



# PURCHASE CARD GUIDE



U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES  
OFFICE OF THE ASSISTANT SECRETARY FOR ADMINISTRATION AND MANAGEMENT  
OFFICE OF ACQUISITION MANAGEMENT AND POLICY

VERSION 4.0

SEPTEMBER 2007

## Contents

I.	Overview of the Purchase Card Program.....	1
A.	Purpose of This Guide .....	1
B.	Scope and Applicability .....	1
C.	Organization of This Guide .....	1
D.	Effect.....	2
E.	Background.....	3
F.	HHS Purchase Card Program Organization.....	3
G.	Key Responsibilities .....	4
H.	Management of the HHS Purchase Card Program .....	7
I.	Maintenance of This Guide.....	8
II.	Establishing and Maintaining Purchase Card Accounts .....	9
A.	Selection and Appointment of A/OPCs, Approving Officials, and Cardholders .....	9
1.	General.....	9
2.	Emergency Purchase Cards.....	10
3.	Nominating Prospective AOs and Cardholders .....	11
B.	Training Requirements.....	12
1.	Purchase Card Training.....	12
2.	Training Audit Procedures .....	13
3.	Remedial Training .....	14
C.	Account Setup.....	14
1.	Purchase Cards.....	14
2.	AO Accounts.....	15
D.	Account Maintenance .....	15
1.	Changes in Cardholder Status.....	15

2.	Changes in AO Status .....	15
3.	Administrative Changes to Cardholder and AO Accounts .....	16
4.	Changes to Account Dollar Limits .....	16
5.	Other Changes to Accounts .....	16
6.	Inactive Cards .....	17
E.	Account Suspension and Termination .....	17
1.	Account Suspension.....	17
2.	Account Termination .....	18
3.	Reinstatement.....	19
F.	Card and Account Security .....	19
III.	Using the Purchase Card.....	21
A.	Cardholder Process for Micropurchases .....	21
1.	Determine Eligibility for Card Purchase.....	21
2.	Initiate Purchase Process.....	21
3.	Review Requirements and Plan Purchase.....	23
4.	Determine if Funding is Adequate .....	23
5.	Determine if Purchase is Within Dollar Limits .....	24
6.	Check Required Sources for Product/Service.....	26
7.	Conduct Market Research.....	29
8.	Determine if Merchant Accepts Card .....	30
9.	Determine if Tax is Added by Merchant .....	31
10.	Determine if Merchant Added Surcharge for Using Card .....	32
11.	Ensure Merchant Bills Only Upon Shipment .....	32
12.	Price Reasonableness .....	33
13.	Purchase from Merchant.....	33

14.	Denied Transactions.....	34
15.	Arrange for Delivery.....	35
16.	Register Purchase Information in Log.....	35
17.	Maintain Monthly File for Receipts and Other Documentation.....	36
18.	Receive Products/Services.....	36
19.	Disputed Transactions.....	36
20.	Receive Monthly Bank Statement.....	38
21.	Reconcile Monthly Purchases with Bank Statement.....	38
22.	Review for Unauthorized Charges.....	38
23.	Untimely Billing by Merchant.....	38
24.	Submit Monthly Purchase and Supporting Information to AO for Approval ..	39
B.	Use of the Purchase Card above the Micropurchase Threshold.....	39
C.	Approving Official Process.....	39
D.	Convenience Checks.....	40
1.	Convenience Check Policies.....	40
2.	Checkwriter Responsibilities.....	43
E.	Property Accountability.....	44
F.	Purchase Card Use during Emergencies.....	44
1.	Background.....	44
2.	Effect of Emergencies on Purchase Card Policies and Procedures.....	46
3.	Identifying Purchases Made in Support of Emergencies.....	47
4.	Cardholder Deployment to Emergency Locations.....	47
5.	Deployment Kit for Cardholders.....	51
6.	Cardholder Support of Emergencies from their Normal Duty Locations.....	52

IV. Oversight and Surveillance of the Purchase Card Program.....	55
A. Management Controls.....	55
B. Risk Management .....	56
C. Reviews, Surveillance, and Reporting.....	59
1. Reviews and Reporting Requirements.....	60
2. Reviews by External Organizations.....	65
D. Fraud and Misuse.....	65
1. General.....	65
2. Indicators of Fraud and Misuse.....	65
3. Reporting Suspected Fraud or Misuse .....	66
4. Potential Consequences for Purchase Card Fraud and Misuse.....	67
E. Refund Management.....	68
F. Strategic Sourcing.....	68
Appendix A. Authorizing Contractors’ Use of GSA’s SmartPay Program.....	A-1
Appendix B. Templates .....	B-1
Appendix C. Prohibited Purchases .....	C-1
Appendix D. Purchases Requiring Special Attention.....	D-1
Appendix E. Purchase Card Reviews and Reports .....	E-1
Appendix F. Purchase Card Review Checklist.....	F-1
Appendix G. References and Resources.....	G-1
Appendix H. HHS Purchase Card Program Points of Contact.....	H-1
Appendix I. Glossary .....	I-1
Appendix J. Deviations.....	J-1

## **I. Overview of the Purchase Card Program**

### **A. Purpose of This Guide**

The purpose of the Department of Health and Human Services (HHS) Purchase Card Guide is to provide standard policies and procedures to all HHS Operating Divisions (OPDIVs) for using the Government purchase card.

### **B. Scope and Applicability**

This guide addresses HHS' implementation of the General Services Administration (GSA) SmartPay® program for purchase cards issued to HHS employees. It does not contain guidance on use of the travel card or fleet card. This guide addresses policies and procedures that generally apply to all OPDIVs, regardless of the servicing bank. Bank-specific procedures are not covered. This guidance applies to all HHS cardholders, Approving Officials (AOs), Agency/Organization Program Coordinators (A/OPCs), and other officials associated with the HHS purchase card program. (See [I.G.](#))

### **C. Organization of This Guide**

Version 4 of the guide is organized into four major parts:

- Part I provides an overview of the HHS purchase card program and of the responsibilities of the key participants.
- Part II addresses the policies and procedures for establishing and maintaining purchase card accounts.
- Part III provides guidance to cardholders for using the purchase card.
- Part IV contains guidance about oversight and surveillance of the HHS purchase card program.

The guide also contains ten appendices:

- [Appendix A](#) contains instructions for authorizing contractors' use of the GSA SmartPay® program
- [Appendix B](#) contains templates
- [Appendix C](#) lists prohibited purchases
- [Appendix D](#) lists purchases that require special attention
- [Appendix E](#) summarizes purchase card reporting requirements and key bank reports used for assessing performance

- [Appendix F](#) provides a purchase card review checklist
- [Appendix G](#) contains links to reference materials
- [Appendix H](#) lists the HHS key points of contact for the card program
- [Appendix I](#) is a glossary of purchase card terms
- [Appendix J](#) lists approved OPDIV deviations to the policies in this guide

## D. Effect

This guide establishes standard purchase card policies for the entire Department, and serves as the basis for any OPDIV purchase card implementation procedures that may be developed. Any OPDIV procedures developed are subject to the Office of the Assistant Secretary for Administration and Management, Office of Acquisition Management and Policy (ASAM/OAMP) review, to ensure consistency – and avoid redundancy – with the guide. Once reviewed (and after any needed changes have been made), A/OPCs may disseminate OPDIV-specific procedures to their Approving Officials, and cardholders. OPDIV-specific procedures may include the following:

- Supplemental procedures for working with the servicing bank and the servicing bank's purchase card system and software
- Procedures for using OPDIV systems and software related to the purchase card
- Procedures for OPDIV-specific purchase card process flows
- OPDIV-specific clearance and pre-approval requirements
- List of OPDIV points of contact related to the purchase card program
- Approved OPDIV deviations from, or additions to, policies in this guide

**OPDIV-specific purchase card procedures must contain the minimum guidance necessary to implement and supplement this guide but must not repeat guidance contained in this document (e.g., roles and responsibilities, training requirements, definitions etc.).** A future version of the Health and Human Services Acquisition Regulation (HHSAR) will encompass HHS' purchase card requirements by citing a URL through which the Department's Purchase Card Guide can be accessed. After that time, OPDIVs that want to implement purchase card policies that differ from such HHSAR requirements must submit a deviation request consistent with subpart 301.470 of the HHSAR. Administrative changes (e.g., changes involving the first five bullets above) do not need to be submitted for review.

Pending the publication of such HHSAR requirements, any OPDIV deviations from, or additions to, policies in the guide must be submitted to ASAM/OAMP for approval.

## **E. Background**

The Government purchase card program began in the mid-1980s as a pilot program and was expanded Government-wide when GSA awarded the first contract for card services. The Federal Acquisition Streamlining Act of 1994 (FASA) and Executive Order 12931, Federal Procurement Reform (issued in 1994) encouraged use of the purchase card for purchases up to the micropurchase threshold. As a result, the purchase card has become the preferred method for purchasing supplies and services up to the micropurchase threshold. This policy is set forth in Federal Acquisition Regulation (FAR) 13.201. The FAR currently establishes the micropurchase threshold at \$3,000 (\$2,500 for services subject to the Service Contract Act, and \$2,000 for construction). In 1998, GSA awarded SmartPay contracts to five banks for purchase card, travel card, and fleet card services offered to the Federal Government. HHS' contractor for providing purchase card services is U.S. Bank.

The HHS purchase card program offers a number of benefits:

- The purchase card is a streamlined method of making purchases and payments that reduces administrative costs to both HHS and vendors, while offering HHS customers a means to quickly obtain supplies and services.
- The value of the Federal Government purchase card business to the servicing banks is so great that they are willing to offer rebates to departments and agencies based on the dollar value of transactions and prompt payment of invoices.
- The purchase card is accepted by most vendors worldwide, and use of the card ensures that vendors are paid promptly. Vendors are able to avoid the traditionally cumbersome Government purchase order and payment processes.
- The servicing banks offer purchase card software to access transaction details and manage accounts.

## **F. HHS Purchase Card Program Organization**

The servicing bank uses a purchase card hierarchy that contains up to six management levels. The hierarchy allows for accounts to be established and managed at a level appropriate to the size and scope of the organization. The purchase card hierarchy allows the servicing bank to report card usage statistics at each level. The first three levels, as they apply to HHS, are described below:

- Level 1 represents the Federal Government. The servicing bank is able to summarize purchase card data from multiple departments and agencies at this level. GSA manages the card program at the Federal level.
- Level 2 represents HHS as a whole. The Level 2 HHS Purchase Card Program Coordinator is located in the Office of the Assistant Secretary for Administration and Management, Office of Acquisition Management and Policy (ASAM/OAMP).
- Level 3 represents each HHS OPDIV. Each OPDIV with authority to issue purchase cards will have an A/OPC responsible for coordinating with the HHS Level 2 Program Coordinator and for managing the overall OPDIV implementation of the HHS purchase card program.

OPDIVs may use Levels 4, 5, and 6 to establish AO and cardholder accounts and to organize and manage their card programs based on their OPDIV's structure and number of cardholders. [Appendix H](#) lists the key HHS and OPDIV points of contact.

## **G. Key Responsibilities**

**HHS Office of Acquisition Management and Policy:** OAMP 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 OAMP, carries out these responsibilities, which include, but are not limited to, the following:

- Establishing and issuing HHS-wide purchase card guidance
- Issuing, suspending, and terminating cards
- Changing A/OPC, AO, and cardholder appointments
- Preparing HHS-wide purchase card reports
- Representing HHS in interactions with GSA, the servicing bank, and other organizations
- Reviewing and approving HHS OPDIV purchase card procedures and determining the impact, if any, on policies and procedures contained in this guide
- Reviewing and approving HHS OPDIV deviation requests and requests to modify policies set forth in this guide

- Monitoring OPDIV implementation of the department-wide purchase card program, which includes conducting periodic audits, assessing card usage, reviewing bank reports and metrics, etc.

**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
- Establishing default merchant category 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

**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.

**Approving Officials:** AOs are responsible for reviewing and approving all cardholder transactions under their purview to ensure proper use of the purchase card. 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:

- Assisting cardholders with dispute resolution
- Ensuring that cardholders reconcile their statements and transactions in a timely manner
- Verifying that cardholders maintain purchase card records
- Requesting cancellation of cardholder accounts
- 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
- 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. (See [II.E.](#))
- Resolving any questionable purchases with the cardholder
- Assigning default Common Accounting Numbers (CANs) and Object Class Codes (OCs) to the cardholder's account
- Ensuring that the cardholder has used the correct CAN and OC codes for reconciliation of the purchases
- Notifying the A/OPC of any administrative changes to their account, such as name, address, or phone number changes
- Notifying the A/OPC prior to being reassigned or leaving the organization
- Ensuring that all of the correct approvals and documentation are in place for the approval of the purchase

**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 that adequate funds are available before making purchases

- 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, monthly, and office dollar 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.

## **H. Management of the HHS Purchase Card Program**

The following HHS OPDIVs are hereby authorized to implement the department's purchase card program:

- Food and Drug Administration (FDA)
- Indian Health Service (IHS)
- Health Resources and Services Administration (HRSA)
- Program Support Center (PSC)

- Agency for Healthcare Research and Quality (AHRQ)
- Centers for Medicare and Medicaid Services (CMS)
- Centers for Disease Control and Prevention (CDC)
- Substance Abuse and Mental Health Services Administration (SAMHSA)
- National Institutes of Health (NIH).

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

## **I. Maintenance of This Guide**

OAMP is responsible for issuing and maintaining this guide. Periodically, OAMP will review the guide for currency, will update it as necessary, and, based upon the number and types of changes to the purchase card program, will determine when to issue a revised version of the guide. As these updates occur, OAMP will seek opportunities to standardize procedures where possible. OAMP will issue interim guidance as necessary in the form of a memo to OPDIVs/STAFFDIVs, memos to A/OPCs, or other appropriate means of disseminating changes.

OPDIV A/OPCs should submit proposed changes to this guide to the HHS Program Coordinator in OAMP. Cardholders, AOs, and other users of this guide may send comments and suggested revisions to their A/OPC.

## II. Establishing and Maintaining Purchase Card Accounts

### A. Selection and Appointment of A/OPCs, Approving Officials, and Cardholders

#### 1. General

New A/OPCs will be appointed by the OPDIV Head of the Contracting Activity (HCA) (or designee) and will be from the OPDIV's acquisition organization. OPDIV components or offices are responsible for nominating prospective AOs and cardholders who will come under each AO's purview. If a component or office already has one or more cardholders and wishes to add another cardholder, the cognizant AO is responsible for nominating the new cardholder. The OPDIV A/OPC is the reviewing and approving authority. AOs and cardholders are not limited by position or grade; however, an AO should be a higher or equivalent grade. If a disagreement occurs between an AO and a higher-graded cardholder regarding the propriety of the cardholder's purchase action, then the matter may be forwarded to the OPDIV HCA, or designee, for resolution.<sup>1</sup> An individual can be both a cardholder and an AO for a different cardholder, but cannot be the AO for his or her own purchase card. An AO and a cardholder cannot also serve as the other's cardholder and AO, respectively.

Before requesting a new AO or cardholder, the requestor should consider the anticipated need, including ongoing requirements and estimated dollars, as well as the organization's purchasing history and patterns. These factors will determine the appropriate number of cards, as well as single purchase and monthly limits for each cardholder. The number of purchase cards requested should be the minimum number required to meet the organization's needs. Before requesting a new AO or cardholder, the requestor must ensure that all mandatory training has been completed by the prospective AO or cardholder.

Only HHS employees may be appointed as A/OPCs, AOs, or cardholders under HHS's purchase card program. Any questions regarding who is considered to be an HHS employee should be resolved between the OPDIV A/OPC and an appropriate OPDIV Human Resource official. Contractors serving as A/OPCs, AOs, or cardholders under the Government-wide card service program can be granted authority only in accordance with FAR Part 51.101 (see [Appendix A](#)).

---

<sup>1</sup> See IV.D.3. for reporting suspected fraud or misuse.

The process for appointing a cardholder or AO proceeds in the following steps:

1. The prospective cardholder or AO completes all required training for the expected purchase limits (See [II.B.1.](#))
2. After successfully completing the training, the prospective cardholder or AO signs the Cardholder and Approving Official Certification Statement (See [II.B.1.](#))
3. The nominating official completes a Request for New Cardholder/Checkwriter or Request for New Approving Official and sends it to the A/OPC (See [II.A.3.](#))
4. If approved, the new cardholder is issued a DPA or SF-1402 by the OPDIV HCA or designee, as appropriate to the level of authority granted. (See [II.A.3.](#))

## 2. Emergency Purchase Cards

Organizations may request purchase cards for emergency use without the need to use the cards on a recurring basis. Emergency cards are exempt from cancellation due to inactivity. However, emergency card issuance must be reviewed every 6 months to make sure issuance to designated cardholders is still warranted. This review is conducted in conjunction with the review of all inactive purchase cards (See [II.D.6.](#)).

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 cardholder's AO or other agency official will advise the cardholder when an emergency exists and when the card may be used. In appearance, emergency purchase cards are identical to regular purchase cards. As such, cardholders must receive adequate training to ensure emergency cards are used only for their intended purpose.

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' Commissioned Corps. The use of a purchase card solely as a "backup card" for another cardholder is not considered an emergency use and is not permitted.

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.

Emergency cards may be issued with fewer merchant category code restrictions than a normal card in order to allow the user greater flexibility during an emergency. Convenience checks (see [III.D](#)) may also be requested to accompany the emergency card. Convenience checks may be appropriate for emergencies because they offer the user an alternative means to pay vendors in case the commercial credit card network is inoperable due to electricity or telecommunication outages or to make emergency purchases with vendors who do not accept credit cards.

Requests for emergency cards must contain an appropriate justification, citing the anticipated circumstances under which they would be used. As an example, an emergency card might be appropriate for individuals who are deployed following a bioterrorism event and require a card to perform their duties. Before being issued an emergency card, prospective emergency cardholders must receive the appropriate training commensurate with the purchase limits on the card (see [II.B](#)).

Cardholders with regular (non-emergency) cards may continue to use their cards during an emergency to purchase products and services in accordance with the limits on their cards. See [III.A.5](#) for increased purchase card thresholds during contingency operations or nuclear, biological, chemical, or radiological incidents. See [III.F](#) for guidance in using both emergency and regular purchase cards during emergencies.

### 3. Nominating Prospective AOs and Cardholders

AOs and other officials who nominate prospective cardholders should consider individuals who have the judgment, character, reputation, and adequate business acumen to be entrusted with a purchase card.

- New AOs must be nominated by an OPDIV official above the level of the AO. New cardholders must be nominated by their prospective AO or by an OPDIV official above the level of the AO. The templates for nominating new cardholders and AOs are found at [Appendix B](#). OPDIVs are required to use these templates, but may add any other administrative information required by the OPDIV. Nominations must be sent to the A/OPC of the card-issuing OPDIV, and may be completed electronically and sent by e-mail without the need to obtain signatures.

Prospective cardholders who are approved to receive a purchase card will be issued a delegation of procurement authority (DPA) from the cognizant HCA (or designee) after successfully completing all required training. The DPA will contain the cardholder's official spending limits and any other restrictions deemed appropriate by the A/OPC. ([Appendix B](#) contains the standard DPA template for authority up to the micropurchase threshold.) For delegations exceeding the micropurchase threshold, the delegation

must be issued on a Standard Form 1402, *Certificate of Appointment*, appropriately tailored to reflect the purchase card limits and any other card restrictions.

## B. Training Requirements

### 1. Purchase Card Training

All prospective A/OPCs, AOs, and cardholders, regardless of job series, must be trained before being appointed to the program. HHS' purchase card training is based on guidance in Office of Management and Budget (OMB) Circular A-123, Appendix B ("Training Requirements for Participation in Federal Charge Card Program"). The objective of the training program is to ensure that A/OPCs, AOs, and cardholders are well-versed with respect to procurement laws and regulations and with internal departmental policies that impact purchases and payments made with the Government purchase card.

Training must be commensurate with the level of responsibility or DPA. Training for AOs and cardholders must address their respective responsibilities, prohibited purchases, purchase limitations, applicable policies and regulations, and sources of supply. Training for A/OPCs must provide an understanding of AO and cardholder responsibilities, proper card management, and control and oversight tools and techniques. Purchase card training must address policies and procedures for Section 508 of the Rehabilitation Act of 1973 and for "green" purchasing, which is related to the environmental quality of products and services procured with the purchase card. **To continue participating in the purchase card program, A/OPCs, AOs, and cardholders must receive refresher training every year.**

Table 1 summarizes the HHS purchase card training program required for different levels of authority.

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

Authority <sup>a</sup>	Program participant	Required training <sup>b</sup>
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.

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

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

<sup>a</sup> Cardholders and Approving Officials with authorized increases in DPA have up to 6 months to complete the training requirements for the new DPA.

<sup>b</sup> 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>).

After successfully completing the basic purchase card training, each AO and cardholder must sign the standard certification statement certifying that he or she has read, has understood, and agrees to abide by all terms and conditions governing the GSA SmartPay program. ([Appendix B](#), Cardholder and Approving Official Training Certification contain the template.) The cardholder or AO then forwards the signed statement to the A/OPC, who retains the statement in the A/OPC files. A DPA will not be issued without this signed statement on file.

## 2. Training Audit Procedures

A/OPCs are responsible for maintaining a list of all AOs and cardholders within their OPDIV and documenting whether they have completed their

required training and refresher training (successful completion of purchase card training, refresher purchase card training, green-purchasing training, and other courses as noted). Failure to take the required training will result in the suspension, revocation, or non-issuance of a purchase card to an employee. The A/OPC must retain a copy of all training documentation while the cardholder or AO account is open and for 3 years after the account is closed.

3. Remedial Training

Remedial training may be used as one of the disciplinary options for A/OPCs, AOs, and cardholders. Remedial training involves retaking the basic purchase card training and other requisite training.

**C. Account Setup**

1. Purchase Cards

After successfully completing required training, AOs and cardholders must submit their application information to the A/OPC in accordance with the guidance in [II.A.](#) and [II.B.](#), and any OPDIV-specific procedures. The A/OPC will enter the card setup information in the servicing bank's system.

Upon receipt of the card setup information, the servicing bank will mail the card to the A/OPC or the cardholder as determined by OPDIV procedure. If mailed to the A/OPC, the A/OPC will deliver the card to the cardholder. Immediately upon receipt of the card, the cardholder must verify the accuracy of his or her name and address, sign the card, and follow the servicing bank's procedures to activate the card.

The card has a unique design, as specified in the GSA SmartPay contract, to help distinguish the card from regular credit cards. The card contains the phrases "For Official U.S. Government Purchases Only" and "U.S. Government Tax Exempt." The card has a red strip along the top, bears the Great Seal of the United States, and has "United States of America" printed across the face of the card.

The card is embossed with the cardholder's name and account number. The reverse side of the card contains a space for the cardholder's signature and is also stamped with the account number followed by a three-digit security code. Some vendors may ask for this code during a purchase transaction. The servicing bank's toll-free number is also printed on the back of the card.

## 2. AO Accounts

After the prospective AO successfully completes training, the nominating official must submit the AO's application information to the A/OPC in accordance with OPDIV procedures. The A/OPC will enter the AO account setup information in the servicing bank's system. The servicing bank will then assign an account number to the AO.

A/OPCs must determine manageable spans of control (the ratio of cardholders to AO) based on consultation with the nominating official and/or AO. In making this determination, the transaction volume of all existing or prospective cardholders under the AO should be considered.

## D. Account Maintenance

### 1. Changes in Cardholder Status

Transfer, Retirement, Resignation or Termination: Cardholders 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 destroy his or her card by cutting it in half, provide the cut card to the AO, and advise the AO of any outstanding transactions. The cardholder must also give the AO any remaining receipts or other documents related to outstanding transactions. The AO will determine when to close the account based on the outstanding transactions and will notify the A/OPC when the account is ready to be closed. The servicing bank can still submit invoices for any transactions that have been paid through the VISA system before the account was closed by the A/OPC. A new purchase card account must be established if the transferred employee is to be a cardholder in another HHS organization.

In the event of cardholder death or disability, the AO is responsible for reconciling and approving any outstanding cardholder transactions. The AO will then notify the A/OPC to cancel the cardholder's account. Retrieval and destruction of the purchase card is not required in these cases.

### 2. Changes in AO Status

Before an AO leaves the organization, the AO's supervisor or other organizational official should nominate a new AO or advise the A/OPC to transfer the cardholder accounts to another AO. If it is not possible to establish a new or permanent replacement AO before the current AO leaves the organization, the A/OPC may recommend the designation of another AO to assume the former AO's duties until a permanent replacement is appointed.

### 3. Administrative Changes to Cardholder and AO Accounts

Cardholders are responsible for advising their A/OPCs (with a copy to their AO) of any administrative changes to their account, such as name, address, or phone number. AOs are responsible for advising the A/OPC of administrative changes to their account. A/OPCs are responsible for updating the servicing bank's records with the new information.

### 4. Changes to Account Dollar Limits

Instances may arise when it becomes necessary to revise a cardholder's single purchase limit or monthly purchase limit. Requests to change a cardholder's single purchase limit must be submitted by the AO to the A/OPC with an appropriate justification. Changes to a cardholder's single purchase limit require that a new DPA or SF-1402 be issued by the organization's HCA or designee. Requested changes that would raise the cardholder's single purchase limit above the micropurchase threshold require that the cardholder meet all training and certification requirements for the requested dollar level (see [II.B.](#)).

The AO may request changes to the cardholder's monthly purchase limit by sending a request to the A/OPC. In setting a cardholder's monthly purchase limit, the AO must consider the office's budget for purchases, as well as the other cardholders' monthly purchase limits. The office's monthly purchase limit is the sum of the individual cardholders' monthly limits.

In addition to purchase limits established by AOs, the servicing bank may place its own limits on purchase amounts and number of transactions (known as floor limits or daily limits). Cardholders that exceed these limits may experience declined transactions. In such cases, the A/OPC will coordinate with the program office and servicing bank, as necessary, if the bank limits need to be temporarily overridden.

### 5. Other Changes to Accounts

AOs may request changes to cardholders' default CANs by sending a request to the A/OPC. AOs and cardholders may add or change the OCs associated with their accounts. 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. AOs send these requests to the A/OPC. AOs should also advise the A/OPC of issues or problems involving merchants and merchant category codes, such as merchants with incorrect codes or merchants that may be using another merchant's account. The A/OPC will investigate these situations and request merchants to correct coding errors. For legitimate transactions

with merchants that have coding errors, A/OPCs should contact the servicing bank to temporarily unblock the merchant code (if necessary), and have the cardholder document their purchase file.

## 6. Inactive Cards

A/OPCs are responsible for reviewing purchase card usage within their organizations and identifying any purchase card accounts that appear to be inactive, other than cards specifically requested for emergency use. A/OPCs must perform this review at least semi-annually. The guideline for “inactive” is any account that does not have any transactions within the preceding 6 months. A/OPCs must provide AOs with a list of inactive card accounts and request that they complete and sign the “Status of Inactive or Emergency Purchase Card” template for each inactive cardholder (see [Appendix B](#)) to determine whether there is sufficient justification to retain the inactive accounts. Normally, inactive cards should be canceled unless there are extenuating circumstances, such as reasonable expectation of future purchase requirements, or a history of requirements that have irregular buying patterns. Failure to complete the form will result in cancellation of the card in question. AOs will return the forms to the A/OPC, who, in turn, cancels those cards that are no longer needed and retains the forms in his or her purchase card records until the cards are either canceled or are no longer considered inactive.

A/OPCs are required to maintain a record of emergency purchase cardholders. Emergency cards, which may remain inactive until an emergency is declared, are reviewed at the same time as other inactive cards. The purpose of this review is to verify that the cardholder is still employed with the agency, has possession of the card, and is still designated as an emergency or mission-critical employee, or is a member of the Commissioned Corps. A/OPCs shall cancel emergency cards when any of those conditions are not present.

## E. Account Suspension and Termination

### 1. Account Suspension

The preferred HHS approach for paying the servicing bank’s invoices is to pay the bank’s invoice without regard to any disputed or unreconciled transaction and attempt any corrections after the fact (“pay and chase”). This approach maximizes HHS’ rebates from the servicing bank. OPDIVs using the “pay-and-chase” approach will not have cardholders’ accounts suspended because there will be no delinquent payments.

OPDIVs that do not use the “pay-and-chase” approach may have cardholder accounts suspended for delinquent payments. The servicing bank may initiate suspension of an account if payment for undisputed

principal amounts has not been received 45 days from the billing date. The servicing bank will provide the A/OPC with a report identifying the undisputed amount that is overdue. If payment is not received 55 days after the billing date and the servicing bank decides to pursue suspension, the bank will notify the A/OPC of its intent to suspend the account. If payment is not received by the 61st day after the billing date, the servicing bank may then suspend the account. To avoid suspension, all AOs and cardholders are expected to reconcile their accounts promptly after the billing date.

In addition to any bank-initiated card suspensions for delinquent accounts, the ASAM/OAMP or 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 ASAM/OAMP or 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.

ASAM/OAMP or A/OPCs may also use temporary card suspension (deactivation) as a risk-management tool to prevent suspected card misuse.<sup>2</sup> AOs may request a temporary suspension or deactivation if the cardholder is expected to be away from the office for more than 5 consecutive weeks. This would include long vacations, training, temporary duty assignments, leaves of absence, and medical leave. Upon the cardholder's return, the A/OPC can reinstate the card if the need still exists. AOs are responsible for notifying A/OPCs of cardholders' expected absences and of their return. In determining whether to temporarily suspend cards, A/OPCs will consider whether the benefits in risk reduction exceed the administrative costs of processing temporary suspensions/deactivations and reinstatements.

## 2. Account Termination

For OPDIVs that do not use the "pay-and-chase" method for paying the bank's invoices, the servicing bank may initiate cancellation of an account if it has been suspended twice within the preceding 12 months and is currently delinquent. The servicing bank may also cancel accounts that have been past due for 120 calendar days beyond the billing date.

---

<sup>2</sup> Another means of accomplishing this is to temporarily reduce the cardholder's single purchase amount to a low dollar value.

In addition to cardholder and AO transfers, retirement, or other separation from the organization, ASAM/OAMP or A/OPCs may terminate cardholder or AO accounts for the following reasons:

- As a disciplinary method for improper use of the card
- For failure of the AO or cardholder to carry out their responsibilities
- For failure to complete the required training
- When an organization's requirements no longer justify the need for a card
- Upon request of the AO or cardholder when they are no longer willing or able to carry out their responsibilities under the HHS purchase card program
- Upon direction by OPDIV management or ASAM/OAMP

Prior to terminating a cardholder's account, the A/OPC shall review the account to determine if there are any pending charges that have not yet been processed by the VISA's system. Any charges that a merchant attempts to process after a card is cancelled will be declined by the VISA system. Depending on the circumstances, the A/OPC shall instruct the AO to contact the merchant and advise the merchant on how to proceed (process the charge, cancel the order, use a different account number, etc.).

After termination of a cardholder's account, the HCA or designee will revoke the cardholder's delegation of procurement authority (unless the individual also has authority to use non-card procurement methods). Upon termination, the cardholder is responsible for destroying the card by cutting it in half or shredding it.

### 3. 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.

## **F. Card and Account Security**

Cardholders are responsible for security of the purchase card and account number and may be held personally responsible for misuse. Purchase card DPAs are not transferable and acquisition regulations prohibit purchase cards from being passed on to others to use. Cardholders are responsible for preventing others from

gaining access to their cards or account information. The purchase card should be kept on the cardholder's person, as this will allow the cardholder to continue making purchases in the event of a building closure or other emergency that prevents the cardholder from being at their work site. Account information should be given only to vendors to complete a purchase transaction. The servicing bank's telephone number, which appears on the card, should also be written down so that the cardholder may quickly contact the bank in case the card is lost or stolen.

If the card is lost or stolen, the cardholder must immediately notify the AO, A/OPC, and, by telephone, the servicing bank. If the cardholder believes the card was stolen, he or she must also immediately report the theft to the organization's security office if the theft occurred at an HHS facility or to the local police if the theft occurred off-site. HHS will not be liable for unauthorized use of the card; however, the cardholder may be held accountable for failure to report the loss of a card as soon as the cardholder becomes aware of the loss. 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 contains the following information:

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

The servicing bank will issue a replacement card with a new account number, usually within 24 hours. If a lost card is found after receiving a replacement card, it is no longer valid and must be destroyed by cutting it in half or shredding it.

### III. Using the Purchase Card

#### A. Cardholder Process for Micropurchases

Figure 1 depicts the cardholder process for micropurchases. 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. [Appendix C](#) lists the products and services that cannot be purchased at all. The next question the cardholder should ask is whether the purchase card can be used to purchase the product or service. [Appendix D](#) lists products and services that require special attention. Some products or services can only be purchased with the card under very limited circumstances. Others may be purchased with the card provided the necessary pre-approvals or clearances are obtained before the purchase is made.

Cardholders should also review their OPDIV's supplementation to this guide for any special restrictions or variances from [Appendix C](#) and [D](#). Products and services not specifically mentioned in [Appendix C](#) or [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.

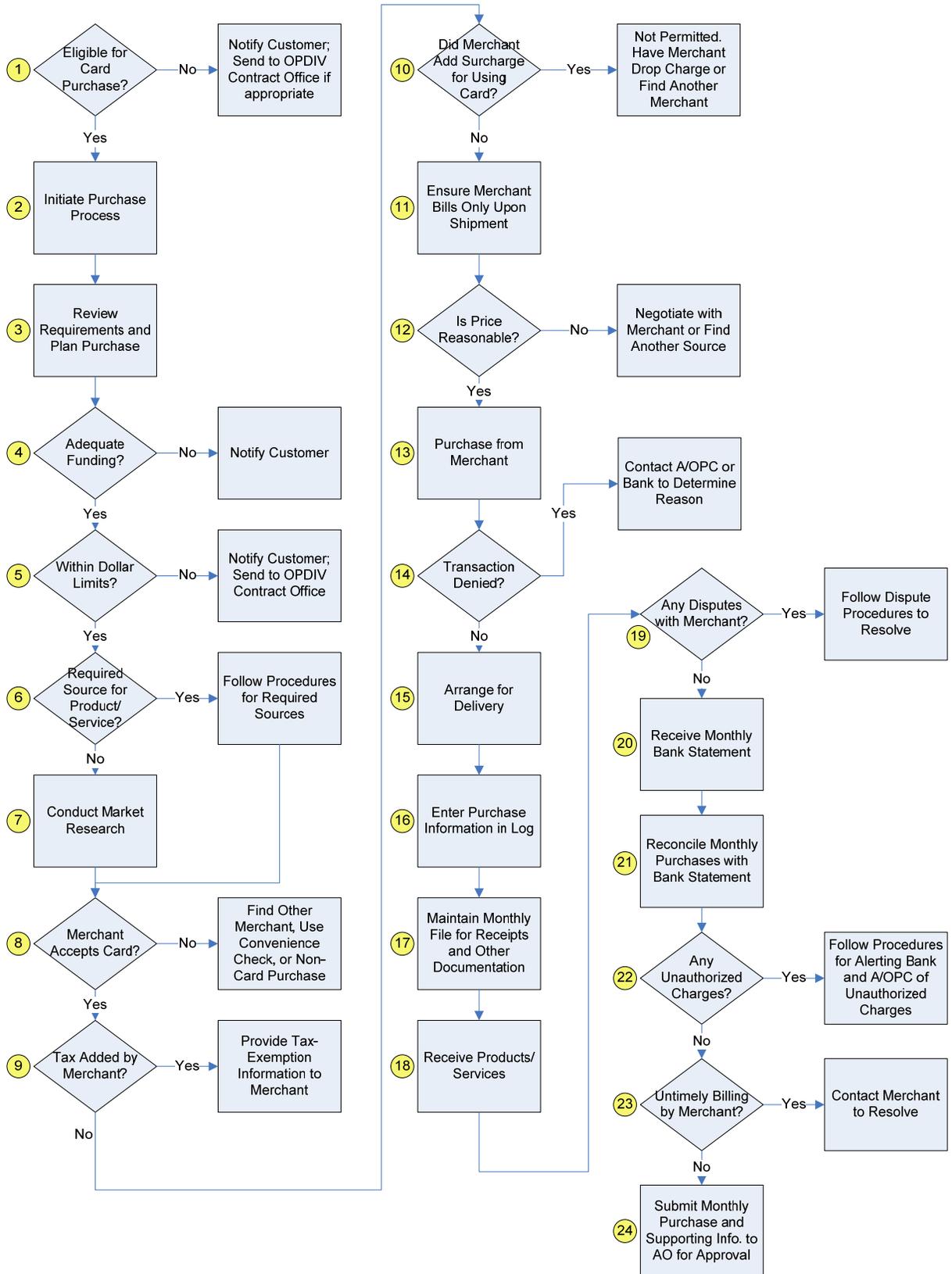
If the product or service cannot be purchased using the card, the cardholder should advise the customer (if applicable) that the requirement may be purchased by the OPDIV contracting office. Requirements ineligible for purchase using the card should be sent to the OPDIV contracting office.

##### 2. Initiate Purchase Process

**Prior to initiating a purchase transaction using the purchase card, the account holder must obtain written pre-approval from her or his supervisor, AO, A/OPC, or higher authority.** Written pre-approval may be in the form of an e-mail, memo/note, etc., certifying that the proposed purchase is for a legitimate need of the government and not for personal benefit. A copy of the written pre-approval must be retained in the purchase file.

After verifying the legitimacy of the purchase, the cardholder must comply with any OPDIV procedures for documenting the purchase request, whether it is through an automated or hard-copy process. Before making the purchase, the cardholder must obtain any additional approvals or clearances required by [Appendix D](#) of this guide or by OPDIV procedures.

Figure 1. Cardholder Process for Micropurchases



### 3. Review Requirements and Plan Purchase

Whether buying a product or service on behalf of another customer, or for the cardholder's own needs, the cardholder should review the requirements to make sure the product or service is adequately described so that a vendor will clearly understand what is required.

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's contracting office. The cardholder is also not permitted to use the purchase card for products or services that must be delivered or performed at different times in the future (partial deliveries or performance). (See [III.A.11](#) for related coverage of backorders and exceptions.)

During each monthly billing cycle, the cardholder should plan purchases to maximize the benefit to the Government and the customer. For example, repetitive requests for the same product should be consolidated to obtain a better price from the vendor and to reduce the number of transactions. However, the urgency of the requirement should also be considered and purchases made accordingly. If a requirement exceeds the cardholder's single purchase or monthly limit, the cardholder must not divide the requirement into two or more smaller requirements to avoid exceeding the limit. Doing so is not only a misuse of purchase card authority, but is prohibited by the Federal Acquisition Regulation. The cardholder should refer any requirement that exceeds his or her purchase card authority to the OPDIV's contracting office for purchase.

### 4. Determine if Funding is Adequate

Depending on the OPDIV's policies, the card may have been assigned a default CAN to ensure that any purchases will have adequate funding. If the OPDIV has not assigned a default CAN, then the cardholder must follow the OPDIV's procedure 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 cardholder must use current-year funding to

purchase items that are needed during the current fiscal year. For these products or services, the cardholder may accept receipt or delivery of the products or services in the next fiscal year, for example, a product purchased in late September can be accepted in October. However, current-year money must not be used to purchase products or services that will not be needed until the next fiscal year.

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 bona fide needs in the current fiscal year.

**5. Determine if Purchase is Within Dollar Limits**

The cardholder must ensure that adequate funding is available to make the purchase, and must then determine whether the product or service can be purchased under the single purchase limit and will not exceed the monthly purchase limit. If the purchase cannot be made under the dollar limits (and there are no other cardholders in the office who can make the purchase under their limits), the cardholder should notify the customer to submit the requirement to the contracting office. 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...micropurchase threshold into several purchases that are less than the applicable threshold merely to...avoid any requirement that applies to purchases exceeding the micropurchase threshold.

In some cases, determining whether a purchase is a split purchase or not can be difficult. The following examples illustrate several cases.

<b>Situation</b> <b>Assume cardholder has a \$3,000 single purchase limit</b>	<b>Determination</b>	<b>Rationale</b>
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.	Not a split purchase	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.
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.	Not a split purchase	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.

<b>Situation</b> <b>Assume cardholder has a \$3,000 single purchase limit</b>	<b>Determination</b>	<b>Rationale</b>
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.	Split purchase	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.
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.	Split purchase	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.
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.	Not a split purchase	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.

Cardholders who are unsure whether they have a split purchase should contact their A/OPC for guidance. Cardholders who deliberately violate the FAR requirements regarding split purchases will have their card accounts cancelled and may face other disciplinary measures.

**Changes to Purchase Limits during Emergencies or Contingency Operations**

Congress may pass legislation that temporarily raises the micropurchase threshold under certain circumstances, such as purchases in support of hurricane relief. The President may also declare a national emergency, which may allow for higher purchase limits. Further, the Federal Acquisition Regulation 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.

In cases such as those above, purchase limits are not automatically increased. Cardholders will be advised of any changes to their purchase card limits through their A/OPC or other HHS memo or directive. The A/OPC also will notify cardholders when the emergency conditions no longer exist and purchase limits revert to their original amounts. See [III.F](#) for detailed guidance on using the card during emergencies.

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 whether a product or a service is 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. Table 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.	<a href="#">Excess from other agencies</a> . The GSA maintains lists of excess property that is available from other agencies.
3.	<a href="#">Federal Prison Industries (UNICOR)</a> . Federal Prison Industries is a required source only for items above the micropurchase threshold. Cardholders who have purchase card authority greater than the micropurchase threshold and are purchasing items above the micropurchase threshold should see FAR Subpart 8.6 for the evaluation procedures.
4.	Products that are on the procurement list maintained by the <a href="#">Committee for Purchase from People Who Are Blind or Severely Disabled</a> . 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 <a href="#">GSA Global Supply</a> .
6.	Strategic Sourcing blanket purchase agreements (BPAs). The Strategic Sourcing BPAs must be used to obtain products that are within the scope of the BPA unless they are available from one of the sources listed above.

Table 2. Required Sources for Products

Priority Order	Required Sources for Products (Supplies)														
	<p>A number of BPAs have been awarded as part of a strategic sourcing initiative. These instruments (1) are designed to lower costs and increase efficiency for the purchase of certain products used throughout HHS, (2) provide discounts of 6%–54% over traditional contracting methods and offer substantial savings to HHS, and (3) have a higher order of priority than federal schedules. The strategic sourcing BPAs also have higher priority than commercial, open market sources. Strategic sourcing BPAs exist for the categories shown in the table below. The HHS strategic sourcing websites (<a href="http://intranet.hhs.gov/ssc/">http://intranet.hhs.gov/ssc/</a> and <a href="http://intranet.hhs.gov/hwac/">http://intranet.hhs.gov/hwac/</a>) contain detailed information on the contractors, products 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="500 667 1471 1178"> <thead> <tr> <th data-bbox="500 667 857 720">Category</th> <th data-bbox="857 667 1471 720">Scope</th> </tr> </thead> <tbody> <tr> <td data-bbox="500 720 857 762">Custodial products</td> <td data-bbox="857 720 1471 762">Janitorial and sanitary supply products</td> </tr> <tr> <td data-bbox="500 762 857 884">IT peripherals hardware</td> <td data-bbox="857 762 1471 884">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="500 884 857 951">Lab supplies</td> <td data-bbox="857 884 1471 951">Laboratory and medical supplies, instruments, equipment, and inorganic chemicals</td> </tr> <tr> <td data-bbox="500 951 857 1018">Office equipment</td> <td data-bbox="857 951 1471 1018">Purchase and lease of copier equipment (standalone copiers or multifunctional equipment)</td> </tr> <tr> <td data-bbox="500 1018 857 1140">Office furniture</td> <td data-bbox="857 1018 1471 1140">Desks, modular and systems furniture, seating, tables, filing, storage, and computer workstations (Haworth, Herman Miller, Kimball, Knoll, Paoli, Steelcase, and Trendway manufacturers only)</td> </tr> <tr> <td data-bbox="500 1140 857 1178">Office supplies</td> <td data-bbox="857 1140 1471 1178">General office supplies, copier paper, and toner</td> </tr> </tbody> </table>	Category	Scope	Custodial products	Janitorial and sanitary supply products	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 (Haworth, Herman Miller, Kimball, Knoll, Paoli, Steelcase, and Trendway manufacturers only)	Office supplies	General office supplies, copier paper, and toner
Category	Scope														
Custodial products	Janitorial and sanitary supply products														
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 (Haworth, Herman Miller, Kimball, Knoll, Paoli, Steelcase, and Trendway manufacturers only)														
Office supplies	General office supplies, copier paper, and toner														
7.	<a href="#">Federal schedules</a>														
8.	<p>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 it is available from an existing OPDIV contract or BPA 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.</p>														
9.	<p>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.</p>														

Table 3. Required Sources for Services

Priority Order	Required Sources for Services														
1.	<p>Services that are on the procurement list maintained by the <a href="#">Committee for Purchase from People Who Are Blind or Severely Disabled</a>. 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.</p>														
2.	<p>Strategic Sourcing indefinite-delivery, indefinite-quantity (IDIQ) contracts or blanket purchase agreements (BPAs). The Strategic Sourcing contracts and BPAs must be used to obtain services within the scope of the BPA or IDIQ unless they are available from one of the AbilityOne sources listed above.</p> <p>A number of IDIQ contracts and BPAs have been awarded as part of a strategic sourcing initiative. These instruments (1) are designed to lower costs and increase efficiency for the purchase of certain products and services used throughout HHS, (2) provide discounts of 6%–54% over traditional contracting methods and offer substantial savings to HHS, and (3) have a higher order of priority than federal schedules. The strategic sourcing contracts and BPAs have higher priority than commercial, open market sources. Strategic sourcing contracts and BPAs exist for the categories shown in the table below. The HHS strategic sourcing websites (<a href="http://intranet.hhs.gov/ssc/">http://intranet.hhs.gov/ssc/</a> and <a href="http://intranet.hhs.gov/hwac/">http://intranet.hhs.gov/hwac/</a>) contain detailed information on the contractors, services available, and the ordering procedures.</p> <p style="text-align: center;"><i>Categories of Strategic Sourcing Contracts and BPAs for Services</i></p> <table border="1" data-bbox="509 1199 1474 1858"> <thead> <tr> <th data-bbox="509 1199 927 1255">Category</th> <th data-bbox="927 1199 1474 1255">Scope</th> </tr> </thead> <tbody> <tr> <td data-bbox="509 1255 927 1318">Contract closeout</td> <td data-bbox="927 1255 1474 1318">Physical and administrative closeout of expired contracts and orders</td> </tr> <tr> <td data-bbox="509 1318 927 1409">Office equipment</td> <td data-bbox="927 1318 1474 1409">Maintenance of copier equipment (standalone copiers or multifunctional equipment)</td> </tr> <tr> <td data-bbox="509 1409 927 1612">Events management</td> <td data-bbox="927 1409 1474 1612">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 data-bbox="509 1612 927 1703">Temporary medical and professional staffing (TPMS)</td> <td data-bbox="927 1612 1474 1703">Temporary medical staffing resources such as physicians, nurses, and allied healthcare professionals</td> </tr> <tr> <td data-bbox="509 1703 927 1793">Temporary administrative and professional staffing (TAPS)</td> <td data-bbox="927 1703 1474 1793">Temporary administrative staffing resources such as secretaries, computer programmers, paralegals, and technical writers</td> </tr> <tr> <td data-bbox="509 1793 927 1858">Domestic Mail Delivery Services</td> <td data-bbox="927 1793 1474 1858">Ground and Express mail delivery services (domestic only)</td> </tr> </tbody> </table>	Category	Scope	Contract closeout	Physical and administrative closeout of expired contracts and orders	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)
Category	Scope														
Contract closeout	Physical and administrative closeout of expired contracts and orders														
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)														

Table 3. Required Sources for Services

Priority Order	Required Sources for Services
3.	<a href="#">Federal schedules</a>
4.	HHS preferred sources. An OPDIV may have awarded an IDIQ contract or a BPA for services 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 it is available from an existing OPDIV contract or BPA and if the price, performance time, and quality 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 service covered under an existing OPDIV contract or BPA, the cardholder must document the reasons before going to the open market to fill the requirement.
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? This market research will help ensure that the Government gets the best value from the merchant selected. Getting the best value for the Government means the cardholder should consider price, delivery, service, reliability, quality, and any other factors that are important. Based on their knowledge of the merchant(s), the cardholder should select a merchant that provides the best combination of factors for the requirement.

Cardholders 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.

When purchasing from the open market or from contracts or BPAs (including HHS Strategic Sourcing contracts and BPAs) that have multiple merchants for the same product or service, cardholders that have repetitive requirements for the same or similar products and services 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 the purchase card. (Because the merchant may not be familiar with the term “purchase card,” simply ask if it accepts VISA cards.) If the merchant does not accept the purchase card, the cardholder has three options: (1) find another merchant that does accept the card; (2) pay the merchant using a convenience check, if authorized by the OPDIV (see [III.D](#)); or (3) have the requirement purchased by the contracting office.

#### **Third-Party Credit Card Processors**

Some merchants, usually small businesses doing business over the web, may not have their own merchant account to accept credit cards. Instead, the merchant may use a third-party credit card processor to handle credit card transactions on behalf of the merchant. Technically, when paying a merchant through a third-party processor, the buyer 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.

HHS policy prohibits using the Government purchase card to pay merchants through a third-party processor because of the greater risk of abuse, issues involving disputed transactions, and difficulty identifying and reconciling transactions. There are two exceptions to this prohibition:

- *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 this case, the cardholder may use the card to purchase the product or service but must document the purchase card file with the name of the merchant, the name of the third-party processor, the amount of the transaction, and a brief statement explaining why it was necessary to purchase the product or service from that merchant.
- *The cardholder used the card to purchase from a merchant but was unaware that the merchant was using a third-party credit card processor.* In this case, the cardholder may not know that a third-party processor was used until he or she receives the bank statement. It may be difficult to reconcile the purchases because the transaction may appear under the name of the third-party processor instead of the merchant name. Before contacting the

bank to dispute a transaction that, on the surface, may appear to be invalid, the cardholder should attempt to match the purchase amount on the bank statement with the purchase log and records, contacting the merchant if necessary to confirm whether it uses a third-party processor.

The cardholder should 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 their cardholders to avoid these merchants if possible. The following are some common third-party processors:

- 2Checkout
- CCBill
- CCNow
- DigiBuy
- iBill
- Kagi
- Multicards
- PayPal
- ProPay
- SpeedPay
- RegNow

There may be other third-party processors besides those listed here.

Cardholder accounts with transactions involving third-party credit card processors may be subjected to increased oversight and auditing.

## 9. Determine if Tax is Added by Merchant

All U.S. Government purchases using the purchase card are tax exempt. The cardholder should advise merchants of the tax exemption before completing a purchase transaction. After completing a purchase transaction, the cardholder should also check the sales receipt or invoice to verify that sales tax was not added to the purchase price. If tax was added, the cardholder should ask the merchant to remove the tax and, if requested to provide documentation or a tax exempt number, should provide the merchant with the OPDIV's employer identification number (EIN) or a copy of the state's tax exempt letter. Copies of state tax letters are found at the GSA Web site <http://apps.fss.gsa.gov/services/gsa-smartpay/taxletter/>. Because state tax laws vary, there may be instances where merchants will not agree to deduct taxes from the purchase price. If the merchant refuses to remove the tax, and the cardholder and AO are unable to resolve the matter, 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. The HHS OPDIV's 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—53-0196960  
SAMHSA—52-0821668A8

**10. Determine if Merchant Added Surcharge for Using Card**

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. The cardholder should contact the A/OPC if the merchant insists on adding a fee.

Merchants are also 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, so merchants should not be billing in advance of shipment. Cardholders must not place orders for products that have to be backordered,<sup>3</sup> but they may order products that are currently available in the merchant's warehouse and will be delivered within the next billing cycle. In such cases, the cardholder should confirm that the merchant will bill the account only upon shipment of the item. Exceptions to the no backorder policy are subscriptions (including scientific reprints),

---

<sup>3</sup> A backorder is defined as an item that has not been manufactured or is out of stock and not available in a merchant's warehouse.

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**

When using the purchase card for purchases at or below the micropurchase threshold, cardholders are permitted to contact a single merchant and make an award to that merchant, without obtaining competitive prices from other merchants, provided they believe the price to be reasonable. However, the cardholder must verify and document price reasonableness in two instances. The first instance is when the cardholder suspects, or has information to indicate, that the price may not be reasonable. In this case, the cardholder may attempt to negotiate a lower price with the merchant or contact other merchants to obtain additional prices. The second instance is when the cardholder is purchasing a product or service for which there is no comparable pricing information available, such as records of previous purchases for the same or similar products or service. In both instances, the cardholder must include, with the purchase documentation, an explanation of how price reasonableness was determined.

Cardholders who are authorized to use the purchase card above the micropurchase 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 an over-the-counter purchase, the cardholder must take the product from the merchant at the point of sale, obtain a customer copy of

the sales receipt, and make sure any extra copies of the sales receipt are destroyed. The sales receipt must be retained in the monthly purchase card documentation file.

If making a telephone order, the cardholder must make sure that the product or service can be adequately described over the phone so that the merchant has a clear understanding of what is required. Orders for complex products or services that require lengthy descriptions should be documented in writing as opposed to purchased over the phone. When ordering over the phone, the cardholder will need to provide the merchant with the account number, expiration date, and if requested, the billing address. Some merchants may request the security code found on the back of the card for additional verification. Do not fax or otherwise provide a copy of the card to the merchant. This is a card security risk and is against VISA regulations.

If the product will be shipped, the cardholder will need to provide a shipping address and should ask the merchant to include the following on the packing slip:

- Cardholder's name and office
- Complete delivery address, including mail stop if required
- Cardholder's telephone number
- The term "credit card."

The merchant must *not* include the card number on the shipping label or packing slip.

If the product will be picked up from the merchant by someone other than the cardholder, and the merchant requires that a receipt be signed, the person picking the product up should sign the receipt as "Received by \_\_\_\_\_." The cardholder should retain this receipt in the monthly documentation.

#### 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 is to be shipped to a location that is outside of the cardholder's office, the cardholder must arrange for an individual in the receiving office to confirm receipt of the product by signing and dating the shipping document, packing slip, or other receiving document. The receiving official must forward the document to the cardholder, who should then retain the document in the purchase card file.

If the product is shipped directly to the cardholder's office, the cardholder must sign and date the shipping document, packing slip, or other receiving document and retain it in the purchase card file.

Individuals receiving products are responsible for complying with all HHS and OPDIV requirements for recording reportable and sensitive property. See [III.E](#) for additional information.

#### 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 [III.A.19](#).

17. **Maintain Monthly File for Receipts and Other Documentation**

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

At the end of each month, the cardholder should transfer the monthly file to a central filing system where all office purchase card records are maintained as determined by each OPDIV. 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 that 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 problem. If a merchant refuses to replace the product or make corrections, then the transaction will 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. Disputes typically involve erroneous charges or duplicate charges on the account. 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 must complete a Cardholder Statement of Questioned Item (CSQI) (available from the AO or servicing bank) and, in order to preserve dispute rights, must either fax or mail the form to the servicing bank within 60 days from the date the questioned item appeared for billing. (The servicing bank will not accept CSQIs that are received after the 60 day time frame.) The cardholder must keep a copy of the form in his or her records, as well as provide a copy to the AO. The servicing bank will issue a credit for the transaction until the dispute is resolved.

Examples of disputes include the following situations and their associated documentation required:

- *Defective items not replaced*—CSQI describing when and how item was returned and proof of return.
- *Incorrect or altered transaction amounts*—CSQI stating the correct amount and copy of the original receipt.
- *Canceled transactions not credited on your account*—CSQI indicating the date of cancellation and a copy of supporting documentation.
- *Duplicate transactions*—CSQI, identification of the correct and duplicate transactions, and a copy of receipt for the correct transaction.
- *Products/services ordered but never received*—CSQI with expected date of receipt and explanation of attempts to resolve the dispute with the merchant (include the date and name of the person spoken with at the merchant).
- *Product returned to merchant (other than in person)*—CSQI with explanation of how the product was returned and a copy of proof of return. (Products must be returned by a verifiable means.)
- *Canceled recurring transaction (such as a subscription)*—CSQI and a copy of cancellation notice sent to the merchant.
- *Credits never received*—CSQI stating that a credit has not been received and a copy of the credit slip or other documentation from the merchant showing the credit amount.
- *Invalid transactions*—CSQI stating that the transaction did not occur.
- *Shipping one item but billing for another*—CSQI stating that the merchandise received was different from what was ordered, proof of what was ordered, a copy of the return receipt, and an explanation if the product was not returned.
- *Unrecognized charge*—letter, signed by the cardholder or the disputes official, stating that the transaction was not recognized. The merchant has 30 days to respond to the servicing bank. If the merchant provides a copy of the receipt, the cardholder will have 20 days to review it and notify the servicing bank if he or she still does not recognize the transaction.

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's disputes official, if one has been designated, or the A/OPC.

20. Receive Monthly Bank Statement

Cardholder purchases made during the monthly billing cycle will be reflected on the bank's monthly statement. Depending on the OPDIV's card system and processes, the bank statement may be in an electronic or hard-copy form. If received electronically, the individual card transactions are downloaded to the purchase card system by the bank throughout the billing cycle. The cardholder should review the transactions individually and reconcile them as they occur. If the servicing bank provides a hard-copy statement, it will mail the statement after the close of the billing cycle. The statement will contain all of the card transactions made by the cardholder during the billing cycle.

21. Reconcile Monthly Purchases with Bank Statement

The cardholder must review the bank statement to ensure that all of the cardholder's actual purchases and transactions are matched to the corresponding transactions on the purchase log and, if applicable to the OPDIV, registered in the electronic purchase card system. If the OPDIV does not use an electronic purchase card system, follow OPDIV guidance for reconciling the transactions.

22. Review for Unauthorized Charges

The cardholder should review his or her account regularly for any unauthorized charges. An unauthorized or unrecognized 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 in [III.A.19](#). If the account has been compromised, the cardholder should immediately notify the servicing bank, AO, and A/OPC.

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 1 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. Otherwise, billing could occur weeks or

months in the future, making it difficult to reconcile the amount with the original purchase. The cardholder shall contact the merchant and attempt to resolve all instances of untimely billing.

If an unbilled transaction exists in the account, yet the merchant reports that it has been paid, then the merchant may have mistakenly billed another VISA account. If the merchant is unable to determine the source of the error, the cardholder shall document that fact and retain the documentation with the other monthly purchase card records.

**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 (either a printout from the card management system or the servicing bank's hard-copy statement, depending on the OPDIV) detailing the monthly transactions, attach the original receipts from the monthly purchase card file, and submit it 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 and/or criminal penalties for fraudulent actions.

**B. Use of the Purchase Card above the Micropurchase Threshold**

Cardholders who have received advanced training in accordance with [II.B.1](#), and have been delegated authority to use the purchase card above the micropurchase level, are considered to be part of the acquisition workforce. Those 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 micropurchase threshold. The cardholder must adhere to the requirements for competition, public notice, 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.

**C. Approving Official Process**

AOs are responsible for performing the following duties:

- Requesting that new cardholder accounts be established and recommending the cardholder's single purchase and monthly purchase

limits. AOs must document the need for all cardholder accounts in accordance with the procedures in this guide.

- Reviewing and approving each transaction for all of the assigned cardholders. AOs must verify that all transactions were for a bona fide Government need and in accordance with the FAR, HHSAR, this guide, and any OPDIV-specific procedures. AOs are responsible for reporting all suspected cases of misuse or fraud in accordance with [IV.D.3.](#) of the Guide. After reviewing and approving the purchase transactions, the AO must sign the statement of account and retain it in the official purchase card file.
- Viewing each cardholder's account and verifying that the correct accounting information has been assigned to the transactions.
- Assisting cardholders with resolving disputed transactions.
- Ensuring that cardholders maintain all documentation related to each purchase and that monthly purchase card documentation is stored in accordance with records retention requirements and OPDIV procedures.
- Serving as a liaison between the cardholders and the A/OPC.
- Monitoring cardholder practices and reporting all instances of misuse or suspected fraud to the A/OPC.
- Reconciling purchase transactions against the bank statement of account on behalf of a cardholder when the cardholder is absent due to illness, extended leave, or other assignments.

## **D. Convenience Checks**

### **1. Convenience Check Policies**

Convenience checks may be issued by the servicing bank to individual cardholders or other individuals authorized to use them. Because of the fees and potentially higher risks associated with use of convenience checks, OPDIVs will determine whether convenience checks are authorized for use within the OPDIV. When an OPDIV authorizes use of convenience checks, the A/OPC is the only individual authorized to order/reorder convenience checks. If convenience checks are authorized for use within an OPDIV, they may be requested at the time a new cardholder (or checkwriter) is nominated per [II.A.3.](#) of the Guide, using the Request for New Cardholder/Checkwriter template in [Appendix B.](#) The justification for convenience checks must be completed on the template. If convenience checks are authorized for use within an OPDIV, and the cardholder requires them for his or her existing account, the AO shall complete the template with a justification documenting the need for

the checks, and send the request to the A/OPC. In this case, the AO should also indicate on the request that the individual is an existing cardholder.

Convenience checks may only be used when the card is not accepted for payment of services or goods. Examples of such use may include recurring needs to make payments to:

- Participants in medical studies/trials
- 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

**Prior to initiating a purchase transaction using a convenience check, the account holder must obtain written pre-approval from either her or his supervisor, AO, A/OPC or higher authority.** Written pre-approval may be in the form of an e-mail, signed memo/note, etc., which: (a) certifies that the proposed purchase is for a legitimate need of the government and not for personal benefit; and (b) documents the circumstances requiring use of a convenience check instead of a purchase card. A copy of the written pre-approval must be retained in the purchase card file.

Checks must not be written for amounts greater than \$3,000.<sup>4</sup> In this case, the requirement must be submitted to the contracting office for purchase through other methods. Also, using more than one check to pay for a single product or service, or splitting the requirement so that it falls below the micropurchase threshold, is prohibited.

Checks must not be written to “Cash” or to any other Government employee under any circumstances.

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.

---

<sup>4</sup> An exception to this policy applies to contracting personnel in an OPDIV’s contracting office who may have this authority under the terms of their warrant.

Checks must be written in U.S. dollars only.

Purchases made with convenience checks are tax exempt.

When using a convenience check, the checkwriter must record the vendor's name, address, telephone number, 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.

Copies of canceled checks are available from the servicing bank for 3 years.

The bank supplies checks in quantities of 150, which include duplicate paper and a convenience check register. It is HHS policy that only the A/OPC is permitted to request check orders and reorders from the servicing bank. Checks are mailed by the bank (or check printer) directly to checkwriters.

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. A fee will be charged to the checkwriter's account for any returned checks. 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.

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 and be aware that the transaction could be unexpectedly applied against the current monthly limit. 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.

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. Convenience check transactions occur outside of the card system and do not require bank approval prior to use. Existing controls that restrict purchases to certain merchant category 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.

A “stop payment” order may be issued on a convenience check by contacting the servicing bank before the check is posted to the account. A fee will be assessed to the checkwriter’s account for a stop payment order.

If a checkwriter’s account is cancelled for any reason, the checkwriter (or AO if the checkwriter is unavailable) must shred all unused checks.

## 2. Checkwriter Responsibilities

When using convenience checks, checkwriters have the following responsibilities:

- Follow purchase card procedures for purchasing products or services, including use of required sources.
- Obtain a price quote and receipt (describing the purchased products or services) from the merchant, and pick up (or obtain delivery) of the purchased products or services promptly in order to avoid an advance payment situation. Attach purchase documentation to the duplicate copy of the convenience check and retain in the monthly purchase file.
- Obtain the merchant’s name, address, and phone number, and enter the information in the convenience check register along with a brief description of the purchase, the check number, amount of purchase, and check fee. If writing a check to an individual, sole proprietor, partnership, or corporation for payment of services, the checkwriter must also collect the TIN, which can be the EIN or social security number.
- Record and log the purchase transaction.
- Review the transactions against the bank statement, and identify any errors in the dollar amounts. Keep track of outstanding checks that may appear as transactions on future billing statements. Check fees may be listed apart from the checks on the bank statement.

- Store the convenience checks in a secure, locked location, such as a safe.
- Maintain records related to convenience check transactions and store them in accordance with records retention requirements and OPDIV procedures.
- Immediately notify the A/OPC and AO if fraud related to the use of a convenience check is suspected.
- Shred all unused checks if they are no longer needed, or when the account has been cancelled.

## **E. Property Accountability**

Accountable property is all Government property acquired at a cost of \$5,000 or more. Sensitive items are those that are considered highly desirable and could easily be converted to personal use, or are subject to unusual rates of loss, theft, or misuse. Some items, regardless of cost, are considered sensitive items. OPDIVs may identify products that are considered sensitive. The purchase card may be used to obtain accountable or sensitive property (if within card purchase limits and if authorized for purchase using the card). Cardholders and other personnel who purchase and/or receive accountable or sensitive property must follow all HHS and OPDIV policies and procedures with respect to pre-purchase approvals, clearances, and recording such property upon receipt.

## **F. Purchase Card Use during Emergencies**

### **1. 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.

Table 4 below describes in greater detail the emergency authorities that address the emergency situations described above. Additional information on contracting during emergencies is available from the HHS Contingency Contracting website at <http://www.hhs.gov/oamp/cc/>.

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 micropurchase 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 (see <a href="#">II.A.2.</a> ) 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 (see <a href="#">II.A.2.</a> ) 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 micropurchase 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. See also <a href="#">III.A.5.</a>
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 micropurchase 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 (see <a href="#">II.A.2.</a> ) 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.

Table 4. Summary of Emergency Conditions

Emergency Situation	Authority	Initiated By	Effect on Cardholders
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 micropurchase threshold. Cardholders with designated emergency cards (see <a href="#">II.A.2.</a> ) 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.

## 2. Effect of Emergencies on Purchase Card Policies and Procedures

As shown in the above table, the existence of an emergency, in and of itself, does not change any of the existing policies and procedures for using the purchase card and/or convenience checks. Therefore, cardholders must continue to abide by the prohibition on purchases of certain products or services in [Appendix C](#), and the special requirements for purchasing products or services found in [Appendix D](#).

During an emergency, it is possible that special legislation or executive orders may be issued that temporarily waive or amend certain purchase card policies, such as appropriation act restrictions, micropurchase thresholds, or other purchase card regulations. Should this be the case, cardholders will be notified of any such changes by ASAM/OAMP or other designated HHS officials. If the micropurchase threshold is temporarily raised, selected cardholders may also have their single purchase limit and monthly limit raised. This is not an automatic action. Cardholders will normally be selected by OPDIV management to have their limits raised based on their role in support of the emergency. OPDIV managers shall coordinate these actions with the A/OPC. In other cases where a cardholder needs a higher limit to support an emergency requirement, the AO or other supervisory official must send a request to the A/OPC justifying an increase in the card limits. Likewise, cardholders will be advised when the emergency ends and their card limits revert to normal. The A/OPC will coordinate with the servicing bank to make any adjustments to card limits. Cardholders that have their card limits raised can only use the higher limits for purchases in direct support of an emergency. Routine purchases must still be made within the cardholder's normal purchase limits.

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 ASAM/OAMP or through their OPDIV, 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.

### 3. Identifying Purchases Made in Support of Emergencies

Experience with Hurricane Katrina indicates that after an emergency ends, there will likely be investigations by the Inspector General, GAO, and other oversight organizations into the purchasing practices that occurred during the event. Attempts to identify purchase card transactions related to an emergency after-the-fact can prove to be difficult. Some cardholders may have both normal transactions and emergency-related transactions on their accounts during the emergency event. In addition, 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 for cardholders/checkwriters is provided in [Appendix B](#). Cardholders must complete this template, in hard copy, Word document, spreadsheet equivalent, electronic log, or other format that captures the required information, whenever a purchase is made in support of the first three emergencies listed in Table 4 above. Because local emergencies are more limited in scope, the log is not required to be used under those circumstances. 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 doubt exists as to whether the emergency has begun or ended, record the purchase on the log. Purchases that fall outside of the official date range of the emergency can be easily excluded from the official tabulation after-the-fact.

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.

### 4. 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. Cardholders deployed to an emergency location may be faced with one or more of the following challenges:

- Purchases of unfamiliar products or services
- Purchases for higher dollar amounts than normal

- Unfamiliar location and suppliers
- Possible separation from their AO, home office, support systems, e-mail, telephone, internet access, etc.
- Possible price-gouging
- High-stress purchasing environment
- Possible survival or life-preserving situations

Each of the above challenges is discussed below with suggestions for minimizing problems.

### **Purchases of unfamiliar products or services**

Before deploying, cardholders should attempt to learn what operations or functions they will be supporting, and the potential products and services they will be purchasing. Prior to deployment, cardholders should learn as much as they can about potential products and services, including pricing, suppliers, existing BPAs, strategic sourcing contracts, Federal Schedules, or other contracts already in place against which orders can be quickly placed.

Once deployed, cardholders can 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.

### **Purchases for higher dollar amounts than normal**

An emergency condition may result in a temporary increase in the micropurchase threshold. For example, during Hurricane Katrina the micropurchase threshold was raised to \$250,000. Some cardholders may be selected to have their single purchase limits increased should the micropurchase threshold be raised. All purchase card policies and procedures remain in effect even at the higher limits. However, cardholders should pay greater attention to pricing if single purchase limits are raised. If time permits, cardholders should try to obtain competitive pricing from several vendors, or verify that prices are reasonable based on price lists, catalogs, evidence of prior sales, etc.

Cardholders who have been issued emergency cards with limits that exceed the micropurchase threshold must remember that they are required to follow FAR procedures for any purchase that exceeds the micropurchase threshold (unless the micropurchase threshold has also been raised at or above the emergency card's single purchase limit). When FAR procedures are required and the cardholder has questions on how to proceed, the cardholder should contact a member of the HHS Contracting Cadre, the cardholder's contracting office, the A/OPC, or the HHS Emergency Hotline or Help Center (if established).

Deployed cardholders should also verify that there will be adequate funding available to support their purchases by confirming with their AO or OPDIV's finance office.

### **Unfamiliar location and suppliers**

Deployed cardholders may be faced with unfamiliar locations and suppliers. Prior to deployment, cardholders should research the location, using such tools as internet directories and on-line maps, the Thomas Register, and general web searches to gain familiarity with the location and suppliers. Once deployed, cardholders can request help from state and local government personnel, local residents, and local phone directories. If deployed cardholders have access to the internet, searches can be conducted for local suppliers. Cardholders can also contact their home office if communication networks are intact and request help from their A/OPC, OPDIV contracting office, or the HHS Emergency Center or Help Desk (if established).

### **Separation from cardholder's AO, home office, internet, e-mail, 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 by their AO. 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.

### **Price gouging**

While most businesses 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 should avoid paying unreasonable prices, 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. The cardholder should report all suspected cases of price gouging or unethical business practices to the senior Federal official on site or the agency official responsible for coordinating the deployment. 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.

### **High-stress purchasing environment**

Deploying to the site of an emergency, being faced with unfamiliar purchases, immediate needs, and separation from familiar resources can result in a stressful purchasing environment. While nothing can eliminate this reality, stressful situations can be reduced by being well-prepared for the deployment. Section [III.F.5](#) below provides information on a purchase card deployment kit that cardholders should assemble before deploying.

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.

### **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.

## 5. 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 <http://www.arnet.gov/far/> and HHSAR <http://www.hhs.gov/oamp/dap/procurpol.html> if the cardholder has authority to make purchases above the micropurchase threshold
- Points of contact, including the AO, OPDIV A/OPC, ASAM/OAMP, 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
- Materials from HHS' Contingency Contracting website (<http://www.hhs.gov/oamp/cc/>) such as toolkit documents
- 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, indefinite delivery 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 used 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.

## 6. Cardholder Support of Emergencies from their Normal Duty Locations

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 the following challenges:

- Purchases of unfamiliar products or services
- Purchases for higher dollar amounts than normal
- Unfamiliar suppliers
- Possible mix of regular purchases and emergency support purchases
- Possible price-gouging
- Delivery of products or services to remote locations

Each of the above challenges is discussed below with suggestions for minimizing problems.

### **Purchases of unfamiliar products or services**

Cardholders will likely find that they need to purchase unfamiliar products or services in support of the emergency. Cardholders should use the resources at their disposal to help learn about unfamiliar products or services. These resources include the OPDIV A/OPC, OPDIV contracting office, the internet, and HHS Emergency Hotline or Help Desk (if established).

Cardholders should determine if there are existing BPAs, contracts, Strategic Sources, Federal Schedules, or other ordering arrangements

already in place that allow them to quickly and easily use the card to place orders for the needed product or service.

### **Purchases for higher dollar amounts than normal**

An emergency condition may result in a temporary increase in the micropurchase threshold. For example, during Hurricane Katrina the micropurchase threshold was raised to \$250,000. Some cardholders may be selected to have their single purchase limits increased should the micropurchase threshold be raised. All purchase card policies and procedures remain in effect even at the higher limits. However, cardholders should pay greater attention to pricing if single purchase limits are raised. If time permits, cardholders should try to obtain competitive pricing from several vendors, or verify that prices are reasonable based on price lists, catalogs, evidence of prior sales, etc.

Cardholders who have been issued emergency cards with limits that exceed the micropurchase threshold must remember that they are required to follow FAR procedures for any purchase that exceeds the micropurchase threshold (unless the micropurchase threshold has also been raised at or above the emergency card's single purchase limit). When FAR procedures are required and the cardholder has questions on how to proceed, the cardholder should contact the OPDIV's contracting office, the A/OPC, or the HHS Emergency Hotline or Help Center (if established).

Cardholders that are supporting emergencies should verify with their AO that adequate funding exists to support the additional requirements.

### **Unfamiliar suppliers**

Cardholders may have to make purchases from unfamiliar suppliers. Cardholders should use the resources available to them, such as the internet, to learn about unfamiliar suppliers. The OPDIV contracting office may also be able to assist cardholders with locating suppliers for unfamiliar products and services.

### **Possible mix of regular purchases and emergency support purchases**

Cardholders may need to support their regular office requirements in addition to supporting the emergency. Cardholders should remember to document all emergency-related purchases using the HHS Emergency Purchase Log in [Appendix B](#) (or electronic equivalent). Cardholders must also remember that any increase in the micropurchase threshold or their single purchase limit only applies to purchases that support the emergency. All regular purchases are still subject to the cardholder's limits on his or her delegation of procurement authority.

**Price gouging**

While most businesses 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 should avoid paying unreasonable prices if at all possible; using their knowledge of the product or service, price lists, catalogs, manufacturer's suggested retail prices, previous sales, competitive quotes, or internet research to determine if a price is fair and reasonable.

If a cardholder believes that a price may be unreasonable, the cardholder should attempt to locate another source. If the product or service is needed and there are no other sources available, the cardholder should make the purchase and document the purchase file with the details. 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.

**Delivery of products or services to remote locations**

Purchases made in support of an emergency from the cardholder's normal duty location will usually need to be delivered to the site of the emergency. Cardholders must notify the individual who will receive the product or service to document that the product or service has been received by signing the receipt, packing slip, or other evidence of delivery, and mailing this information to the cardholder. This documentation must be retained in the cardholder's monthly purchase file.

## **IV. 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:

- HHS/ASAM/OAMP 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 written pre-approval for all purchase card and convenience check purchases.
- Identifying prohibited purchases and purchases requiring special attention.
- Use of merchant category codes to restrict card use to appropriate merchants.
- Limiting convenience checks to \$3,000 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.
- Requiring all AO accounts and their associated cardholder accounts be reviewed at least annually, and documenting/reporting cases of suspected fraud, waste, abuse, or misuse of the card.
- Requiring inactive purchase cards to be reviewed for necessity on a semi-annual basis, and documenting the results of the reviews.

## B. Risk Management

A/OPCs are responsible for taking actions to reduce the risk of card fraud, waste, abuse, and misuse. OPDIV A/OPCs can minimize risk by ensuring that Government and HHS purchase card policies and procedures are followed, and that program effectiveness is monitored on a regular basis. Table 5 below identifies typical purchase card factors that may result in elevated risk, along with recommended risk reductions methods. This list may not cover all risks associated with the purchase card program. A/OPCs should regularly assess their card program to identify additional areas of risk and develop adequate risk reduction 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"> <li>• Conduct regular surveillance and annual reviews of all AOs and cardholders.</li> <li>• Ensure that all violations are promptly identified and that corrective and/or disciplinary actions are taken.</li> <li>• Publicize serious violations and the actions taken in response.</li> <li>• 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.)</li> <li>• Ensure that cardholders and AOs receive all necessary training and refresher training commensurate with their purchase limits, per <a href="#">II.B.</a> of this Guide.</li> </ul>

Table 5. Purchase Card Risk Factors

Risk Factor	Description	Recommended Risk Reduction Methods
General risk of loss, theft, or accidental use of a purchase card	Cardholders are required to keep cards on their person rather than in locked desks, cabinets, etc. in order to have cards available for use during building closures or other emergencies. This improves operational support but may result in a higher risk of loss, theft, or accidental use.	<ul style="list-style-type: none"> <li>• During spot checks or periodic reviews of cardholders, ask them to physically produce their cards and verify that cards are signed. Follow-up with appropriate action (training, counseling, card cancellation, etc.) for any instances where cardholders are unable to produce their cards.</li> <li>• Monitor reports of loss or theft, and ensure that cards are promptly cancelled. Provide additional refresher training on card security if needed.</li> <li>• AOs should monitor and question cardholders about any suspicious transaction.</li> </ul>
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"> <li>• Perform a review of all new AOs and cardholders within 90 days of their appointment to identify procedural errors or misuse.</li> </ul>
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"> <li>• Based on the types of products and services the card is being used to purchase, consider adding merchant category code restrictions to the account</li> <li>• Review cardholder transactions for suspicious purchases and follow up as necessary</li> <li>• Conduct periodic spot checks of cardholders to ensure compliance</li> </ul>
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"> <li>• Review cardholder transactions for suspicious purchases and follow up as necessary</li> </ul>
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"> <li>• Consider reducing the cardholder's purchase limit consistent with their purchase needs</li> <li>• When establishing new card accounts, ensure that single purchase limits reflect actual needs rather than automatically defaulting to the micropurchase limit.</li> </ul>

Table 5. Purchase Card Risk Factors

Risk Factor	Description	Recommended Risk Reduction Methods
Inactive cards (except for emergency cards issued under <a href="#">II.A.2.</a> of this guide)	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"> <li>• Conduct review of inactive cards semi-annually in accordance with <a href="#">II.D.6</a> of this guide, and cancel cards that are no longer required.</li> </ul>
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"> <li>• 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.</li> <li>• Ensure AOs and cardholders are advised of any changes to purchase card procedures or changes to authority levels as a result of the emergency.</li> <li>• Conduct spot checks during the emergency for compliance, and post-event reviews of transactions.</li> <li>• Ensure AOs and cardholders are promptly alerted when the emergency is over and any special emergency procedures or authorities revert to normal.</li> </ul>
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"> <li>• 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.</li> <li>• Conduct more frequent spot checks or surveillance of AOs with spans of control of seven or more.</li> </ul>
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"> <li>• 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.</li> <li>• 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</li> </ul>

Table 5. Purchase Card Risk Factors

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"> <li>• Increased surveillance and spot checks to ensure compliance.</li> <li>• Cancel cards for cardholder repeat offenders, or train and assign new AOs for repeat AO violations. Follow guidelines in <a href="#">IV.D.4</a>, to determine the appropriate response to instances of misuse.</li> </ul>
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"> <li>• Conduct more frequent spot checks for convenience check users.</li> <li>• Ensure that convenience checks are adequately safeguarded and transactions are properly logged and identified.</li> <li>• Review convenience check usage and cancel checks for users that no longer require them.</li> </ul>
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"> <li>• Increased surveillance of cardholder transactions.</li> <li>• Conduct spot checks of AOs and cardholders to ensure compliance with policies and procedures.</li> </ul>
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"> <li>• Increased surveillance of cardholder's transactions with follow-up of questionable purchases.</li> </ul>
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"> <li>• A/OPCs should temporarily assign cardholders to another AO to review transactions.</li> </ul>

### C. Reviews, Surveillance, and Reporting

Purchase card reports and reviews are important tools for managing the program and monitoring performance over time. To that end, [Appendix E](#) summarizes required reports and reviews associated with the purchase card program, as well as available servicing bank reports to assist in the preparation of reports and conduct of reviews. A/OPCs will also conduct and support purchase card reviews and surveillance activities as directed by the HHS Purchase Card Program Coordinator. The following section

provides greater detail regarding high-visibility reviews conducted under the HHS Purchase Card Program framework.

1. Reviews and Reporting Requirements

**OMB Quarterly Reports**

In accordance with OMB Circular A-123, Appendix B, HHS' Purchase Card Program Coordinator is responsible for providing quarterly reports to OMB 45 days following the end of each quarter. Some of the following metrics are available through bank reports. In other cases, the HHS Purchase Card Program Coordinator will require the OPDIV A/OPCs to submit their data to ASAM/OAMP three weeks after the end of each quarter to facilitate preparation of the report. The metrics required for the OMB report are as follows:

- 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 of \$3,000 or less
- Number of cardholders with authority over \$3,000 who hold warrants
- Number of cardholders with authority over \$3,000 who do not hold warrants

## **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.

## **Annual OPDIV Reviews**

A/OPCs are required to ensure that a review of their AO accounts, including associated cardholder accounts, is conducted annually. If the Finance Office is also conducting cardholder audits for financial and accounting purposes, the A/OPC should coordinate review efforts with the Finance Office to avoid duplication of effort and to minimize disruption to operations. 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/OPC review results must be reflected in the template entitled OPDIV Annual Report of Program Performance (see [Appendix B](#)) and furnished to the HHS Purchase Card Program Coordinator by October 31 each year. HHS' Purchase Card Program Coordinator will, in turn, assimilate OPDIV review results into a Department-wide report for ASAM/OAMP's review by December 31 each year. This report will also serve as the basis from which the HHS Purchase Card Program Coordinator prepares HHS' Purchase Card Management Plan for 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"> <li>• Allows review results to be projected to the entire population</li> <li>• Minimizes possible bias in the sample selection process</li> <li>• Can be applied to individual cardholders, AOs, or to the entire organization</li> </ul>	<ul style="list-style-type: none"> <li>• Requires knowledge of statistics to determine sample size, selection, and projection to entire population</li> <li>• Requires resources to identify and select the sample, and to review transactions in the sample</li> </ul>
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"> <li>• Simplifies sample selection</li> <li>• Can be easily scaled to fit the resources available for conducting the review</li> </ul>	<ul style="list-style-type: none"> <li>• Review results cannot be projected to the entire population</li> <li>• The sample may be biased and not be indicative of overall performance, whether positive or negative</li> </ul>
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"> <li>• Software-based data mining can screen and identify suspicious transactions faster than a manual review of the data</li> <li>• Serves as a good compliance technique by directly targeting suspicious transactions</li> </ul>	<ul style="list-style-type: none"> <li>• Additional expense to acquire and use software</li> <li>• Cannot project results to the entire population</li> <li>• Subtleties and exceptions in data may generate false positives</li> </ul>
Spot checks	These are random, on-site or desk reviews of cardholders, AOs, etc.	<ul style="list-style-type: none"> <li>• Useful for ensuring compliance because personnel never know when they may be reviewed</li> <li>• Useful for targeting high-risk areas</li> </ul>	<ul style="list-style-type: none"> <li>• Cannot project results to the population</li> <li>• Requires resources to conduct the reviews</li> </ul>

A/OPCs may conduct their reviews either on-site at the cardholder's or AO's workstation, or by requesting copies of documentation from the cardholder and/or AO. Where resources permit, the on-site method should be used.

[Appendix F](#) provides a review checklist for A/OPCs to assist with their reviews of cardholders and AOs. At a minimum, OPDIV reviews shall cover all the factors on the checklist (as applicable), and may include additional factors. A/OPCs may use a locally-developed template and/or database to capture the results of their reviews, and shall provide the HHS Purchase Card Program Coordinator with access to the results upon request.

### **Departmental Reviews**

In order to support OMB reporting requirements, the HHS Purchase Card Program Coordinator is required to conduct an annual review and assessment of the HHS Purchase Card program. This assessment should 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

### **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 [III.D.1](#). The template for AOs, entitled Approving Official Semi-annual Review of Convenience Check Use, is shown in [Appendix B](#). The AO should complete the template for each cardholder electronically and e-mail it to the A/OPC. The A/OPC will then use the AO reports to complete a summary report, entitled A/OPC Official Semi-annual Review of Convenience Check Use, and send to the HHS Purchase Card Program Coordinator. The A/OPC summary report is shown in [Appendix B](#). The report should be completed electronically and e-mailed to the HHS Purchase Card Program Coordinator. These reports will be used by the HHS Purchase Card Program Coordinator to continually assess HHS’ overall need for convenience checks, number of convenience check accounts holders, and appropriate use of checks.

### **Inactive and Emergency Purchase Card Reviews**

A/OPCs are required to review purchase card activity on a semi-annual basis. This review will consist of an analysis of the servicing bank’s inactive card reports, and the OPDIV A/OPCs “Status of Inactive or Emergency Purchase Card” justifications obtained in accordance with [II.D.6](#). A/OPCs will submit a report describing the result of their review of inactive card use to the HHS Purchase Card Program Coordinator. The HHS Purchase Card Program Coordinator will provide the A/OPCs with the instructions, standard format, layout, and/or media to be used for submitting the report. The A/OPC report will be used by the HHS Purchase Card Program Coordinator to ensure that HHS does not have a proliferation of unused cards or unnecessary emergency cards, and to assist in preparation of the annual OMB card plan reporting requirements.

### **HHS Office of Inspector General Reviews**

The HHS Office of Inspector General (OIG) 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 A/OPCs and ASAM/OAMP, and appropriate corrective or disciplinary actions will be taken as needed.

## 2. Reviews by External Organizations

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

## D. Fraud and Misuse

### 1. General

Any intentional or unintentional violation of the policies and procedures for purchase card and/or convenience check usage is considered misuse. Fraud is a criminal form of misuse involving willful deceit, misrepresentation of facts, or other practice designed to harm or deprive another of his or her rights, usually involving deception for personal gain. The distinction between misuse and fraud is dependent upon the facts of each case.

All HHS participants in the HHS purchase card program are responsible for preventing fraud and the conditions that lead to fraud. Fraud often occurs when two or more individuals collude to circumvent the management controls in place to prevent fraudulent practices. Collusion may occur between merchants and cardholders, cardholders and AOs, or between purchase card program participants and other employees. Employees are required to report all instances of suspected fraud and misuse (See D.3. below).

### 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. The following examples of misuse could also be potential indicators of fraud:

- Repetitive purchases from the same merchant in situations where the cardholder should be rotating purchases among more than one merchant

- Missing purchase documentation
- Cardholders or 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
- Cash advances or convenience checks written to "Cash"

### 3. 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, General Counsel, finance office, OPDIV supervisory chain, and the HHS Purchase Card Program Coordinator.

#### 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.

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 actions in Table 7 below.

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, coordinating 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><b>Fraud, Waste, and Abuse</b> Intentional use of the purchase card for unauthorized purchases or the approval of unauthorized transactions</p>	<ul style="list-style-type: none"> <li>• Card cancellation</li> <li>• Termination of employment</li> <li>• Fines and/or imprisonment</li> <li>• Salary offset to collect full cost of unauthorized purchases including administrative expenses</li> </ul>
<p><b>False Statements</b> False statements on purchase card records by cardholders and/or AO's</p>	<ul style="list-style-type: none"> <li>• Card cancellation</li> <li>• Reprimand</li> </ul>
<p><b>Personal Misuse</b> Unintentional use of the purchase card for unauthorized purchases</p>	<ul style="list-style-type: none"> <li>• Counseling</li> <li>• Cardholder payment to HHS required to cover full cost of unauthorized purchases and possible administrative expenses</li> </ul>
<p><b>Card Transfers</b> Transfer of purchase card to any person other than the cardholder</p>	<ul style="list-style-type: none"> <li>• Counseling</li> </ul>

Table 7. Consequences for Purchase Card Fraud and Misuse

Infraction	Potential Consequences for Infraction
<p><b>Failure to Maintain Card Security</b> Failure to safeguard physical location of the card and card account information</p>	<ul style="list-style-type: none"> <li>• Counseling</li> </ul>

## E. Refund Management

The servicing bank provides refunds (rebates) to OPDIVs in accordance with the HHS task order under the SmartPay master contract. The bank offers rebates based on the dollars spent during a given time period, the timeliness or frequency of payments made to the bank, and to correct erroneous payments made to the bank.

In OPDIVs that do not assign default CANs to purchase card transactions and do not automatically pay invoices upon receipt, 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.

The HHS Purchase Card Program Coordinator 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

## F. Strategic Sourcing

ASAM/OAMP is committed to improving HHS acquisition performance through a continual effort to identify strategic sourcing vendors and negotiate favorable HHS-wide contracts or agreements with those vendors. To achieve this objective, OAMP performs spend analyses on HHS purchase card data to identify card spending patterns, determine actual/estimated savings, and identify candidates for potential strategic sourcing initiatives.

Through annual purchase card training, cardholders will become aware of all applicable strategic sourcing contracts and agreements and the importance of using these instruments to maximize potential savings.

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

Only cost reimbursement contractors are eligible to use GSA's 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-98002) 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	Guide Reference	Page Number
Cardholder and Approving Official Training Certification	<a href="#">II.B.1</a>	B-2
Request for New Cardholder/Checkwriter	<a href="#">II.A.3</a>	B-3
Request for New Approving Official	<a href="#">II.A.3</a>	B-4
Standard Delegation of Procurement Authority Memo	<a href="#">II.A.3</a>	B-5
Status of Inactive or Emergency Purchase Card	<a href="#">II.D.6</a>	B-6
Emergency Purchase Log for Cardholders/Checkwriters	<a href="#">III.F.3</a>	B-8
Approving Official Semi-annual Review of Convenience Check Use	<a href="#">IV.C.2</a>	B-10
A/OPC Semi-annual Review of Convenience Check Use	<a href="#">IV.C.2</a>	B-11
OPDIV Annual Report of Program Performance	<a href="#">IV.C.2</a>	B-12



## 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:

<b>CARDHOLDER INFORMATION</b>	
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:
<b>FINANCIAL INFORMATION</b>	
Proposed Single Purchase Limit: \$	Proposed Monthly Purchase Limit: \$
Default CAN (if required):	Default Object Class Code (if required):
Warrant Value (if applicable): \$	
<b>APPROVING OFFICIAL INFORMATION</b>	
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
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$
<b>Total Monthly Purchase Limit:</b>		<b>\$</b>

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 Micropurchases 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:

- Micropurchase 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 redelegated 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 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
	\$			<input type="checkbox"/> Cardholder <input type="checkbox"/> Other (specify)	<input type="checkbox"/> Purchase Card <input type="checkbox"/> Convenience Check

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
	\$			<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

# DEPARTMENT OF HEALTH AND HUMAN SERVICES

## 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:

**DEPARTMENT OF HEALTH AND HUMAN SERVICES**

**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 ASAM/OAMP.

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:

**DEPARTMENT OF HEALTH AND HUMAN SERVICES**

**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 HHS/ASAM/OAMP 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"/>	
Improper use of convenience checks	<input type="checkbox"/>	
Other(s) (describe): _____	<input type="checkbox"/>	

## DEPARTMENT OF HEALTH AND HUMAN SERVICES

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 ASAM/OAMP.

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 Purchases

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.

<b>Product or Service</b>
Airline tickets
Automobiles, including gasoline and repairs
Backordered items ( <a href="#">See III.A.11</a> )
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 ( <a href="#">See III.A.4</a> )
Rental or lease of motor vehicles, buildings, or land
Savings bonds
Services that do not meet a bona fide need of the Department ( <a href="#">See III.A.4</a> )
Tax (See <a href="#">III.A.9</a> for treatment of tax and exceptions)
Telephone calls or calling cards
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 is 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. See "Gift cards and gift certificates" for related policy. 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 HHS Memo dated July 26, 2005, subject <i>Departmental Policy on Use of Appropriated Funds for Food at HHS-Sponsored Conferences</i>.</p>

Product or Service	Remarks
	See OPDIV guidance for approval procedures for exceptions.
Business cards	Permitted, but must follow OPDIV guidance and ordering procedures. Must use AbilityOne (formerly JWOD)-approved source(s) to purchase business cards. Currently, the only approved source is the Seattle Lighthouse for the Blind, <a href="http://www.lighthousestore.org/bc_main.html">http://www.lighthousestore.org/bc_main.html</a> , 1-800-799-0402.
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"> <li>• Not ordinary or usual for duties</li> <li>• Necessary for safe and successful work performance</li> <li>• This item is used for hazardous duty</li> <li>• The item is an approved uniform</li> <li>• Item is required under OSHA</li> </ul>
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 or submit waiver.
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, 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)	OPDIV procedures may require clearance or pre-approval by OPDIV Chief Information Officer (CIO) Office. Follow OPDIV property management procedures.
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 or submit waiver.
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, 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, orders 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 ASAM's memo dated June 12, 2007, subject: <i>HHS Policy on the Purchase of Food with Appropriated Funds</i> . 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.
Gifts cards and gift certificates	Permitted for employee awards and award ceremonies in accordance with Office of Personnel Management and HHS Human Resource Office policy. The purchase of gift cards/certificates for employee awards is subject to the following limitations: <ul style="list-style-type: none"> <li>• The OPDIV must have a formal awards and recognition policy that authorizes the use of gift cards or certificates</li> <li>• At a minimum, the OPDIV policy for gift cards/certificates must include procedures to record and track the purchase and issuance of all gift cards and certificates</li> </ul> The purchase card may also be used, in accordance with OPDIV procedures, to purchase gift cards and certificates as honoraria for private sector personnel who provide speeches, lectures, serve as panel members, etc., at HHS functions.
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.
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 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, and amounts are within cardholder limits. If maintenance involves construction, payments under the card are limited to a maximum of \$2,000. 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

Product or Service	Remarks
	<p>payments), the card cannot be used for payment. Orders must not be split. See OPDIV procedures for any exceptions and additional guidance.</p>
Maintenance for leased facilities	See "Maintenance and service agreements" above.
Medical items	See "Ergonomic and medical purchases".
Membership/license fees for employees	<p>Prohibited unless permitted by statute or authorized for training purposes. 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 ASAM's memo dated June 12, 2007, subject: <i>HHS Policy on the Purchase of Food with Appropriated Funds</i>, are met. 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. 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"> <li>• GPO cannot provide the printing service</li> <li>• Printing is done in field plants operated by an executive agency</li> <li>• Printing is acquired by an executive agency from allotments for contract field printing</li> <li>• The printing is specifically authorized by statute to be done other than by the GPO.</li> </ul> <p>NIH, AHRQ, and IHS are accepted 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/ASRT, (202) 690-5530).</p>

Product or Service	Remarks
Promotional items (buttons, mugs, balloons, etc.)	<p>Prohibited, unless permitted by the OPDIV's statute to further program objectives. See "Combined Federal Campaign support".</p> <p>See OPDIV procedures for guidance.</p>
Recurring requirements for products and services	<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:</p> <p>Recurring requirements for products or services that are expected to exceed the micropurchase 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 micropurchase 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.</p> <p>See OPDIV guidance for any exceptions.</p>
Repair services	<p>Acceptable, unless repairs are already covered by an existing warranty or maintenance agreement.</p>
Services (various)	<p>The micropurchase threshold for most services is \$2,500. The service 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.</p> <p>The micropurchase threshold is \$3,000 for the following services: :</p> <ul style="list-style-type: none"> <li>• Transportation services covered by published tariff rates</li> <li>• Telephone/telecommunications services (Telephone calls and calling cards are prohibited per Appendix C)</li> <li>• Public utility services</li> <li>• Employment contracts providing for direct services to a Federal agency by an individual or individuals</li> </ul>
Subscriptions	<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 subscriptions.</p> <p>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.</p>
Telecommunications equipment	<p>OPDIV procedures may require clearance or pre-approval by the OPDIV Chief Information Officer (CIO) Office.</p>
Telephone/telecommunications services	<p>OPDIV procedures may require a clearance or pre-approval.</p>
Training	<p>Permitted for FTEs only. OPDIV procedures may require a clearance or pre-approval.</p>

## **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. Also listed are the key bank reports that A/OPCs use to monitor program performance.

Report/Reviews	Prepared By	Submitted to	Due Date(s)	Summary of Content	Purpose
<b>EXTERNAL REPORTS</b>					
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.
<b>INTERNAL REVIEWS/REPORTS</b>					
OPDIV Purchase Card Program Compliance Review	HHS' Purchase Card Coordinator	DASAMP	December 31 each year	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	October 31 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 Use Review	A/OPC	HHS' Purchase Card Coordinator	June 30 and December 31 each year	Number of checking accounts reviewed and the factors used for conducting the review and the review results	Assess compliance with guidelines for using convenience checks.

Report/Reviews	Prepared By	Submitted to	Due Date(s)	Summary of Content	Purpose
Pre-approval of Purchase Requirement	A/OPC	OAMP	Periodically requested by OAMP	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.
<b>ACCOUNT RECONCILIATIONS</b>					
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 OAMP	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	OAMP	Periodically requested by OAMP	Summary of pre-approval compliance.	Assess compliance with policies for pre-approval of 100% of purchases made under HHS Purchase Card Program.
Refund Agreement Review	HHS' Contract Activity	OAMP	Annually, not later than October 31	Summary of discussions with contractor for maximizing refunds earned for charge card usage.	Review required determining if a more competitive deal is obtainable for earning rebates.

<b>KEY U.S. BANK INTERNAL CONTROL REPORTS</b>		
<b>Report Title</b>	<b>Report Description</b>	<b>Report Use</b>
<b>Program Management – The reports in this category are used for conducting general program management activities</b>		
Account List Report	Comprehensive list of cardholders and approval officials in HHS program, including open date, last transaction date, single purchase limit and credit limit	Used to identify and make decisions about accounts in the program, for example canceling unused cards, adjusting limits, audit training and pre-approval requirements.
Account Spend Analysis Report	Summary of account spending	Used to monitor cardholder spending
Account Status Change Report	Lists accounts with change status of lost/stolen, closed or open	Used to discover and address trends in purchase card usage
Transactions Approval Status – Summary Report	Summary of transactions approvals by cardholder	Used to review details of individual cardholder approvals
<b>Program Compliance – The reports in this category are used for conducting oversight and surveillance activities</b>		
Accounts with High Credit Limits Report	List of accounts that have maximum credit limits over a specified amount	Used to help identify cardholders who may need additional training or higher warrants
Accounts with multiple lost/stolen cards	List accounts often have cards replaced	Used to help spot possible instances of card fraud
Accounts with underutilized credit limits	List of accounts that shows cardholder spend against maximum credit limit	Used to help spot accounts that need adjustments in credit limits
Merchant Category Codes	List merchants category codes assigned to cardholder accounts	Used to gain an overall picture of merchants available to cardholders
Convenience Check Transaction Report	List all convenience checks transactions	Used to help identify trends in convenience check used and audit compliance with pre-approval requirements for using convenience check
Authorization Mismatch Report	List transactions for which authorization amount approved does not match final transaction amount	Used to help identify transactions for possible card abuse
High cardholder Spending by Merchant	List cardholder accounts with high level spending with a specific merchant	Used to help identify possible instances of cardholder collusion with a certain vendor to spot possible instances of fraud
Large Dollar Transactions	List transactions that are over a specified purchase limits	Used to help identify purchases that may not be appropriate for the purchase card program
Over limit convenience check transactions	List convenience check transactions over a specified amount	Used to help identify possible instances of check misuse

<b>KEY U.S. BANK INTERNAL CONTROL REPORTS</b>		
<b>Report Title</b>	<b>Report Description</b>	<b>Report Use</b>
Potential Split Requirement Review Report	List cardholders associated with the same account, having multiple transactions with the same vendor that total a specified amount over a number of days	Used to help identify possible instances of cardholder splitting transactions to avoid competition requirements
Transactions at Block MCCs Report	List transactions at Merchant Category Codes that have been blocked	Used to help identify possible instances of card misuse or fraud
Transaction Declined Report	List transactions declined at point of sale	Used to identify possible instances of card misuse and needs for training
Unusual Spending Activity Report	List transactions approved during abnormal working hours	Used to spot possible card misuse
<b>Financial Management – Reports in this category are used to monitor expenditures, variances, account allocations, and delinquencies</b>		
Account Allocation Report	Summary of allocations by accounting codes	Used to identify cardholder account by account and monitor spending by accounting codes
Billed Transaction and Order Detail Report	Summary of billed transaction information	Used to match transactions to billing statements
Transaction Approval Status Report		
Transactions Detail Summary Report	Detailed transactions data including merchant detail and accounting codes	Used to match spending by accounting codes
Past Due Report	List accounts that are past due and number of times past due situations have occurred	Used to assess OPDIV compliance with policy for timely payments
Sales and Use Tax	Summary of transactions and taxes paid	Used to assess OPDIV compliance with policy for recovering taxes paid on government purchases
<b>Compliance Management – Reports in this category are used for regulatory compliance reporting</b>		
Vendor Summary for Form 1099-MISC	Summary of expenditure and vendor profile information for Form 1099 reporting	Used to assist Finance in reporting payments issued using checks
Vendor Summary by Socio-Economic Indicator	Summary and details of expenditures that have occurred with vendors classified as minority (minority, women-owned, veterans, small business)	Used for reporting purchase card spending by socio-economic category

## 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?				
Does the AO promptly notify the A/OPC of any suspected cardholder/checkwriter abuses or misuses?				

Approving Official Questions	Yes	No	N/A	Comments
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 during each billing cycle?				
Does the Cardholder safeguard his or her card (for example, by not allowing others to use it)?				

Cardholder Questions	Yes	No	N/A	Comments
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?				
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 micropurchase threshold, were FAR procedures followed for any purchases that exceeded the micropurchase 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?				
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/channelView.do?pageTypeId=8199&channelPage=%2Fep%2Fchannel%2FgsaOverview.jsp&channelId=-13497>

Best Practices Guide for Purchase and Travel Card Management:

[http://www.gsa.gov/gsa/cm\\_attachments/GSA\\_DOCUMENT/BestPractices\\_R2FIM2\\_0Z5RDZ-i34K-pR.pdf](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](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/>

### Training and Education

GSA Cardholder Training:

[http://www.gsa.gov/Portal/gsa/ep/contentView.do?P=FCX5&contentId=13034&contentType=GSA\\_BASIC](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](http://www.gsa.gov/Portal/gsa/ep/contentView.do?P=FCX5&contentId=13032&contentType=GSA_BASIC)

HHS Acquisition Training and Workforce Management:

<http://www.knownet.hhs.gov/acquisition/training.htm>

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:

<http://acquisition.gov/far/current/html/FARTOCP13.html>

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

<http://knownet.hhs.gov/acquisition/hhsar/Default.htm>

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

<http://knownet.hhs.gov/acquisition/policy.htm>

OMB Circular A-123 Appendix B:

[http://www.whitehouse.gov/omb/circulars/a123/a123\\_appendix\\_b.pdf](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](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=ccccaddidihmkhmcflgcefmdgfhgdjin.0](https://www.gsaadvantage.gov/advgsa/advantage/main/start_page.do?BV_SessionID=@@@@1453000169.1150908776@@@@&BV_EngineID=ccccaddidihmkhmcflgcefmdgfhgdjin.0)

GSA Global Supply:

[http://www.gsa.gov/Portal/gsa/ep/contentView.do?P=FL2&contentId=10165&contentType=GSA\\_OVERVIEW](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>

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

HHS Contingency Contracting:

<http://www.hhs.gov/oamp/cc/>

### **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>

Blueprint for Success – A Guide to Purchase Card Oversight:

[http://www.gsa.gov/gsa/cm\\_attachments/GSA\\_DOCUMENT/Blueprint10\\_04v2\\_R2FIM2\\_0Z5R\\_DZ-i34K-pR.pdf](http://www.gsa.gov/gsa/cm_attachments/GSA_DOCUMENT/Blueprint10_04v2_R2FIM2_0Z5R_DZ-i34K-pR.pdf)

## Appendix H. HHS Purchase Card Program Points of Contact

### HHS Purchase Card Program Coordinator (HHS A/OPC)

HHS	Doris Pearson	202-690-6549	<a href="mailto:Doris.Pearson@hhs.gov">Doris.Pearson@hhs.gov</a>
-----	---------------	--------------	--

### HHS OPDIV A/OPCs

AHRQ	La-Treece Stewart	301-427-1830	<a href="mailto:la-treece.stewart@ahrq.hhs.gov">la-treece.stewart@ahrq.hhs.gov</a>
------	-------------------	--------------	--

CDC	Janet Keck	770-488-2618	<a href="mailto:jwk1@cdc.gov">jwk1@cdc.gov</a>
-----	------------	--------------	--

CMS	Joyce Divers	410-786-5151	<a href="mailto:jdivers@cms.hhs.gov">jdivers@cms.hhs.gov</a>
-----	--------------	--------------	--

FDA	Susan Ruckman	301-827-7170	<a href="mailto:susan.ruckman@fda.hhs.gov">susan.ruckman@fda.hhs.gov</a>
-----	---------------	--------------	--

HRSA	Stu Sklamm	301-443-5260	<a href="mailto:ssklamm@hrsa.gov">ssklamm@hrsa.gov</a>
------	------------	--------------	--

IHS	Peggy Monroe	301-443-5774	<a href="mailto:peggy.monroe@ihs.gov">peggy.monroe@ihs.gov</a>
-----	--------------	--------------	--

NIH	Georgiann Wilson	301-435-3938	<a href="mailto:wilsong@od.nih.gov">wilsong@od.nih.gov</a>
-----	------------------	--------------	--

PSC*	Sheri Kretschmaier	301-443-6557	<a href="mailto:sheri.kretschmaier@psc.hhs.gov">sheri.kretschmaier@psc.hhs.gov</a>
------	--------------------	--------------	--

SAMHSA	Sandra Dinisio	240-276-1005	<a href="mailto:Sandra.Dinisio@samhsa.hhs.gov">Sandra.Dinisio@samhsa.hhs.gov</a>
--------	----------------	--------------	--

\*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 OPDIV's 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 billing date is the date on which the invoice is received by the agency/organization Finance Office in accordance with the Prompt Payment Act.

**Billing Office:** The billing office is 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.

**Checkwriter:** An individual who has met specified requirements (e.g., training provisions, granted delegation of procurement authority) and, in turn, has 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.

**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.

**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-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 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 ASAM/OAMP, 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.

## **Appendix J. Deviations**

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

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