



Use of the Purchase Card and Related Alternative Payment Methods

**United States
Department of
Agriculture**

**Office of Procurement
And Property Management**

DR 5013-6

USDA Use of the Purchase Card and Related Alternative Payment Methods

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U.S. DEPARTMENT OF AGRICULTURE
WASHINGTON, D.C. 20250

DEPARTMENTAL REGULATION		Number: 5013-6
SUBJECT: Use of the Purchase Card and Related Alternative Payment Methods	DATE: 11-14-2012	
	OPI: Office of Procurement & Property Management	

1. PURPOSE

This regulation prescribes policies and procedures for use of the purchase card and alternative payment methods - including convenience checks, pre-paid cards, declining balance cards, and cardless accounts - for obtaining supplies and services in accordance with Federal procurement laws. The *Coordinator's Purchase Card Program Guide*, *Approving Official's Purchase Card Program Guide*, and *Cardholder's Purchase Card Program Guide* are subordinate to and supplement this regulation; they provide the details supporting the policies established by this regulation. All documents pertaining to the U.S. Department of Agriculture (USDA) Charge Card Program can be accessed through the USDA Procurement home page at <http://www.dm.usda.gov/procurement/ccsc/>.

2. PROGRAM OBJECTIVES

The USDA Purchase Card Program reduces administrative costs and allows agencies to procure supplies and services faster through the use of purchase cards and related alternative payment methods (declining balance cards, pre-paid cards, convenience checks, or cardless accounts). Departmental Regulation (DR) 5013-006, along with supplementing guidance in the *Coordinator's Purchase Card Program Guide*, *Approving Official's Purchase Card Program Guide*, and the *Cardholder's Purchase Card Program Guide*, establish USDA policies and procedures for use of purchase cards and related alternative payment methods. Management of the purchase card accounts and program will be accomplished through utilization of USDA's SmartPay®2 bank vendor's Electronic Access System (EAS).

3. APPLICABILITY

This regulation is applicable to all USDA activities with delegated procurement authority or that are serviced by agencies with delegated procurement authority.

4. POLICY

Pursuant to Executive Order (EO) 12931, it is the policy of USDA that the purchase card shall be used for supply and/or service procurements valued at or below the simplified acquisition threshold.

In the event of a conflict between DR 5013-6 and the *Cardholder's Purchase Card Program Guide*, *Approving Official's Purchase Program Guide*, or *Coordinator's Purchase Card Program Guide*, the policies and procedures of this DR will govern.

Warranted contracting personnel may use the purchase card and related alternative payment methods to process procurement actions up to the single and monthly purchase limits and under contracts up to the single purchase limits provided:

- (a) All applicable clauses for acquisitions above the micro-purchase threshold are incorporated in the contracting instruments.
- (b) Appropriate contractual arrangements are reflected in the contract document/file.

In the event a vendor will not accept the purchase card, related alternative payment methods may be used to acquire the supply or service. For convenience checks, the Debt Collection Improvement Act (DCIA) 31 U.S.C § 3720B et. seq waiver criteria must be satisfied. Convenience checks are limited to \$2,500 except in an emergency.

If deemed necessary to supplement this DR, agencies must submit to the USDA Charge Card Service Center (CCSC), Office of Procurement and Property Management (OPPM), a copy of the agency's proposed augmentation to this regulation and receive approval from OPPM prior to implementation. It is USDA policy, consistent with the Regulatory Reform Initiative, to limit supplementation to this regulation.

5. CANCELLATION

This regulation revises and cancels DR 5013-6, dated February 13, 2003.

6. ACRONYMS

AO	Approving Official
APC	Agency Program Coordinator
AGAR	Agriculture Acquisition Regulation
AGPMR	Agriculture Property Management Regulation
BOC	Budget Object Classification Code
CCSC	Charge Card Service Center
CO	Contracting Officer
DCIA	Debt Collection Improvement Act

DEA	Drug Enforcement Administration
DPM (formerly DPC)	Departmental Program Manager
DR	Departmental Regulation
EAS	Electronic Access System
EFT	Electronic Funds Transfer
EO	Executive Order
FAR	Federal Acquisition Regulation
FMR	Federal Management Regulation
FPDS-NG	Federal Procurement Data System-Next Generation
FPMR	Federal Property Management Regulation
FPOC	Financial Point of Contact
GAO	Government Accountability Office
IDIQ	Indefinite-delivery/Indefinite-quantity
LAPC	Local Agency Program Coordinator
NFC	National Finance Center
OIG	Office of Inspector General
OMB	Office of Management and Budget
OPPM	Office of Procurement and Property Management
SF	Standard Form
SPE	Senior Procurement Executive
UNICOR	Federal Prison Industries, Inc.
USDA	United States Department of Agriculture

7. DEFINITIONS

- a. **AbilityOne Program (formerly Javits-Wagner-O'Day Act Program).** This Act, 41 U.S.C. §8502 et. seq., established the AbilityOne Program, which generates jobs and training opportunities for people who are blind or who have other severe disabilities, through the federal procurement process. For a current AbilityOne product and service listing, log onto their home page at <http://www.abilityone.gov>. AbilityOne products can also be acquired on-line at <http://www.abilityone.com> or through the USDA Acquisition Toolkit at <http://www.dm.usda.gov/procurement/>.
- b. **Abuse.** Use of a government charge card, including alternative payment methods, to buy authorized items, but at terms (e.g., price, quantity) that are excessive, for a questionable government need, or both. Although intended for government use, these transactions are also considered improper because they are not permitted by law, regulation, or government/agency policy.
- c. **Accountable/Sensitive Property.** Accountable Property is all government property with an acquisition value of more than \$5000.00 as well as, all real property. Sensitive Property is defined as an item with an acquisition value of \$5000.00 or less, and is subject to fraud, waste, and abuse; has a high level of visibility; and can be audited by oversight agencies such as the Government Accountability Office (GAO), Office of Inspector General (OIG), and Congress.

- d. Agency Program Coordinator (APC).** The APC is responsible for the overall management of the purchase card program at the agency level. This person is appointed by the Head of Contracting (HCA) or their designee (HCAD) for each agency.
- e. Alternative Payment Methods.** These are payment methods available for use when the merchant does not accept the purchase card. These methods include the pre-paid cards, declining balance cards, convenience checks, and cardless accounts. Pre-paid and declining balance cards are also known as debit cards. The same rules and regulations that apply to the purchase card also apply to alternative payment methods when these methods are used to pay for supplies and services.
- f. Alerts.** Alerts are messages to users regarding questionable transactions and transactions selected by statistical sampling for review and other events, as defined by the USDA OPPM/CCSC. Some alerts will trigger a set of questions that must be answered to verify the validity of a specific transaction. Alerts are being developed to reduce fraud, waste, and abuse.
- g. Approving Official (AO).** This individual ensures that the purchase card is used properly, authorizes cardholder purchases (for official use only), and ensures that transactions are reconciled and submitted to the designated billing office in a timely manner. In most instances the AO is the cardholder's supervisor-of-record. Refer to the *Coordinator's Purchase Card Program Guide* or the *Approving Official's Purchase Card Program Guide* for exceptions. It is USDA policy that cardholders are assigned one AO.
- h. Biobased Product.** Biobased product means a commercial or industrial product (other than food or feed) that utilizes biological products or renewable domestic agricultural (plant, animal, and marine) or forestry materials.
- i. Cardholder.** The legal agent using the government purchase card to buy goods and services in the support of official government business. The cardholder holds the primary responsibility of the card's proper use.
- j. Cardless Account.** An established account without a physical card.
- k. Construction/Construction Services.** Construction is the act of putting something together or arranging an array of parts to erect or create a new product or structure. Construction Services are contracts, or contractor(s) assistance providing the support and or planning to erect, build, or complete a new product or structure.
- l. Convenience Checks.** Convenience checks are issued against a cardholder's account and approved in the (EAS). Convenience checks are issued to authorized cardholders in certain mission areas. Convenience checks are the least desirable alternative payment method, due to potential misuse. Pursuant to DCIA, convenience checks are not considered Electronic Funds Transfer (EFT) transactions. As a result, the convenience check shall be used only when one of the waivers to EFT is satisfied. (For detailed waiver information, refer to 'Authorized Use of the Convenience Check' in the

Coordinator's Purchase Card Program Guide, Approving Official's Purchase Card Program Guide, or Cardholder's Purchase Card Program Guide).

- m. Day.** "Day" means a calendar day, unless otherwise specified. When a time period specified by date or a number of days would end on a weekend or holiday, the time period is extended to expire on the next working day.
- n. Debit Card.** Contractor provided product that deducts an account/fund within established dollar limits for the purchase or acquisition of items or services.
- o. Declining Balance Card.** A Declining balance cards is a form of debit cards. Declining balance cards are a purchase card with a fixed value that reduces as purchases are made.
- p. Departmental Program Manager (DPM).** This person is the program manager for the CCSC under OPPM. This person is responsible for leading the overall USDA purchase card program.
- q. Electronic Access System (EAS).** The charge card Contractors internet-based system that provides account access and a variety of reports which assist in the effective management of the charge card program.
- r. Emergency.** An unexpected, serious occurrence or situation that would result in injury, financial or otherwise, to the Government.
- s. Erroneous/Improper Purchase.** An erroneous/improper purchase is any purchase that should not have been made or that was made in an incorrect amount under statutory, contractual, administrative, or other legally applicable requirements. Incorrect amounts include overcharges and undercharges.
- t. Federal Acquisition Regulation (FAR).** The FAR establishes uniform policies and procedures for acquisition by all executive agencies FAR 1.101. The FAR is located in Title 48, Chapter 1 of the Code of Federal Regulations.
- u. Fraud.** Any acts of corruption or attempt to cheat the Government or corrupt the Government's agents, including, but not limited to, the use of government charge cards to transact business that is not sanctioned, not authorized, not in one's official government capacity, not for the purpose for which the card was issued, or not as part of official government business.
- v. Gift Card/Gift Certificate.** A gift card and/or gift certificate is a type of purchase payment in the form of a pre-paid card specific to a retail merchant.
- w. Hazardous Material.** Any chemical located, used, or stored at a USDA facility that either alone, or in combination with other substances, has the potential to threaten life, health, property, and/or the environment.

- x. **Local Agency Program Coordinator (LAPC).** This person is responsible for the day-to-day operation of the purchase card program for their respective region or site. This person works directly with APC, AOs and Cardholders, as well as liaisons with the customer service group of the contract bank to facilitate management of the purchase card program.
- y. **Micro-Purchase.** Purchases at or below the micro-purchase threshold as defined in the FAR 2.101, or as otherwise provided by law.
- z. **Misuse.** Use of a Federal charge card for other than the official government purpose for which it is intended.
- aa. **Monthly Purchase Limit.** This is sometimes referred to as the “cycle limit” (the cycle runs from the 8th of one month through the 7th of the next). This is the maximum total dollar amount a cardholder is authorized to procure each month. This amount is similar to a “spend limit.” It is established at the bank through the EAS. The dollar amount of the monthly limit is established by the AO conferring the purchase card on an employee. This limit applies to purchase cards and related alternative payment method transactions.
- bb. **Pre-paid Card.** A pre-paid card is a form of debit card. The card is programmed with a monetary value and has the capability to be reloaded.
- cc. **Program Payment.** A program payment is a payment made directly by an agency to support a legislatively-mandated program. This program helps a specific constituency that Congress has identified in legislation. The purchase card or alternative payment methods shall not be used to make program payments. Program payments are not payments for the procurement of supplies or services.
- dd. **Requisition.** A requisition is required for purchases at or below the simplified acquisition threshold (including purchases at or below the micro-purchase threshold). The requisition from an authorized official may be in the form of a written request, an e-mail, and/or document that identifies an official government need and funds for the specific supply or service, including blanket authorizations for routine purchases.
- ee. **Single Purchase Limit.** The maximum dollar amount a cardholder is authorized for a single transaction using either the purchase card or related alternative payment methods. Multiple items may be purchased at one time using the card; however, no single purchase may exceed the authorized single purchase limit. If the requirement is for on-going repetitive services that exceed \$2,500 a year, the best solution is to forward the requirement for the service through the agency servicing contracting office. A requirement cannot be reduced into smaller parts to avoid formal contracting procedures. Splitting purchases merely to stay within the single purchase limit is a violation of law. For non-warranted cardholders, the single purchase limit shall not to exceed the micro-purchase limit. Refer to Section 14, Delegation of Authority for specific information on the micro-purchase authority. The single purchase limit is established at the bank through the EAS.

- ff. Training.** For purposes of this regulation, training is defined as a formal, planned, and structured course of instruction required by the employee in the performance of their official duties that is conducted through a school, institute or other comparable Government or non-Government training facility or conducted in-house through the use of professional, contract-hire instructors or trainers.
- gg. Warrant/Warrant Authority.** The authority delegated to a USDA employee (Contracting Officer, Purchasing Agent, etc.) by a duly authorized appointing official in accordance with the FAR, 48 CFR Subpart 1.6, and USDA DR 5001-1, “Acquisition Workforce Training, Delegation, and Tracking Systems.” The warrant, Standard Form (SF)-1402, states the level of contracting authority delegated to an individual, including any limitations on that authority. Above the micro-purchase threshold, only individuals with warrant authority may bind USDA contractually.
- hh. Warranted Personnel.** Any persons or individual who has been conveyed the authority delegated by USDA to purchase above the micro-purchase threshold.
- ii. Waste.** Any activity on a government charge card that fosters, or results in, unnecessary costs or other program inefficiencies.

8. AGENCY INTERNAL CONTROL REQUIREMENTS

In order to protect the government’s interest, it is critical that agencies implement adequate internal controls to reduce waste, fraud, and abuse throughout the administration of this program. Controls in this section apply to purchase cards and alternative payment methods. The controls include, but are not limited to, ensuring that:

- a.** Only authorized employees receive the card and are adequately trained in purchase card policies and procedures.
- b.** Use of convenience checks is limited to specific mission areas is minimized to comply with CCSC program objectives.
- c.** Appropriate administrative and/or disciplinary actions, including financial reimbursement, are properly considered and imposed for fraud and other blatant abuse of the purchase card and/or related alternative payment methods. This applies to cardholders as well as AOs. (See the *Coordinator’s Purchase Card Program Guide* for details.)
- d.** When a cardholder fails to resolve and/or timely dispute (if necessary) an erroneous charge or report account charges as fraudulent, the cardholder, consistent with agency policy, shall reimburse the government for the cost of that transaction and may be subject to disciplinary action. (See the *Coordinator’s Purchase Card Program Guide* or *Cardholder’s Purchase Program Guide* for details.)

- e. When a cardholder makes an improper purchase, the cardholder, in accordance with agency policy, shall (a) reimburse the government for the cost of the purchase, and (b) be subject to disciplinary action.
- f. Where an official directs an erroneous purchase to be made by a cardholder or directs a cardholder to purchase items or services that are subsequently determined to be improper, the official who directed the purchase shall in accordance with agency policy (a) reimburse the government, and (b) be subject to disciplinary action.
- g. Prior approval and subsequent review of purchase card activity is required for all purchase card transactions by the approving official or an otherwise authorized official designated by the agency.
- h. Coordinators who are also cardholders shall not manage and/or perform oversight duties for their own purchase card transactions. Coordinators who are cardholders are assigned to different hierarchies to enforce this policy.
- i. All cardholders are assigned one AO.

By December 15 every year (or two weeks prior to the due dates established in Office of Management and Budget (OMB) Circular A-123, Appendix B), each APC will report to the OPPM/CCSC via email at ccsc@dm.usda.gov, the following information:

- (1) The number of cases reported to the OIG or the APC for possible card misuse and/or abuse; and
- (2) The number of administrative and/or disciplinary actions taken for card misuse, including deactivation/cancellation.

9. SPECIAL INSTRUCTIONS

- a. **Accountable/Sensitive Property.** To improve accountability and tracking of assets, as well as support the accuracy of USDA financial statements, warranted personnel must maintain accurate, timely information regarding the purchase of accountable/sensitive property with purchase cards. Warranted personnel must ensure that the appropriate Budget Object Classification (BOC) is entered in the EAS when approving a transaction involving the acquisition of accountable/sensitive property. A BOC Quick Guide for accountable property is available from the USDA Office of the Chief Financial Officer (OCFO website at: <http://www.ocfo.usda.gov/acctpol/pdf/propbocg.pdf>). Warranted personnel shall also provide any additional purchase information, beyond that contained in the (EAS), as needed by property management personnel, to ensure accurate data entry of accountable and sensitive property into USDA's Personal Property System.
- b. **Business Size.** Micro-purchases may be made from any size business using the purchase card or related alternative payment methods FAR 13.003(b)(1). In accordance with USDA policy to increase opportunities for small and small disadvantaged businesses. Cardholders are therefore encouraged to acquire from these sources whenever possible.

- c. Card/Related Alternative Payment Methods for Official Business Use Only.** The purchase card and related alternative payment methods are for official government business use only. Under no circumstances shall the card or related alternative payment method to be used for personal purchases or as identification for personal purchases. Failure to properly use and safeguard the card and/or alternative payment method will result in revocation of card and related payment authority, and possible disciplinary action in accordance with applicable procedures. Refer to the *Coordinator's Purchase Card Program Guide, Approving Official's Purchase Card Guide, and the Cardholder's Purchase Card Guide* for details on administrative and/or disciplinary actions.
- d. Competition Above the Micro-Purchase Level.** Above the micro-purchase threshold, the purchase card is to be used as a payment mechanism, not as a contracting mechanism Civilian Agency Acquisition Council (CAAC Letter 99-2. Other than under existing contracts, COs and other warranted personnel using the purchase card to make purchases above the micro-purchase threshold shall obtain competitive quotations for all purchases.
- e. Competition At or Below Micro-Purchase Level.** At and below the micro-purchase threshold defined in FAR 2.101, cardholders are not required to seek competition as long as they believe the price is reasonable, 41 U.S.C. § 428: FAR 13.202(a)(2).
- f. Dormant Accounts.** Dormant accounts are accounts with no account activity over a period of 12 months. LAPCs shall review dormant accounts at least annually to determine whether they should be cancelled. A dormant account will be cancelled by the LAPC or APC unless the AO provides a justification for the account to remain open.
- g. Environmentally Preferable Products and Services.** It is the policy of USDA to acquire environmentally preferable, including biobased, products and services in accordance with the goals and policies of EO 13514, October 5, 2009 and Presidential Memorandum "Driving Innovation and Creating Jobs in Rural America through Biobased and Sustainable Product Procurement". This preference extends to acquisitions at all dollar levels, including those accomplished using the purchase card. The USDA BioPreferred Program mandates the use of designated products unless certain conditions are met. For more information visit the USDA website at <http://www.biopreferred.gov>.
- h. Ethics Requirements.** The Office of Government Ethics' Standards of Conduct for Executive Branch Employees apply to use of the purchase card and related alternative payment methods. Cardholders with questions regarding the propriety of a particular purchase should consult their LAPC or APC, servicing contracting office, or USDA's Ethics Office, for guidance and assistance prior to making the purchase.
- i. Federal Procurement Data System Next Generation (FPDS-NG).** All purchase card transactions over the micro purchase threshold must be processed in a USDA procurement system: Integrated Acquisition System (IAS), Web-based Supply Chain Management System (WBSCM), or Virtual Incident Procurement (VIPR). Reports to FPDS-NG should be made via a procurement system interface (if available) or directly,

as appropriate. Failure to adhere to this requirement shall result in card suspension until FPDS-NG and the applicable USDA procurement system are brought up to date.

- j. Priority of Use - Purchase Card vs. Related Alternative Payment Methods.** The purchase card is the preferred method for making purchases within the simplified acquisition threshold. Cardholders shall use pre-paid cards or declining balance cards in preference to convenience checks. Convenience checks are the least desirable alternative payment method, due to potential misuse and the need for DCIA compliance.
- k. Prohibition on Acquiring Hazardous Items.** Cardholders other than authorized warranted USDA employees may not use the purchase card or related alternative payment methods to acquire firearms, ammunition, explosives, hazardous biological and radioactive substances, or regulated chemicals (as defined by the Drug Enforcement Administration (DEA) without an agency waiver bestowed by the Senior Procurement Executive (SPE. For such items, requisitions are to be prepared and forwarded to the servicing contracting office after obtaining any required approvals and licenses. Cardholders should refer to their agency guidance for specific instructions.
- l. Prohibition on Writing Convenience Checks over \$2,500.** It is USDA policy that convenience checks shall not be issued over \$2,500. Warranted purchase cardholders who need to issue checks over \$2,500 due to a documented emergency shall secure prior approval from the APC. (Refer to the definition of “emergency” in Section 7p).
- m. Regulatory Applicability.** Use of the purchase card or related alternative payment methods must be consistent with the FAR, OMB, Agriculture Acquisition Regulation (AGAR), Federal Management Regulation (FMR), Federal Property Management Regulation (FPMR), Agriculture Property Management Regulation (AGPMR), Office of Government Ethics’ Standards of Conduct for Executive Branch Employees, and Agency regulations.
- n. Requirement to Timely and Accurately Approve Transactions by Cardholders.** It is USDA policy that cardholders shall approve their transactions no later than 30 days after a transaction appears in the EAS, absent extenuating circumstances. Failure to timely and accurately approve transactions shall constitute grounds for management to revoke the purchase card and/or alternative payment method privileges and may subject the cardholder to possible disciplinary action. The account of any cardholder who fails to approve transactions within 60 days after each transaction appears in the EAS will be temporarily suspended. No account suspended can be re-activated until all transactions in the account are approved. For additional information on cardholder responsibilities, refer to the *Cardholder’s Purchase Card Program Guide*. For additional information on LAPC responsibilities, refer to the *Coordinator’s Purchase Card Program Guide*. It is also USDA’s policy that only the cardholder shall approve their individual cardholder account. LAPCs shall monitor cardholder transactions on a monthly basis to ensure cardholders approve their transactions in a timely manner. Cardholders shall provide AO’s copies of transaction documentation for final approval purposes.

- o. Requirement to Timely and Accurately Grant Final Approve Transactions by Approving Officials (AOs).** It is USDA policy that AOs are to grant final approval of cardholder transactions within 30 days, of the date the transactions appear in the AO's Manager Approval Queue. All card accounts assigned to an AO who fails to approve transactions within a total of 60 days will be suspended, absent extenuating circumstances. Suspended accounts can be reactivated after all transactions are approved and the AO submits a request for reinstatement to the LAPC. **Persistent failure to conduct timely and accurate final approval of transactions shall constitute** grounds for management to revoke purchase card and/or alternative payment method privileges of all cardholders assigned to the AO and may subject the AO to possible administrative action. For additional information on AO responsibilities, refer to the *Approving Official's Purchase Card Program Guide*. For additional information on LAPC responsibilities, refer to the *Coordinator's Purchase Card Program Guide*. It is also USDA's policy that only the AO shall have final approval of their cardholder(s) account. LAPCs shall monitor AOs' transactions on a monthly basis to ensure AOs final approve transactions in a timely manner. In the absence of the AO, this responsibility lies with the LAPC.
- p. Restrictions on Acquiring Food and Bottled Water.** The use of appropriated funds is generally not allowed for the purchase of food or refreshments; Cardholders should consult with the appropriate budget or financial office to see if exceptions apply to their specific situation. When food, refreshments, or bottled water are allowable purchases, the purchase card is an acceptable form of payment as long as the purchase is within the cardholder's delegated single purchase limit and agency procedures have been followed.
- q. Use of Alternative Payment Methods for Employee Reimbursements.** When it is not practical to reimburse employees through direct deposit, alternative payment methods may be used for reimbursements for local travel and expenses that were previously addressed through the use of imprest funds, including:
- (1) Local taxicabs, subway or bus fares, parking, and local vehicle mileage incurred on official business;
 - (2) Local and long distance official telephone calls;
 - (3) Registration fees;
 - (4) Tuition, books, and related expenses; and,
 - (5) Supplies or services of an emergency nature, not to exceed \$500.

Employees shall submit either an approved SF-1164 (Claim for Reimbursement for Expenditures on Official Business), an approved SF-182 (Request, Authorization, Agreement and Certification of Training), or other agency designated form, as appropriate, to request reimbursement of incurred expenses. Employees shall also submit a justification, signed by their supervisor, with any request for reimbursement for goods or services purchased by the employee. Prior to purchasing, employees are expected to contact the cardholder servicing their office when they need to obtain supplies or services, except in emergencies or other situations in which it is not possible to contact the cardholder. Employees assume a risk when making purchases using their own private

funds and could be financially liable for purchases made outside of federal procurement procedures.

- r. **User Alerts.** As part of oversight, user alerts are to be responded to by coordinators, in accordance with the procedures in the *Coordinator's Purchase Card Program Guide*.
- s. **Year-End Reconciliation.**
 - (1) **Fiscal Year-End** - At the end of each fiscal year, cardholders and AOs shall approve all transactions visible in the EAS. Cardholders and AOs shall approve all transactions in accordance with agency procedures, but no later than 30 days after the end of the fiscal year.
 - (2) **Calendar Year-End** - Cardholders and AOs shall approve all transactions visible in the EAS as of the last working day of each December. This approval assists the NFC) to prepare year-end reports to the Internal Revenue Service (IRS). Approval must be completed no later than 15 days after the end of the calendar year. Failure to timely and accurately approve transactions may cause inaccuracies in agency status of funds information. In addition, failure to cite correct BOCs and, for convenience check recipients, Employer Identification Numbers (EINs) or Social Security Numbers (SSNs), may cause Form 1099s to be erroneously issued (or not issued) to USDA employees and vendors.

10. ACQUISITION OF PRODUCTS AND SERVICES SOLD BY MANDATORY SOURCES

Purchase cardholders are required to follow all procurement policies and requirements as stated in the FAR pertaining to acquisitions or purchases made with the government purchase card. Special emphasis should be given to the entirety of FAR Part 8 (Required Sources of Supplies and Services) and FAR Subpart 13.2 (Actions At or Below the Micro-Purchase Threshold) and FAR Subpart 13.3 (Simplified Acquisitions). USDA does have additional mandatory sources that must also be considered when making purchases with the purchase card. Cardholder's are to refer to the USDA Procurement Policy Website at <http://www.dm.usda.gov/procurement/>, their LAPC, or their agency contracting service office to see what mandatory sources apply.

11. RESPONSIBILITIES AND PROCEDURES

The *Cardholder's Purchase Card Program Guide* and *Approving Official's Purchase Card Program Guide* provide the cardholder and AO with details of how the Purchase Card Program works and instructions for using the purchase card and related alternative payment methods. Refer to the guides for complete details on cardholder and AO purchasing and transaction management responsibilities.

The *Coordinator's Purchase Card Program Guide* provides complete details on the roles and responsibilities of each individual involved in the Purchase Card Program from the

administration of the Program to the cardholder. The following is a brief overview of each role in the USDA Purchase Card Program:

- a. **DPM.** The DPM is responsible for overall management of the purchase card program at the Departmental level.
- b. **APC.** The APC is responsible for the overall program in each agency and is the agency's contact with the DPM. Subject to the concurrence of the agency Head of the Contracting Activity Designee, APCs may appoint assistant, deputy, or regional APCs to assist with program management. Qualifications and appointment procedures of an APC are listed in the *Coordinator's Purchase Card Program Guide*.
- c. **LAPC.** LAPCs are appointed locally by the Head of Contracting Activity Designee (HCAD, subject to the concurrence of the APC. Qualifications of an LAPC are listed in the *Coordinator's Purchase Card Program Guide*. The LAPC is responsible for the day-to-day operations of the purchase card program at each site. This includes account set up and maintenance, oversight of purchase card transactions, review of purchase limits, and suspension or activation of cardholder accounts. LAPCs are to report incidents of misuse, abuse, waste, and fraud to the cardholder's supervisor for appropriate personnel action in accordance with Departmental guidelines. Refer to the *Coordinator's Purchase Card Program Guide* for additional guidance. It is USDA policy that Coordinators that are also cardholders shall not manage and/or perform oversight duties for their own purchase card transactions. In addition, Coordinators who are cardholders are assigned to different hierarchies in the EAS to enforce this policy.
- d. **AO.** Subject to the concurrence of the LAPC or APC, AOs determine who within their organizations should receive purchase cards and convenience checks. AOs determine the monthly purchase limits and recommend initial single purchase limits of cardholders within their organizations within the overall limits contained in Section 14. An AO is the first line of control over the purchasing activity of cardholders in their units. AOs review cardholder purchase card transactions to verify that they are necessary and that they are not part of the prohibited charges list contained in section 15e. The AO is to verify that the supplies and services have in fact been received. AOs shall recommend appropriate personnel action in the event a purchase card or related alternative payment method is abused by a cardholder.
- e. **Cardholder.** The cardholder is the individual to whom a card or cardless account is issued. After the cardholder has received training, this individual may purchase, within his or her delegated authority, supplies and services required by the Government. No other person is authorized to use the account and, if issued, alternative payment methods. Use of alternative payment methods may require additional authorization. No other person is authorized to approve the cardholder transactions except the LAPC when a cardholder has separated from the agency, or cannot approve transactions due to extenuating circumstances.

- f. Financial Point of Contact (FPOC).** These individuals review the accounting information obtained using the EAS and government financial system. Each agency will determine the organizational level appropriate for performance of this function.
- g. Billing Office Contact.** The National Finance Center (NFC) is the designated Billing Office Contact for all USDA purchase card users and is responsible for payment of the electronic invoice and for scheduling payment with the U.S. Department of the Treasury.

12. SEPARATION OF DUTIES

Key duties and responsibilities shall be segregated among different roles to reduce the risk of error or fraud. This shall include separating the responsibilities for making purchases, authorizing transactions, processing and recording them, reviewing the transactions, and handling any related assets. No one individual shall control all aspects of the transaction. Agencies shall implement internal controls to mitigate the risk of fraud, misuse, and abuse in accordance with the guidance in OMB Circular A-123, Appendices A and B. As stated in Section 8h, Coordinators who are cardholders cannot have both roles in the same hierarchies in the EAS. Each role must be in a separate hierarchy, one to maintain and handle the functions of a coordinator, and a separate hierarchy for use as a cardholder. These hierarchies must be created with two unique user IDs to ensure separation of duties and to comply with OMB Circular A-123 Policy. Coordinators identified for managing and/or performing oversight duties for their own purchase card transactions will have five days to transfer their cardholder account to a different hierarchy than the one maintained as Coordinator. Failure to make the change shall result in cardholder account termination or Coordinator user ID suspension or cancellation.

For detailed information, refer to either the *Coordinator's Purchase Card Program Guide* or *Cardholder's Purchase Card Program Guide*.

13. PURCHASE CARD OVERSIGHT

The DPM, APCs, LAPCs, AOs, FPOCs, OPPM/CCSC, and the USDA OIG monitor purchase card transactions through tools such as the EAS, statistical sampling, and query tool software. Cardholders are required to comply with any requests by the DPM, APC, LAPC, OPPM/CCSC, USDA OIG, and other duly authorized organizations/individuals for information/investigations regarding purchases. Any inquiries into purchase card use from federal agencies external to USDA will be referred to the OPPM/CCSC for appropriate action.

AOs shall monitor purchasing activity of cardholders who are assigned to them. AOs shall perform an online review of all cardholder transactions that appear in the AO's Manager Approval Queue. AOs shall be responsible for reviewing their manager queue at least once every 30 days. AOs shall physically review the cardholders' documentation of all transactions selected for final approval (i.e., vendor name, transaction price, and date reconciled). AOs shall notify the cardholder's LAPC if they identify questionable transactions or possible misuse of the card and/or related alternative payment method. AOs

shall notify the cardholder's LAPC to cancel the card if the cardholder leaves the unit or no longer requires a card. Unless otherwise specified in Agency procedures, AOs shall collect and destroy purchase cards and/or unused checks from cardholders separating from their agency. AOs will confirm to the LAPC that the actual cards/checks assigned to the cardholders were destroyed.

14. DELEGATION OF AUTHORITY

- a. General.** In accordance with 7 CFR 2.93, the SPE of the OPPM is delegated authority to promulgate Departmental policies, standards, techniques and procedures, including developing and administering principles and objectives supporting procurement, and serves as the USDA SPE. In relation to the USDA Purchase Card Program, the SPE delegates authority as described below.
- b. Micro-Purchases (\$3,000 or less).** The USDA SPE delegates micro-purchase procurement authority through this regulation. Letters of delegation from the HCAs or their designees HCADs are unnecessary for delegated authority of \$3,000.00 on the government purchase card. AOs determine to whom cards and convenience checks will be issued. They can request authority for non-warranted personnel up to and including \$3,000.00 for purchase cards and \$2,500.00 on convenience checks when allowable by their agency. These requests shall be submitted to the LAPC for approval and subsequent action. Issuance of the purchase card confers the authority up to the specified purchase limit in the EAS. This authority terminates upon the employee's separation from the organization or cancellation of the card by the APC or LAPC.
- c. Purchases Over \$3,000.** The micro-purchase threshold, as defined in FAR 2.101 or as otherwise provided by law, may exceed \$3,000 under certain circumstances (e.g., purchases of supplies or services to facilitate defense against or recovery from terrorism). In such cases, HCAs or their designees may issue letters of delegation to selected non-warranted cardholders authorizing them to purchase supplies or services above the micro-purchase threshold established for the given situation. The letter of delegation shall state the reason why the employee is authorized to make micro-purchases over \$3,000, and the amount of the employee's temporary single purchase limit. The letter shall be submitted to the cognizant LAPC who shall make the necessary changes in the EAS. This authority terminates upon revocation of the letter of delegation, the employee's separation from the organization, or cancellation of the card by the APC or LAPC. All documentation must be retained in accordance with Federal Records requirements.
- d. Simplified Acquisitions and Formal Contracts.** Only warranted USDA employees (see Section 7ee) may purchase above the micro-purchase level. Warranted personnel may use their purchase card and related alternative payment methods in accordance with FAR up to the single and monthly purchase limits established for their cards. Special emphasis shall be give to all of Subchapter C (Contracting Methods and Contract Types) as well as Part 12 (Acquisition of Commercial items) of the FAR. Convenience checks are limited to \$2,500 except in emergencies. The single purchase limit established for warranted personnel may not exceed the lesser of the amount of the individual's delegated authority or \$1 million dollars. Requests to exceed \$1 million dollars may be

approved by the APC on a case-by-case basis. The single purchase limit shall never exceed the warranted individual's delegated authority. Refer to (DR) 5001-1, Acquisition Workforce, Training, Delegation and Tracking Systems, and DR 5100-2, Real Property Leasing Officer Warrant System, for policy on contracting delegations of authority/warrants.

- e. **Changes to Spending Limits.** Changes to a cardholder's single purchase limit and/or monthly spending limit shall be directed to the LAPC for action and must be approved by the cardholder's AO prior to implementation. The LAPC may reduce a cardholder's single purchase limit in order to ensure the integrity of the Purchase Card Program; (e.g., in order to deactivate a cardholder account). Changes to a cardholder's single purchase limit and/or monthly spending limit shall be completed through the EAS.

15. AUTHORIZED USE OF CARDS AND RELATED ALTERNATIVE PAYMENT METHODS

There are specific guidelines on using the purchase card and related alternative payment methods. The *Coordinator's Purchase Card Program Guide* and *Cardholder's Purchase Card Program Guide* provide complete details as to what is or is not permitted. Failure to comply with these guidelines may result in loss of purchase card authority and ability to use other alternative payment methods as well as administrative action. Administrative action may include the termination of the purchase card. The following is a brief overview and is not inclusive of all conditions relating to the purposes for which the card and related alternative payment methods may or may not be used:

- a. **Supplies, Equipment, and Non-personal Services.** The purchase card may be used to purchase supplies (authorized supplies and equipment) and non-personal services in accordance with the limits established for a cardholder. It may also be used to acquire, on a temporary or short-term basis (up to 180 days), rental space including meeting and conference rooms, parking for government-owned or leased vehicles, or storage. The cardholder must ensure there is adequate funding and the item is purchased at a fair and reasonable price. Program payments are prohibited.
- b. **Honoraria or Promotional Items.** In accordance with EO 13589, agencies shall eliminate unnecessary spending on non-monetary recognition items or promotional items such as plaques, clothing, gift cards/certificates, as well as any other promotional items. Agencies shall be held responsible and accountable for restricting the purchases of these items within their agency to cut wasteful spending. Agencies are responsible and accountable for tracking their purchases and reporting to USDA's CCSC at a minimum annually in accordance with the OHRM DR 4040-451-1. Agencies shall keep records on the type of promotional item or honoraria given, number of items given, cost, and reason why this was provided. All necessary human resource forms including but not limited to AD-287, AD-287-2, AD-287-3A, and or AD-495 must be completed and kept on file for three (3) years.

- c. Convenience Checks.** Convenience checks are an optional tool available under USDA's purchase card program, limited to a maximum individual amount not to exceed \$2,500 without prior approval for *ALL* Agency employees (see also FAR 13.305-3, where convenience checks are also known as third party drafts). The checks are simply written to a vendor and, once cashed, will be reflected as a transaction against the cardholder's account. Convenience checks may be utilized for purchases by certain mission areas only when: (i) the vendor or merchant will not accept the purchase card, the debit or pre-paid card, or direct entry into the vendor or merchant financial organization (see Section 7I); and (ii) at least one of the DCIA (Public Law No 104-134) waivers is satisfied. A list of the DCIA waivers is included in the *Coordinator's Purchase Card Program Guide* and the *Cardholder's Purchase Card Program Guide*. The use of convenience checks is appropriate only if there is no other way, under the circumstances of the required transaction, to accomplish the transaction. Each convenience check must be entered in a check register or log for tracking purposes. **There is a 1.7 percent administrative fee charged by the bank for checks. This fee must be funded before the check is used and must be separately listed in the cardholder's log.** The following are considered appropriate uses for convenience checks:
- (a) Emergencies where the purchase card or one of the other alternative payment methods is not a viable solution.
 - (b) Transactions with small and/or rural businesses which are not yet able to accept the purchase card. Cardholders are to demonstrate their inability to locate merchants that accept the purchase card.
 - (c) Other properly approved transactions for which the imprest funds were previously used that cannot be addressed using the purchase card or another alternative payment method (see Section 9).
- d. Gift Cards/Gift Certificates.** Agencies shall not permit the purchase card and/or alternative payment methods to be used for the purchase of merchant gift cards or certificates without first obtaining a waiver from the OPPM. Agencies shall submit waiver requests to the USDA CCSC via email at ccsc@dm.usda.gov. Waiver requests shall include the agency's internal control plan relating to the use of gift cards as informal recognition awards. The purchase of gift cards is regulated under the directive of the Office of Human Resource Management (OHRM DR 4040-451-1, USDA Employee Awards and Recognition Program).
- e. Prohibited Purchases/Uses.** The purchase card and alternative payment methods shall not be used for any of the following: cash advances; establishment of imprest funds and maintenance or replenishment of cash balances in imprest funds; cash awards; money orders; salary payments; long-term rental or lease of land or buildings; rental or lease of motor vehicles; official travel expenses (e.g., purchase of airline, bus, or train tickets; purchase of meals, lodging, or other travel-related subsistence costs); personal purchases; in lieu of the Fleet card (fuel and vehicle repair and maintenance); or hazardous items except as allowed by mission critical need and proper requisition and agency approval. AO shall not Final Approve transactions for any of the prohibited purchases/uses listed above. The AO should reject the transaction back to the cardholder. Failure to reject the

transaction back to the cardholder may result in removal from the AO role. (See Special Instructions, *Coordinator's Purchase Card Program Guide*, and the *Cardholder's Purchase Card Program Guide*).

- f. **Appendix A.** Appendix A is an outline of payment methods that may be used in lieu of convenience checks. Agencies may use these methods or may implement any other alternative methods which meet their needs, provided the selected methods are consistent with USDA acquisition and fiscal management policies and regulations.

16. COMPLEX REQUIREMENTS AND USE OF THE PURCHASE CARD

Only warranted personnel shall use the purchase card for complex, unique, or high-risk actions, in accordance with cardholder's single purchase limit. Non-warranted cardholders must forward a requisition to the servicing contracting office for review and approval prior to using the purchase card as a payment tool. Examples of complex, unique, or high-risk actions include: (1) the purchase of firearms, ammunition, explosives, hazardous biological substances, or radioactive agents; (2) complicated terms and conditions; (3) need for a contract in order to document mutual responsibilities of the parties; (4) mission-critical need; (5) high performance risk; (6) similar factors indicating that the requirement is complex or unusual in nature; (7) architect and engineering (A&E) services; and (8) construction services over \$2,000. To purchase these items, requisitions shall be prepared and forwarded to the servicing contracting office after obtaining agency required approvals and licenses (if any). Cardholders shall refer to your Agency guidance for specific instructions.

17. TERMS AND CONDITIONS FOR PURCHASE CARD TRANSACTIONS

- a. **Micro-Purchases.** In accordance with FAR 13.201(d), clauses generally are not required for purchases at or below the micro-purchase threshold. FAR 13.201(d) takes precedence over any other FAR requirement to the contrary, but does not prohibit the use of any clause.
- b. **Purchase Orders and Contracts.** The CO will ensure that contracts and purchase orders in excess of the micro-purchase threshold include appropriate terms and conditions, clauses, and certifications, in accordance with the FAR and the AGAR. Solicitations, contracts and purchase orders using the purchase card should also provide and/or allow the following:
 - (1) The purchase card shall be accepted for all purchases and payments under the contract or order.
 - (2) Prices reflected in the order and/or Section B of the contract (as appropriate) reflect use of the purchase card.
 - (3) The contractor shall not process a transaction for payment using the purchase card until: (i) the purchased supplies have been shipped or (ii) purchased services have been performed. (For subscriptions, the contractor may process the transaction for payment upon receipt of the order.)

- (4) The Contractor shall immediately credit the purchase cardholder's account for items and related charges for items returned as defective, unless the CO requests correction or replacement of a defective or faulty item.

18. TRAINING REQUIREMENTS

All personnel (cardholders and AOs) must be trained before receiving a purchase card and/or related alternative payment method with micro-purchase authority. Non-warranted personnel must receive training in micro-purchase regulations and procedures as well as the EAS, before a card may be conferred. Cardholders and their AOs must be able to certify that they have received the training, understand the regulations and procedures, and know the consequences of inappropriate actions.

Each Agency Head is responsible for ensuring participants are adequately trained in the USDA Purchase Card Program and appropriate documentation of training is maintained. Materials have been developed for use in training cardholders, APCs, LAPCs, AOs and others involved in using or monitoring purchase card transactions. Documentation of training must be maintained for audit purposes by the agency. These training materials are listed in the *Coordinator's Purchase Card Program Guide* and the USDA Charge Card Program website (http://www.dm.usda.gov/procurement/ccsc/pc_guides_ref.htm).

Warranted personnel will receive credit towards their training maintenance requirements based upon the duration of time spent receiving official training for coordinators and/or cardholders.

Refresher training is required every two years for all participants of the USDA Charge Card Program via AgLearn in the form of cardholder and ethics for the purchase card. Non-warranted cardholders are required to take refresher training every year in ethics and cardholder policy. Participants will be notified via email when refresher training is needed.

19. USE OF THE CARD AND/OR RELATED ALTERNATIVE PAYMENT METHODS FOR DISASTER, CONTINUITY OF OPERATIONS, INDEMNITY, AND OTHER PROGRAM PAYMENTS

Disaster, contingency operations, and other emergency program payments for the procurement of supplies or services under the FAR shall be allowed on the purchase card provided the Micro-purchase threshold is increased by the head of the agency. Additionally, agencies shall use the purchase card and/or related alternative payment methods to make disaster or Continuity of Operations Plan (COOP) without receiving approval from the SPE or head of the agency as allowed through other statutes, laws, and policies covering the government purchase card.

20. INQUIRIES

Inquiries about the USDA Purchase Card Program should be directed through Agency channels (the cognizant APC and LAPC to the DPM in the OPPM at ccsc@dm.usda.gov). For technical inquiries, refer to the *Troubleshooting* section in either the *Coordinator's Purchase Card Program Guide* or *Cardholder's Purchase Card Program Guide* for specific details.

-END-

APPENDIX A
Authorized Payment Methods

Categories of Transactions

Payment Methods

Services and Rent

- Services and Rental of Personal Property
Services <\$2,500
Construction < \$2,000
- Rental of Real Property

Purchase Card
Debit/Pre-paid Card
Convenience Check

Purchase Card
Debit/Pre-paid Card
Convenience Check

Fuel and Vehicle Repairs & Maintenance

Fleet Card
Debit/Pre-paid Card

Foreign Acquisition

Purchase Card
Debit/Pre-paid Card
Convenience Check

Parcel Post & Postage

- Parcel Post
- Postage

Purchase Card
Debit/Pre-paid Card
Convenience Check

Purchase Card
Debit/Pre-paid Card
Convenience Check

Travel, Training, Memberships, Honoraria, Registration

- Travel
- Local Travel Reimbursement
- Memberships
- Training

Travel Cards
Debit/ Card

Travel Cards

Purchase Card
Debit/ Card

Purchase Card
Debit/ Card

- Registration

Purchase Card
Debit/ Card

- Honoraria

Purchase Card
Debit/ Card