
	\$			<input type="checkbox"/> Cardholder <input type="checkbox"/> Other (specify)	<input type="checkbox"/> Purchase Card <input type="checkbox"/> Convenience Check
	\$			<input type="checkbox"/> Cardholder <input type="checkbox"/> Other (specify)	<input type="checkbox"/> Purchase Card <input type="checkbox"/> Convenience Check
	\$			<input type="checkbox"/> Cardholder <input type="checkbox"/> Other (specify)	<input type="checkbox"/> Purchase Card <input type="checkbox"/> Convenience Check
	\$			<input type="checkbox"/> Cardholder <input type="checkbox"/> Other (specify)	<input type="checkbox"/> Purchase Card <input type="checkbox"/> Convenience Check
	\$			<input type="checkbox"/> Cardholder <input type="checkbox"/> Other (specify)	<input type="checkbox"/> Purchase Card <input type="checkbox"/> Convenience Check
	\$			<input type="checkbox"/> Cardholder <input type="checkbox"/> Other (specify)	<input type="checkbox"/> Purchase Card <input type="checkbox"/> Convenience Check
	\$			<input type="checkbox"/> Cardholder <input type="checkbox"/> Other (specify)	<input type="checkbox"/> Purchase Card <input type="checkbox"/> Convenience Check

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Date Purchased	Amount	Vendor	Description of Product or Service	Received by:	Purchase Method
	\$			<input type="checkbox"/> Cardholder <input type="checkbox"/> Other (specify)	<input type="checkbox"/> Purchase Card <input type="checkbox"/> Convenience Check

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HHS Purchase Card Program

Approving Official Semi-annual Review of Convenience Check Use

Instructions: Complete a separate form for each convenience check account under your purview and e-mail to your A/OPC.

Review Period: to

Convenience Check Account No:

Total checks issued during review period: Total Amount:

Total number of checks issued for the following reasons (total must equal above number):

- Issued to individual with no merchant account
- Issued to participant in medical study or trial
- Issued to business that does not accept charge cards, and no other source exists
- Issued to Indian tribe or affiliate
- Issued to merchant in the field where no other source is geographically available
- Issued to merchant in underdeveloped country
- Issued to merchant under emergency conditions
- Other (number written and description):

Were any checks written for more than \$3,000 by non-contracting personnel?

- No Yes (number written and description):

Were any checks written to "Cash"?

- No Yes (number written and description):

Were any checks written to another HHS or Federal employee?

- No Yes (number written description):

Summarize instances of convenience check misuse or fraud:

If no checks were issued under the account during the review period, indicate one of the following:

- Convenience checks no longer required for this account
- Convenience checks are still required. Justification for continued need:

Approving Official:
Organization:
Telephone:
E-mail:
Date of Review:

Version 6.0, July 2010
HHS Purchase Card Program

A/OPC Semi-annual Review of Convenience Check Use

Instructions: Complete this summary of convenience check use in your OPDIV and e-mail to the HHS Purchase Card Coordinator at ASFR/OGAPA.

Review Period: to

OPDIV: (blank)

Convenience check accounts at start of period:

Convenience check accounts cancelled:

Convenience check accounts added:

Convenience check accounts at end of period:

Total checks issued during review period: Total Amount:

Total number of checks issued for the following reasons (total must equal above number):

- Issued to individual with no merchant account
- Issued to participant in medical study or trial
- Issued to business that does not accept charge cards, and no other source exists
- Issued to Indian tribe or affiliate
- Issued to merchant in the field where no other source is geographically available
- Issued to merchant in underdeveloped country
- Issued to merchant under emergency conditions
- Other (number written and description):

Convenience check accounts to be cancelled as a result of this review:

Summarize instances of misuse or fraud involving convenience checks uncovered during the review period, and the corrective actions taken:

Any checks written for more than \$3,000 by non-contracting personnel?

No Yes (number written and description):

Any checks written to "Cash"?

No Yes (number written and description):

Any checks written to another HHS or Federal employee?

No Yes (number written and description):

Summarize any other instances of convenience check misuse or fraud:

A/OPC:

Telephone:

E-mail:

Date of Review:

HHS Purchase Card Program

OPDIV Annual Report of Program Performance

Instructions: This annual report of OPDIV purchase card program performance during the previous fiscal year is required in accordance with the HHS Purchase Card Guide IV.C.5., Reviews, Surveillance, and Reporting. The OPDIV A/OPC, or designee, shall complete this template and submit it to the HHS Purchase Card Program Coordinator in ASFR/OGAPA by October 31 of the current year.

Fiscal Year: _____ Date Prepared M/D/YY: _____ OPDIV: (Blank)

Prepared by:

In the table below, indicate the number of program personnel and transactions that were reviewed, and the percentage of each category that the number represents. Include in the checkwriter totals individuals who also had purchase cards and were counted in the cardholder review total.

Review Summary

Persons and Trans. Reviewed	Number Reviewed	Percentage of Total
Cardholders		%
Checkwriters		%
AOs		%
Purchase Card Transactions		%
Convenience Check Transactions		%

Indicate the method(s) used to conduct the reviews. Check as many as apply.

- Statistical random sampling
 Judgmental sampling
 Spot checks
 100% inspection
 Other (describe):

Indicate the findings in the table below.

Findings: Card/Check Misuse

--

Description	Observed*	Number
Purchasing prohibited products or services	<input type="checkbox"/>	
Failure to obtain clearances for Appendix D purchases when required	<input type="checkbox"/>	
Failure to purchase from required sources	<input type="checkbox"/>	
Inadequate documentation of purchases	<input type="checkbox"/>	
Untimely reconciliation of purchase transactions with bank statement	<input type="checkbox"/>	
Purchase not for a bona fide need	<input type="checkbox"/>	
Failure to obtain pre-approval of purchase	<input type="checkbox"/>	
Exceeding purchase authority levels	<input type="checkbox"/>	
Failure to resolve/escalate merchant disputes	<input type="checkbox"/>	
Procedural errors/mistakes other than listed	<input type="checkbox"/>	
Training not in accordance with HHS requirements	<input type="checkbox"/>	
Approval of improper purchases	<input type="checkbox"/>	
Untimely review/approval of cardholder purchases	<input type="checkbox"/>	

Description	Observed*	Number
Improper use of convenience checks	<input type="checkbox"/>	
Other(s) (describe):	<input type="checkbox"/>	

Summarize any patterns, problem areas, and corrective and/or disciplinary actions taken in response to the review findings identified in the table above:

How many instances of suspected or actual fraud were uncovered? For each instance, summarize the details of the incident and describe the planned or actual actions taken in response.

Describe any problems or issues with management and use of purchase cards and/or convenience checks that require input or assistance from ASFR/OGAPA.

Describe any exceptional performance or best practices within your OPDIV with respect to the HHS purchase card program.

Provide any recommendations for improving the HHS purchase card program.

Appendix C. Prohibited Purchase

The products and services in the table below are prohibited purchases when using the purchase card. The prohibited products and services are applicable to non-contracting cardholders. Contracting personnel who have been issued cards may use them in accordance with their contracting authority, OPDIV contract office procedures, and contractual terms and conditions, subject to Appropriations laws and Federal and HHS Acquisition Regulations.

Product or Service
Airline tickets
Automobiles, including gasoline and repairs
Backordered items (See III.A.11)
Bail or bond payments
Cash advances
Casino, racetrack, lottery, or other betting or gambling expenses
Dating and escort services
Fines or penalties
Fuel for vehicles (fuel for generators, heaters, etc. is permitted)
Lobbying or other political contributions
Luxury items (Items must meet the Government's minimum needs only.)
Decorations for individual offices or personal use (art items, photos, plants and flowers, etc.)
Personal items (Items for personal use, convenience, or consumption. See Appendix D for ergonomically or medically necessary items)
Products that do not meet a bona fide need of the Department (See III.A.4)
Rental or lease of motor vehicles, buildings, or land
Savings bonds
Services that do not meet a bona fide need of the Department (See III.A.4)
Tax (See III.A.9 for treatment of tax and exceptions)
Telephone calls or calling cards
Temporary Duty Locations (TDY) travel or travel-related expenses (hotels, airline, bus & train fares, meals, entertainment)
Weapons
Vehicles

Appendix D. Purchases Requiring Special Attention

The products and services in the table below have certain restrictions on purchases when using the card. Card purchases are permitted under the HHS Purchase Card Program provided the cardholder follows the conditions/restrictions in the Remarks column. The products and services requiring special attention are applicable to non-contracting cardholders. Contracting personnel who have been issued cards may use them in accordance with their contracting authority, OPDIV contract office procedures, and contractual terms and conditions, subject to Appropriations law and Federal and HHS Acquisition Regulations.

Product or Service	Remarks
Advance payments to merchants (where merchants process charges against the card for a product or service and the Government pays the bank's invoice before receiving the product or before the service is completed)	<p>Generally prohibited. Paying in advance for products that must be backordered by the merchant is prohibited.</p> <p>For services, Bank regulations allow a merchant to process a charge against the cardholder's account upon initiating the service. However, the service should be completed by the time HHS pays the bank invoice in order to avoid an advance payment situation, and to preserve the Government's rights under the dispute provisions. Exceptions include subscriptions, public service announcements, print media ads, and conference registrations where paying in advance are the industry standard business practice and the only way to obtain the service.</p> <p>A service that extends into future billing periods may be paid incrementally using the card, provided that the total value of the service is within the cardholder's single purchase limit. An order for a service may not be split into smaller orders to avoid the cardholder's purchase limit.</p>
Advertisements	Advertisements for job announcements are permitted if approved by the OPDIV Human Resources Office, or other OPDIV organization per OPDIV procedures. Other advertisements are permitted if OPDIV has statutory authority and pre-approval granted.
Architect/Engineering services	Must be \$2,000 or less and simple enough to describe verbally and without drawings or specifications. OPDIV procedures may require a clearance or pre-approval.
Audio-visual services	OPDIV procedures may require a clearance or pre-approval. For audio-visual services intended for public release, HHS public affairs reviews and clearances must be obtained in accordance with OPDIV procedures.
Awards and award ceremonies	Non-cash awards, certificates, plaques, etc. are permitted. Expenses associated with award ceremonies are permitted under OPDIV Human Resource Office guidelines.
Bottled water	<p>Generally prohibited unless OSHA, a local water authority, or an authorized OPDIV organization has declared the water in your location to be unsafe, or if required to protect life or property. The cardholder must document the authority in their purchase card file.</p> <p>For policy and exceptions, see HHS Memo dated Oct 12, 2004, subject <i>Purchase of Food for Government Employees</i>; and memo dated June 12, 2007, subject: HHS Policy on the Purchase of Food with Appropriated Fund at: http://dhhs.gov/asfr/og/acquisition/policies/food_policy_memo_06-12-2007.doc</p> <p>See OPDIV guidance for approval procedures for exceptions.</p>
Business cards	Permitted, but must follow OPDIV guidance and ordering

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Product or Service	Remarks
	procedures. Must use an AbilityOne approved source. AbilityOne approved sources may be found at: http://abilityone.org/products.html
Camcorders/video cameras	OPDIV procedures may require a clearance or pre-approval.
Clothing	Not permitted except under the following conditions: <ul style="list-style-type: none"> • Not ordinary or usual for duties • Necessary for safe and successful work performance • This item is used for hazardous duty • The item is an approved uniform • Item is required under OSHA
Conference services (Events management)	If conference is considered training, requires pre-approval per OPDIV procedures. Must use the HHS Strategic Sourcing BPA for Events Management.
Combined Federal Campaign support	Limited to \$3,000 per transaction. Only items of nominal value (e.g., coffee mugs, key chains, etc.) are permitted to be purchased for specific individuals/groups (e.g., keyworkers, higher contributors). In addition, any refreshments or snacks purchased for CFC events (such as "kickoff meetings") must be simple in nature (e.g. coffee, soda, cookies, and chips). Deluxe food purchases, such as roast beef, shrimp, etc., are not allowable. CFC purchases must not be split to allow the purchase card to be used. CFC requirements that exceed \$3,000 must be obtained through the OPDIV contracting office.
Computers (laptop and desktop), iPads, Kindles, etc.	OPDIV procedures may require clearance or pre-approval by OPDIV Chief Information Officer (CIO) Office. Cardholders must report these type items to the Property Management Office for assigning an individual number for tracking.
Computer-related items, PDAs, peripherals, cables, cards, toner and ink cartridges, software, software upgrades, repair services, licenses, etc.	OPDIV procedures may require clearance or pre-approval by OPDIV Chief Information Officer (CIO) Office. Must use the HHS Strategic Sourcing BPA.
Construction services	Must be \$2,000 or less and simple enough to describe verbally and without drawings or specifications. OPDIV procedures may require a clearance or pre-approval.
Consultant services	May use the card or convenience checks to pay for the consultant's fee. If travel costs (transportation, lodging, meals, etc.) appear as a separate line item on the consultant's bill, the purchase card or convenience checks cannot be used to pay for the travel costs. Document all charges in the purchase card file.
Decorations for common areas (art items, photos, pictures, plants and flowers, etc.)	Permitted if authorized per OPDIV procedures.
Entertainment, including food, drink, meals, alcoholic beverages, banquets, music, and recreational facilities	Not permitted unless excepted by statute.
Ergonomic and medical purchases (footrests, backrests, wrist supports, special chairs, lighting, etc.)	OPDIV procedures may require a clearance or pre-approval.

Product or Service	Remarks
Equipment maintenance and service agreements	See "Maintenance and service agreements" and "Recurring requirements for products and services"
Existing contracts	The card cannot be used to purchase products or services under existing contracts unless the contract specifically allows use of the card for ordering purposes. If use of the card is permitted under the contract, the total order must fall within the cardholder's purchase limits, and must not be split into two or more orders.
Food	Food purchases are generally prohibited. For policy and exceptions, see memo dated June 12, 2007, subject: HHS Policy on the Purchase of Food with Appropriated Fund at: http://dhhs.gov/asfr/og/acquisition/policies/food_policy_memo_06-12-2007.doc See OPDIV guidance for approval procedures for exceptions.
Frames and framing	May not be purchased for personal items, such as photos, training certificates, etc. Framing for common areas or authorized awards are permitted.
Furniture and furniture components	OPDIV procedures may require a clearance or pre-approval. Must use the HHS Strategic Sourcing BPA for furniture and components.
Gifts cards and gift certificates	The card may be used to purchase gift cards or gift certificates if an OPDIV has a formal award and recognition policy that authorizes the use of gift card or certificates as informal recognition awards. Since the Office of Personnel Management and HHS Office of Human Resources concludes that an informal recognition award must be of "nominal value," the threshold for using the purchase card to purchase a gift card or gift certificate for informal recognition awards is \$50.00. The card may also be used to purchase gift cards/certificates for (honorarium) private sector personnel who provides speeches, lectures, serve as panel members, or participate in scientific research, etc at HHS functions. Cardholders authorized to purchase card/certificates must have procedures in place for tracking gift cards or gift certificates purchased. The tracking system must include the date of purchase, name of the business, amount of card/certificate, name of nominator, name of recipient, purpose of the award and date the certificate or card was awarded. A requirement to use the gift card(s) must exist within 30 days of the date purchased. OPDIVs are prohibited from using the purchase card to buy gift cards when there is no requirement.
Hazardous materials or controlled substances	OPDIV procedures may require a clearance or pre-approval.
Internet service	OPDIV procedures may require a clearance or pre-approval by the OPDIV Chief Information Officer (CIO) Office
License fees for employees	See membership/license fees below.
Local Travel	Cardholders are authorized to use the purchase card to purchase subway farecards, SmarTrip card reloads, shuttles, vans, buses, etc. for use by employees to accomplish local travel on official business per GSA's SmartPay Bulletin, May 2009. See OPDIVs procedures for any exceptions.
Maintenance and service agreements	See "Advance payments" and "Recurring requirements for products and services." Generally, maintenance and service agreements should be established by the OPDIV contracting

Product or Service	Remarks
	<p>office. The total estimated cost of the agreement determines the authority level for who may enter into such agreements, not the individual monthly costs. Cardholders may use the card to pay monthly costs under maintenance agreements, provided the agreement allows for the use of the purchase card for payments, and as long as each individual payment falls below the cardholders single purchase limit; and the total annual cost of the maintenance agreement falls below their single purchase limit (i.e., a cardholder with a single purchase limit of \$3,000 will exceed his/her authority if the annual agreement requires 12 monthly payments in excess of \$250.00 per month).</p> <p>All services that have been billed must be completed before the Government pays the invoice so as avoid an advance payment situation, and to preserve HHS' disputes rights. If the services to be obtained will extend into future billing cycles (and the merchant will not accept incremental payments), the card cannot be used for payment. Orders must not be split.</p> <p>See OPDIV procedures for any exceptions and additional guidance.</p>
Medical items	See "Ergonomic and medical purchases".
Membership/license fees for employees	<p>Prohibited unless permitted by statute or authorized for training purposes.</p> <p>See OPDIV procedures for any exceptions.</p>
Meeting space/booth rental	<p>Generally acceptable. If food or refreshments are included in the rental price, the purchase is only acceptable if the conditions described in memo dated June 12, 2007, subject: <i>HHS Policy on the Purchase of Food with Appropriated Funds</i>, are met.</p> <p>For HHS-sponsored events, use the Events Management Strategic Sourcing BPA to obtain this service or submit waiver.</p>
Moving services	Acceptable for simple moves that do not require a detailed statement of work. OPDIV procedures may require an additional clearance or pre-approval.
Multiple shipments of products	<p>Except for subscriptions, when the cardholder is aware that the product requires delivery over multiple billing periods, the card cannot be used to make the purchase. If the merchant elects to make multiple shipments without the cardholder's knowledge, the cardholder may accept the shipments and document the purchase card file accordingly. Multiple shipments from a merchant under a single purchase transaction are permitted if they occur within the current billing cycle.</p>
Orders against existing contracts	See "Existing contracts".
Printing and copying	<p>The card may be used to pay for Government Printing Office (GPO) jobs, or for commercial printing jobs that are exempt from the requirement to use the GPO.</p> <p>Per Federal Acquisition Regulation Subpart 8.8, all government printing must be done by the Government Printing Office except when:</p> <ul style="list-style-type: none"> GPO cannot provide the printing service Printing is done in field plants operated by an executive agency Printing is acquired by an executive agency from

Product or Service	Remarks
	<p>allotments for contract field printing The printing is specifically authorized by statute to be done other than by the GPO. NIH, AHRQ, and IHS are exempted by statute from the requirement to use the GPO for printing. For IHS, the exception only applies if the printing is purchased from an Indian (Native American) firm. Cardholders in OPDIVs other than NIH, AHRQ, and IHS must obtain printing from the GPO unless one of the above exceptions applies. To determine whether one of the above exceptions applies, and for waivers or exceptions to this policy, contact the HHS printing authority (Office of the Chief Information Officer, HHS/ASA).</p>
<p>Promotional items (buttons, mugs, balloons, etc.)</p>	<p>Prohibited, unless permitted by the OPDIV's statute to further program objectives. See "Combined Federal Campaign support". See OPDIV procedures for guidance.</p>
<p>Recurring requirements for products and services</p>	<p>The card may be used to pay for recurring requirements for products and services on a monthly or as-needed basis, except as follows: Recurring requirements for products or services that are expected to exceed the micro-purchase threshold over a 12 month period, and are not already covered by an existing BPA, strategic sourcing contract, or other ordering arrangement, must be processed by the OPDIV contracting office in order to obtain greater efficiency and negotiate terms, conditions, and savings. For example, if a service is required every month and the annual total will exceed the micro-purchase threshold, an overall service agreement should be negotiated and awarded by the OPDIV contracting office in lieu of purchasing the service on a stand-alone basis each month. The card may be used to pay for monthly services under an overall service agreement, if provided for in the agreement and within the cardholder's purchase limits. See OPDIV guidance for any exceptions.</p>
<p>Repair services</p>	<p>Acceptable, unless repairs are already covered by an existing warranty or maintenance agreement.</p>
<p>Services (various)</p>	<p>Except services that fall under the Service Contract Act (SCA), the micro-purchase threshold for services is \$3,000. The services must be simple enough to be described verbally, not require detailed specifications, and not involve paying up-front for work to be completed in future billing cycles. The micro-purchase threshold is \$3,000 for the following services:</p> <ul style="list-style-type: none"> • Transportation services covered by published tariff rates • Telephone/telecommunications services (Telephone calls and calling cards are prohibited per Appendix C) • Public utility services • Employment contracts providing for direct services to a Federal agency by an individual or individuals <p>Services that fall under the SCA shall not exceed \$2,500. Information on the SCA can be found at: http://www.dol.gov/oasam/regs/statutes/351.htm</p>
<p>Subscriptions</p>	<p>The card may be used to purchase subscriptions to magazines, journals, technical data, etc. Up to three years may be purchased if costs are favorable compared to yearly</p>

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Product or Service	Remarks
	subscriptions. Cardholders should ensure that a subscription does not automatically renew after expiration and continue to charge their card. Cardholders should notify AOs and A/OPCs of ongoing subscriptions when leaving or transferring so that the subscription may be cancelled or transferred to another account as appropriate.
Telecommunications equipment	OPDIV procedures may require clearance or pre-approval by the OPDIV Chief Information Officer (CIO) Office.
Telephone/telecomm. services	OPDIV procedures may require a clearance or pre-approval.
Training	Permitted for FTEs only. OPDIV procedures may require a clearance or pre-approval.

Appendix E. Purchase Card Reviews and Reports

The information shown on the following pages of this appendix summarizes the internal and external reviews and reports that are conducted under the HHS Purchase Card Program.

Report/Reviews	Prepared By	Submitted to	Due Date(s)	Summary of Content	Purpose
EXTERNAL REPORTS					
HHS' Charge Card Management Plan	HHS' Purchase Card Coordinator	OMB/GSA	January 31 each year	HHS' Policies and Procedures for Implementation of the Smart-Pay Purchase Card Program.	Assessment to determine if adequate controls are in place to minimize the risk of card fraud, misuse and abuse.
HHS Purchase Card Spending Statistics	HHS' Purchase Card Coordinator	OMB/GSA	Quarterly, no later than 45 days at the end of each calendar quarter	Total open/closed accounts, cardholder spending limits, purchase card dollars spent, rebates earned, disciplinary and/or fraud cases reported.	Assessment of performance trends in managing cost and efforts to minimize risk of fraud and abuse.
INTERNAL REVIEWS/REPORTS					
OPDIV Purchase Card Program Compliance Review	HHS' Purchase Card Coordinator	OGAPA	Determined by the OPDIV's PMR scheduled date	Review findings including strengths and weaknesses, and best practices for improving purchase card program management.	Assessment of OPDIV compliance with standard guidelines for implementation of HHS Purchase Card Program.
OPDIV Annual Report of Program Performance	A/OPC	HHS' Purchase Card Coordinator	November 30 each year	Summary of transactions reviewed for compliance with federal and department policy.	Assessment of AO's compliance with guidelines for approving cardholders' transactions.
Inactive and Emergency Purchase Card Review	A/OPC	HHS' Purchase Card Coordinator	April 30 and October 31 each year	Date card was last used, Justification to retain card, affirmation to cancel card. If an emergency card, verification that cardholder exists, has possession of card, and is still designated as an emergency employee or member of the Commissioned Corps.	Absent a suitable justification, ensure timely cancellation of inactive purchase cards or unnecessary emergency cards. Assessment of OPDIV compliance with guidelines for designating emergency cards.
HHS OIG Reviews of HHS Purchase Card Transactions	HHS OIG	A/OPCs; HHS' Purchase Card Coordinator	Ongoing	Summary of review findings, including identification of cases of suspected fraud or misuse.	Determine compliance with applicable laws, regulations, policies, and procedures. Identify any cases of suspected fraud or misuse.
Convenience Check	A/OPC	HHS' Purchase	June 30 and December 31 each	Number of checking accounts reviewed and the factors used	Assess compliance with guidelines for using

Report/Reviews	Prepared By	Submitted to	Due Date(s)	Summary of Content	Purpose
Use Review		Card Coordinator	year	for conducting the review and the review results	convenience checks.
Pre-approval of Purchase Requirement	A/OPC	OGAPA	Periodically requested by OGAPA	Number of cardholders reviewed and the transactions, factors used for conducting the review, and the review results	Assess compliance with policies for pre-approval of 100% of purchases made under HHS Purchase Card Program.
ACCOUNT RECONCILIATIONS					
Reconciling Monthly Purchases	Cardholder	Approval Official	Monthly	Electronic log of transactions matched to accounting codes.	Verification of purchases charged to an individual account.
Approving Official Account Reviews	A/OPC	HHS' Purchase Card Coordinator	Periodically requested by OGAPA	Summary of account reconciliation compliance.	Assessment of AO's compliance with requirements to review 100% of transactions for compliance with federal and department policies.
Delinquency Report	Service Bank	A/OPC	31 days past the payment due date	Accounts having undisputed amounts past due.	Minimize risk of penalties imposed for untimely payments.
Pre-approval of Purchase Requirement	A/OPC	OGAPA	Periodically requested by OGAPA	Summary of pre-approval compliance.	Assess compliance with policies for pre-approval of 100% of purchases made under HHS Purchase Card Program.

Appendix F. Purchase Card Review Checklist

Date:

Reviewee Name:

Reviewee's role: Cardholder/Checkwriter Approving Official

Organization:

Reviewer's Name, Role, and Organization:

This checklist is designed to aid A/OPCs during AO and cardholder/checkwriter reviews and surveillance. If additional space is needed to address areas not specifically listed on the checklist, document and explain findings on a separate sheet.

Approving Official Questions	Yes	No	N/A	Comments
Does the AO have a signed certification (or electronic equivalent) stating that they understand and agree to abide by the policies and procedures of the HHS purchase card program?				
Has the AO received appropriate purchase card training?				
Are AO requests for new cardholders adequately justified?				
Is the AO's span of control appropriate given the amount of transactions being conducted and/or the AO's availability to adequately review cardholders' transactions?				
Does the AO coordinate with the Finance office to establish funding levels for new cardholders?				
Are the cardholders under the AO appropriate, for example, the AO's supervisor is not a cardholder under the AO?				
Does the AO review his/her cardholders' purchase transactions each billing cycle?				
Does the AO ensure that his/her cardholders are maintaining purchase logs and documentation?				
Does the AO promptly process cardholders' statements at the end of the billing cycle?				
Does the AO deny approval to questionable purchases, or follow-up with the cardholder as needed?				
Does the AO ensure that purchases are for bona fide needs?				
Does the AO prohibit others from approving cardholder transactions?				
Does the AO promptly notify the A/OPC when a cardholder departs, retires, or no longer requires a card?				
Does the AO promptly notify the A/OPC of any lost, stolen, or compromised accounts?				

Approving Official Questions	Yes	No	N/A	Comments
Does the AO promptly notify the A/OPC of any suspected cardholder/checkwriter abuses or misuses?				
If convenience checks are authorized for an AO's cardholder(s), does the AO ensure that checks are limited to \$3,000 or less?				
If convenience checks are authorized for an AO's cardholder(s), does the AO ensure that checks are adequately secured?				
Does the AO coordinate with the Finance office to establish funding levels for new cardholders?				
Does the AO verify that all accountable property purchased has been recorded per OPDIV requirements?				
Does the AO ensure that purchase card records for existing and closed accounts are maintained per record retention requirements?				

Cardholder Questions	Yes	No	N/A	Comments
Does the Cardholder have a signed certification (or electronic equivalent) stating that they understand and agree to abide by the policies and procedures of the HHS purchase card program?				
Does the Cardholder have a letter delegating specified procurement authority?				
Has the Cardholder received training on procedures for using the purchase card?				
Has the Cardholder participated in refresher training sessions or received refresher training material?				
Does the Cardholder know and comply with his or her monthly spending limits?				
Does the Cardholder refrain from order-splitting?				
Is the single purchase limit set at \$3,000 or less for non-warranted Cardholders?				
Did the Cardholder ascertain that adequate funds were available prior to the purchase?				
Does the Cardholder obtain all required pre-purchase approvals and authorizations?				
Is the Cardholder's monthly spending limit justified by his or her buying activity?				
Were all purchases made by the Cardholder authorized and for bona fide needs? If the answer is "No," describe any unauthorized purchases.				
Were all Cardholder purchases for allowable products or services?				
Does the Cardholder complete a purchase card log entry for each purchase?				
Is the Cardholder advising merchants that purchases are tax exempt, and providing tax exempt certificates when necessary?				
Does the Cardholder register/log transactions and reconcile all transactions with the bank statement				

Cardholder Questions	Yes	No	N/A	Comments
during each billing cycle?				
Does the Cardholder safeguard his or her card (for example, by not allowing others to use it)?				
Is the card signed and in the possession of the Cardholder?				
Does the Cardholder comply with the requirements to purchase items from mandatory sources in accordance with FAR Part 8?				
Does the Cardholder make purchases from the HHS strategic sourcing contracts/BPAs when appropriate, or prepare a waiver per HHS guidance?				
Does the Cardholder rotate sources when placing repeat orders for open market purchases? (assuming no strategic sourcing agreements in place or other source restrictions)				
Did the Cardholder award the purchase on a basis of other than price (best value to the Government)?				
If the Cardholder made a best value award, was the basis documented in the file?				
Does the Cardholder document all transactions that posted to the billing statement but were not received, and utilize a tracking system to verify their subsequent delivery?				
Does the Cardholder maintain supporting documentation for his or her purchases?				
Does the Cardholder attempt to resolve questionable or disputed purchases with the vendor?				
For unresolved vendor disputes, does the Cardholder notify the servicing bank in writing within 60 days?				
Did the Cardholder ask for and obtain any discounts to which HHS was entitled (discounts on existing BPAs, Govt. discounts, etc.)?				
Did the Cardholder document his or her records to indicate receipt of the purchased product?				
If delivery of the product occurs at another location, are records maintained by receiving personnel to document delivery?				

Additional Questions for Cardholders with Authority > \$3,000	Yes	No	N/A	Comments
Does the Cardholder have a warrant that supports the single purchase limit on his or her card?				
Did the Cardholder obtain at least three vendor quotations to establish price reasonableness?				
If competitive vendor quotes were not obtained, was the basis for price reasonableness documented in the file?				
Does the file contain a sole source justification for any purchases that were not awarded competitively?				
If the purchase was for services, did the Cardholder include the Service Contract Act wage determinations or exemptions as applicable?				

Additional Questions for Cardholders with Authority > \$3,000	Yes	No	N/A	Comments
If the award was not made to a small business, did the Cardholder document the file with the rationale?				

Questions for Convenience Check Users	Yes	No	N/A	Comments
Have all checks been issued for amounts at or below \$3,000? (except for contracting personnel who may have higher authority per their warrant)				
Does the Checkwriter capture all of the necessary Internal Revenue Service (IRS) Form 1099 data for reporting to the IRS?				
Have all checks been written by the checking account holder?				
Have all checks been written for items to be delivered before the end of the next billing cycle?				
Have all checks been written for only authorized items (for example, no prohibited purchases)?				
If stop-payment actions were processed against any check, was the charge deducted from the funds available?				
Does the Checkwriter account for checks written but not processed by the servicing bank when reconciling his or her account?				
Does the Checkwriter follow up with merchants who are slow to cash convenience checks?				
Are checks stored in locked containers when not in use?				

Questions Regarding Purchases During Emergencies	Yes	No	N/A	Comments
Did the Cardholder/Checkwriter complete an Emergency Purchase Log entry for each purchase made during the emergency?				
If the Cardholder's purchase limits were increased during the emergency, did the Cardholder only apply the higher limits to purchases in support of the emergency?				
If the Cardholder used an emergency card with purchase limits above the micro-purchase threshold, were FAR procedures followed for any purchases that exceeded the micro-purchase threshold?				
Did the Cardholder obtain delivery verification from the customer for any products or services that were delivered to the site of an emergency?				
Did the Cardholder only purchase products or services permitted by this guide, unless officially exempted by law, Executive Order, or other official policy in response to the emergency?				
Did the Cardholder seek guidance for any questionable purchases or situations during the emergency, and document the results?				

Questions Regarding Purchases During Emergencies	Yes	No	N/A	Comments
Did the Cardholder maintain purchase documents and forward them to the AO for approval of purchases at the end of the billing cycle?				
If the Cardholder was deployed to the emergency site, did the Cardholder assemble a deployment kit to support his or her purchase card duties prior to deploying?				
Did the Cardholder's AO review and approve all transactions made by the Cardholder during the emergency?				

Appendix G. References and Resources

General

GSA SmartPay Program:

http://www.gsa.gov/Portal/gsa/ep/contentView.do?contentType=GSA_OVERVIEW&contentId=10141

Best Practices Guide for Purchase and Travel Card Management:

http://www.gsa.gov/gsa/cm_attachments/GSA_DOCUMENT/BestPractices_R2FIM2_0Z5RDZ-i34K-pR.pdf

Helpful Hints for Purchase Card Use:

http://www.gsa.gov/gsa/cm_attachments/GSA_DOCUMENT/PurchaseMiniBook5-04Edit_R2FIM2_0Z5RDZ-i34K-pR.pdf

Tax Exempt Letters: <http://apps.fss.gsa.gov/services/gsa-smartpay/taxletter/index.cfm>

Training and Education

GSA Cardholder Training:

http://www.gsa.gov/Portal/gsa/ep/contentView.do?P=FCX5&contentId=13034&contentType=GSA_BASIC

GSA A/OPC Training:

http://www.gsa.gov/Portal/gsa/ep/contentView.do?P=FCX5&contentId=13032&contentType=GSA_BASIC

HHS Acquisition Training and Workforce Management:

<http://dhhs.gov/asfr/ogapa/acquisition/workplacecert.html>

HHS University: <http://learning.hhs.gov/>

Federal Acquisition Institute (FAI): <http://www.fai.gov/>

Defense Acquisition University (DAU): <http://www.dau.mil/>

Regulations, Policies, and Procedures

Federal Acquisition Regulation (FAR) Part 13:

<https://www.acquisition.gov/far/index.html>

HHS Acquisition Regulation (HHSAR) Part 313: (Link is in HHSAR Table of Contents)

<http://dhhs.gov/asfr/ogapa/acquisition/acquisitionpolicies.html>

Executive Order 13423, Strengthening Federal Environmental, Energy and Transportation Management: http://www.ofee.gov/executive_orders.asp

Section 508 Compliance: <http://www.section508.gov/>

HHS Purchase Card Guide (scroll down the page to Purchase Card Management):

<http://dhhs.gov/asfr/og/acquisition/policies/purchaseguide2.pdf>

HHS Purchase Card Quick Reference Guide:

<http://dhhs.gov/asfr/og/acquisition/policies/purchasecardquickref.doc>

OMB Circular A-123 Appendix B:

http://www.whitehouse.gov/omb/circulars/a123/a123_appendix_b.pdf

U.S. Department of the Treasury Financial Manual Vol. 1, Part 4, Chapter 4500:

<http://www.fms.treas.gov/tfm/vol1/v1p4c450.txt>

Purchasing

GSA Schedules:

http://www.gsa.gov/Portal/gsa/ep/contentView.do?contentId=8106&contentType=GSA_OVERVIEW

GSA Advantage:

https://www.gsaadvantage.gov/advgsa/advantage/main/start_page.do?BV_SessionID=@@@@1453000169.1150908776@@@@&BV_EngineID=ccccaddidihmkhmcflgcefmdgfdgjn.0

GSA Global Supply:

http://www.gsa.gov/Portal/gsa/ep/contentView.do?P=FL2&contentId=10165&contentType=GSA_OVERVIEW

The Committee for Purchase from People Who Are Blind or Severely Disabled:

<http://www.abilityone.gov/jwod/index.html>

Javits-Wagner-O'Day Act (JWOD) Internet store: <http://www.jwod.com/>

Federal Prison Industries, Inc. (UNICOR): <http://unicor.gov/index.cfm>

Excess Federal Property:

<http://www.gsa.gov/Portal/gsa/ep/channelView.do?pageTypeId=8211&channelPage=%2Fep%2Fchannel%2FgsaOverview.jsp&channelId=-13014>

Department Contracts Information System (DCIS): <http://dcis.hhs.gov>

HHS Strategic Sourcing: <http://intranet.hhs.gov/ssc/> and <http://intranet.hhs.gov/hwac/>

Audits, Reviews, and Oversight

Standards for Internal Control in the Federal Government:

<http://www.gao.gov/archive/2000/ai00021p.pdf>

Audit Guide for Government Purchase Card Programs:

<http://www.gao.gov/new.items/d0487g.pdf>

Appendix H. HHS Purchase Card Program Points of Contact

HHS Purchase Card Program Coordinator (HHS A/OPC)

HHS Agency	Contact	Phone	Email
HHS	Doris Pearson (Program Coordinator (HHS A/OPC))	202-690-6549	doris.pearson@hhs.gov
AHRQ	La-Treece Stewart	301-427-1830	la-treece.stewart@ahrq.hhs.gov
CDC	Janet Keck	770-488-2618	jwk1@cdc.gov
CMS	John Cruse	410-786-0520	john.cruse@cms.hhs.gov
FDA	Susan Ruckman	301-827-7170	susan.ruckman@fda.hhs.gov
HRSA	Kimberly Lewis	301-443-4540	kblewis@hrsa.gov
IHS	Ralph Ketcher	615-467-1576	ralph.ketcher@ihs.gov
NIH	Zedekiah Worsham	301-435-3933	worshamz@od.nih.gov
PSC*	Sheri Kretschmaier	301-443-6243	sheri.kretschmaier@psc.hhs.gov
SAMHSA	Sandra Dinisio	240-276-1005	Sandra.Dinisio@samhsa.hhs.gov

*Serves as A/OPC for the PSC, AoA, ACF, and OS

HHS Office of Inspector General, Office of Investigations

To report suspected purchase card or convenience check fraud, call 1-800-HHS-TIPS

Appendix I. Glossary

Agency/Organization Program Coordinator (A/OPC): The individual in each OPDIV responsible for managing the OPDIVs purchase card program. The A/OPC at the HHS Headquarters level is responsible for the overall HHS program and is known as the HHS Purchase Card Program Coordinator.

Approving Official (AO): The individual responsible for reviewing and approving a cardholder's transactions.

Accountable Property: Property recorded in a formal property management or accounting system. Accountable property is defined by a dollar threshold and/or the type of item (e.g., sensitive or pilferable). Accountable property includes all property purchased, leased (capital leases), or otherwise obtained, having a unit acquisition cost of \$5,000 or more (land, regardless of cost); and items that are sensitive, including but not limited to pilferable items. *Sensitive items* require a high degree of protection and control. They may include items that are governed by statutory requirements or regulations, such as narcotics and drug abuse items; precious metals; items that are of a high value, highly technical, or a hazardous nature. Additional and/or separate records or other record-keeping instruments shall be established for management purposes, or when otherwise required by law, policy, regulation, or agency direction. *Pilferable items* have a ready resale value or application to personal possession and are therefore especially subject to theft.

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

Bank (or Cardholder) Statement: The official monthly billing statement provided by the servicing bank to cardholders. The bank statement identifies all of the cardholder's purchase card transactions during a billing cycle. The statement can be paper based or presented through an electronic system.

Billing Date: The date the invoice is received by the Agency/Organization Finance Office pursuant to the Prompt Payment Act.

Billing Office: The HHS Office of Financial Services, which receives the official invoice from the servicing bank and is responsible for making payment.

Blanket Purchase Agreement (BPA): A simplified method of filling anticipated repetitive needs for supplies or services by establishing "charge accounts" with qualified sources of supply. BPAs are designed to accomplish simplified acquisitions by eliminating the need for numerous individual purchase orders. HHS has established a number of strategic sourcing BPAs for various products and services.

Cardholder: An individual who has met specified requirements (e.g., training provisions, granted delegation of procurement authority) and, in turn, has been issued a purchase card to conduct authorized procurement transactions. The cardholder is responsible for complying with all Federal and HHS policies and procedures governing the use of the purchase card.

Cardless Account: An established account without a physical card. For the purposes of this contract, cardless accounts have all account controls offered for other card types as defined in C.3.6 Authorizations Controls and have the authorization codes necessary for some remote transactions (e.g., CVC2, CVV2 codes) provided upon activation of the account.

Checkwriter: An individual who has met specified requirements (e.g., training provisions, granted delegation of procurement authority) and, in turn, have been issued convenience checks to conduct authorized procurement transactions. The checkwriter is responsible for complying with all Federal and HHS policies and procedures governing the use of convenience checks.

Contactless Payment Card: A standard card with the added functionalities of Integrated Circuit Card (ICC) and Radio Frequency Identification (RFID) technologies. The card shall include a magnetic stripe, integrated circuit chip capabilities, and contactless transponder technology. For the purposes of this contract, card physical characteristics and encoding must be in compliance with standard industry specifications including, but not limited to parts 1-4 of International Standard Organization (ISO) 14443 standards and ISO standard 7813 Financial Transaction Cards.

Convenience Checks: Checks issued by the servicing bank to be used in cases where the individual or merchant to be paid is not able to accept a purchase card. OPDIVs may elect not to authorize the use of convenience checks. If authorized for use in an OPDIV, only the A/OPC may approve and order convenience checks for cardholders/checkwriters.

Customer: An individual or organization that requires supplies or services.

Debit Card: Contractor-provided product and service that deducts an account/fund within established dollar limits. May be on-line or off-line.

Declined Transactions: Transactions where authorization has been refused by the issuing bank's transaction authorization system.

Delegation of Procurement Authority (DPA): A document, issued by the Head of the Contracting Activity (or designee), that establishes an individual as an authorized cardholder. This delegation of procurement authority shall specify spending and usage limitations unique to the cardholder.

Dispute: A disagreement between a cardholder and a merchant regarding items appearing on the cardholder's monthly statement of account, which is presented to the issuing bank for resolution.

Emergency Card: A purchase card requested in advance specifically for use during emergencies. Emergency cards may have fewer restrictions or higher purchase limits to support purchases during emergencies. Emergency cards are not subject to cancellation due to inactivity.

Fraudulent Purchases: The willful misuse of the purchase card (or convenience check) to acquire supplies or services that are unauthorized and intended for personal use or gain, resulting in damage or harm to another. Examples include a cardholder's unauthorized purchase of power tools for his home, a supplier's intentional charges for services not provided, and the unauthorized use by a third party of a cardholder's compromised or stolen account for personal gain.

Government Purchase Card or GSA SmartPay Card: The charge card account established with the issuing bank that enables properly authorized government personnel to buy and pay for supplies and services in support of official government business.

Hierarchy: The way in which charge card accounts are structured within the organization responsible for issuing the card.

Improper Purchases: Purchase card transactions that are intended for government use but are not permitted by law, regulation, or organization policy generally are considered improper. Examples include certain types of purchases of meals or refreshments for government employees within their normal duty stations; purchases split to circumvent micro-purchase or other single purchase limits; and purchases from other than statutorily required sources, such as the Javits-Wagner-O'Day AbilityOne (formerly JWOD) program.

Inactive Card: For HHS, an inactive purchase card is defined as a card account with no activity during the preceding six month period. Cards designated as emergency cards are exempted from this definition.

Internal Controls for the Purchase Card Program: Internal controls for the purchase card program are the measures that HHS and OPDIVs take to ensure program integrity, safeguarding of account information, and program effectiveness. Internal controls consist of the policies, procedures, training, organization, and surveillance governing the HHS purchase card program.

International Merchant Purchase Authorization Card (IMPAC): A registered trademark provided by U.S. Bank, a government charge card contractor, to identify its government VISA charge card. Formerly, IMPAC was a generic term for government purchase cards.

Issuing Bank: A financial institution responsible for issuing purchase cards as a result of a task order against the GSA SmartPay Master Contract.

Merchant Category Code (MCC): A code used by the issuing bank to categorize each merchant according to the type of business in which the merchant is engaged and the kinds of supplies or services provided. These codes are used as authorized transaction codes on a card/account to identify the types of businesses that provide authorized supplies or services. A cardholder's account limitations should reflect the normal usage by that cardholder rather than defaulting to the maximum available.

Micro-Purchase: An acquisition of supplies or services, the aggregate amount of which does not exceed \$3,000 except for services subject to the Service Contract Act, which are limited to \$2,500, and construction, which is limited to \$2,000).

Misuse: Use of a government purchase card for other than official government purposes, including purchases of authorized products or services at terms (e.g., price, quantity) that are excessive, that are for a questionable government need, or that fail to follow purchase card policies and procedures.

Monthly Purchase Limit: An authorization control that limits a cardholder's cumulative spending for purchases during each month's billing cycle. This limit is used to ensure cardholders do not exceed reserved funding.

Office Limit: The office limit is the sum total of all cardholders' monthly purchase limits under their AO. When new cardholder accounts are established, the maximum amount of funding authorized for an office (or AO account) to spend during a month will determine the office limit and affect the individual cardholders' monthly limits.

Pre-paid card: A card that is programmed with a monetary value, and has the capability to be reloaded. Systems operate in two ways. One is the "closed-loop" system, which may be used only for limited purposes. The other is the "open-loop" system, which offers the ability to utilize cards for multiple purposes and at multiple points of sale, such as making deposits on the card, withdrawing cash, and/or paying bills. They may be either rechargeable (value can be added to them) or disposable.

Pre-Purchase Approval: HHS policy requires all card and check purchases to be pre-approved in writing by the cardholder's AO, supervisor, A/OPC, or higher official. In addition, this guide and/or OPDIV procedures may require certain products and services (identified in [Appendix D](#)) to have an additional approval or clearance before they may be purchased.

Prompt Payment Act: Public Law 97-177 (96 Stat 85, U.S.C. Title 31, Section 1801) requires prompt payment of invoices (billing statements) within 30 days of receipt. An automatic interest penalty is required if payment is not timely.

Purchase Card Log: A manual or automated log in which the cardholder documents his/her individual transactions and screening for mandatory sources when using the purchase card and/or convenience checks. Entries in the purchase log may be supported by internal agency documentation (e.g., request for procurement document or e-mail request). The purchase card documentation

should provide an audit trail supporting the decision to use the card and any required special approvals that were obtained. At a minimum, the log will contain the date on which the item or service was ordered, the merchant's name, the dollar amount of the transaction, a description of the item or service ordered, and an indication of whether the item was received.

Reactivation: The activation of purchase card privileges after suspension.

Reconciliation: The process by which the cardholder and the AO review the monthly bank statements, reconcile against available supplier receipts and purchase card logs, and authorize payment of those charges provided on the monthly invoice.

Required Additional Product and Service Offerings: A set of selected products and services available to agencies/organizations that are separately priced. These products must be offered and are included in "Tier 1" pricing.

Required Sources of Supply: The priority of sources is dictated by FAR Part 8, Required Sources of Supplies and Services, and Subpart 8.001, Priorities for Use of Government Supply Sources. Required sources must be considered before an open-market purchase can be made.

Requirement: The description of the government's needs that leads to a purchase.

Single Purchase Limit: The dollar limit imposed on each purchase assigned to each cardholder account by the issuing OPDIV, as reflected in the DPA. A cardholder's account limitations should reflect the normal usage by that cardholder and must not default to the maximum available.

SmartPay: A GSA program that provides users with card-based tools to simplify procuring needs in three operational areas. The fleet card allows users to efficiently fuel and maintain vehicles, boats, planes, or equipment. The travel card allows users to purchase common carrier transportation, car rentals, lodging, and meals for official travel and travel-related expenses. The purchase card enables users to make day-to-day purchases of supplies and services to satisfy official business needs.

Split Purchase: Separating a requirement that exceeds a cardholder's single purchase limit or threshold into two or more buys as a means of getting around the cardholder's purchase limit. No government purchase cardholder may fragment/split purchases that exceed the cardholder's limit or threshold, as means to use the purchase card. To do so is a violation of federal procurement law.

Strategic Sourcing Initiative: A structured process by which HHS examines its spending patterns and establishes/utilizes Government-wide or HHS-wide contractual instruments to leverage spend and service opportunities.

Suspension: The process in which an individual is prohibited from making purchases with a charge card/account due to delinquency, excessive span of control, or accounts in pre-suspension status multiple times.

Tax Exemption: The elimination of state and local taxes from federal purchases in accordance with state and federal law. The phrase "U.S. Government Tax Exempt" is printed on the front of each purchase card.

Termination/Cancellation: The process by which cardholder or AO accounts are deactivated. Accounts may be terminated by ASFR/OGAPA. A/OPCs, OPDIV Management, and by cardholder or AO request. Reasons for account termination include misuse or fraud, inactivity, incomplete training, personnel changes, and changes in requirements such that a card is no longer needed.

Tier 1: Core government-wide requirements.

Tier 2: Value-added products and services.

Value Added Product and Service Offerings: Products and services that may be offered at the master contract level and are referred to as "Tier 2."

Appendix J. Deviations

This Appendix summarizes any OPDIV deviations to the policies in this guide that have been approved by ASFR/OGAPA.

As of the date for this version of the Guide, there are no OPDIV deviations.