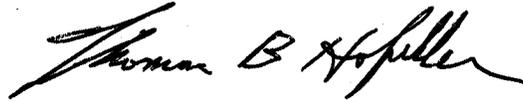


For: FFAS Offices

USDA FFAS Purchase Card Program Policy

Approved by: Associate Administrator for Operations and Management



1 Overview

A Background

The Purchase Card Program reduces administrative costs and allows agencies to procure supplies and services faster. DR 5013-6, along with supplementing guidance in the APC/LAPC Purchase Card Program Guide and the PCMS/Micro-Purchase Guide, implements USDA policies and procedures for using purchase cards and convenience checks along with USDA’s Purchase Card Management System (PCMS).

B Purpose

This notice:

- reiterates FFAS’ purchase card policies
- provides a link to DR 5013-6 at <http://www.ocio.usda.gov/directives/doc/DR5013-006.pdf>
- reminds Local Agency Program Coordinators (LAPC’s) of their responsibilities
- reminds purchase cardholders of the requirement to reconcile purchases within 30 calendar days
- establishes FSA-488B to address responsibility of the cardholder’s supervisor to review transactions and reconciliation
- establishes policy about program coordination responsibilities at the State and Agency level

Note: FSA, RMA, and FAS must establish LAPC's for their cardholders; FSA State Offices must establish and maintain LAPC's for their cardholders.

- establishes a training requirement for non-Contracting Officer LAPC's

| Disposal Date | Distribution |
|-----------------|--|
| January 1, 2009 | All FAS, FSA, and RMA Offices; State Offices relay to County Offices |

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1 Overview (Continued)

C Contact

Direct questions about this notice according to the following.

| IF there are questions about... | THEN contact... |
|---|--|
| procurement policy | Pamela Wellons, Chief, Kansas City Acquisition Branch (KCAB), Acquisition Management Division (AMD), by either of the following: <ul style="list-style-type: none">• e-mail at RA.mokansasc-PurchaseCard• telephone at 816-926-6084. |
| <ul style="list-style-type: none">• establishing LAPC's• training LAPC's• LAPC responsibilities | Linda Worthington, Agency Program Coordinator (APC), by either of the following: <ul style="list-style-type: none">• e-mail at RA.mokansasc-PurchaseCard• telephone at 816-926-6216. |

2 Policy

A Purchase Card

A micro purchase is the procurement of supplies or services with a total value of \$3,000 or less. Except in the case of certain mandatory resources for specific supplies, the cardholder does **not** have to compete the requirement provided the price is determined to be fair and reasonable and the vendor is not repeatedly used. Using the purchase card is preferred for micro purchases.

- **Splitting Requirements.** Cardholders may not divide up the requirements to stay within the micro purchase threshold.
- **Mandatory Sources.** Cardholders must use the mandatory resources for supplies subject to the Federal Acquisition Regulation (FAR), Part 8 and listed in 27-AS.
- **Small Business Utilization.** Using small business for micro purchases is encouraged, but not mandatory.
- **Advanced Payments.** Cardholders may **not** make advanced payments except for:
 - subscriptions to publications
 - software maintenance subscriptions
 - other circumstances in which it is advantageous to the Government to make an advanced payment.

Note: The cardholder must document that finding.

2 Policy (Continued)

A Purchase Card (Continued)

- **Warrant.** Purchases within the micro purchase threshold do **not** require a procurement warrant.
- **Purchase Card Limitations.** Every cardholder has 2 limitations on use of his or her purchase card.
 - **Single purchase limit (SPL)** is the maximum amount a cardholder can charge for any single transaction.
 - **Monthly purchase limit** is the total amount a cardholder can charge for all purchases within any month.
- **Official Business Only.** The purchase card may only be used for official Government business.
- **Mandatory Use of Purchase Card.** If the vendor will accept payment using the purchase card, then the cardholder must pay with the card.
- **Convenience checks** have a maximum limit of \$2,500, are subject to the same rules as the use of the purchase card, and **shall not** be used in excess of this amount unless authorized by the Director, AMD. Using convenience checks may be approved only if using the purchase card or the Integrated Acquisition System (IAS) cannot be used and shall be used only as a last resort.

Note: Convenience checks are **not** considered electronic payment and, therefore, an EFT waiver is required before use. For detailed waiver information, refer to Authorized Use of the Convenience Check in either the APC/LAPC Purchase Card Program Guide or PCMS/Micro-Purchase Guide.

- **Checks** may **not** be made out to “CASH” nor may the payee be the cardholder or any Government employee. See the exception for employee reimbursement in DR 5013-6, paragraph 7.g.
- **Reconciliations** are required to be completed by the cardholder within 30 calendar days of each transaction.

Note: Whenever the cardholder fails to reconcile a transaction for 60 or more calendar days, that cardholder’s authorization is required to be deactivated (DR 5013-6, paragraph 7.k).

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2 Policy (Continued)

B Purchases Over \$3,000

All procurements valued over \$3,000 must:

- be procured by a contracting officer whose procurement warrant equals or exceeds the value of the total purchase

Note: The procurement warrant is not to be confused with the purchase card limits discussed in subparagraph A. The procurement warrant is a specific document issued only to Contracting Officers.

- be in compliance with FAR and all other procurement laws, regulations, and policies
- be in compliance with DR 5090-1
- be initiated with a requisition in IAS (all FAS and RMA, and Fund 84 and 87 for FSA)

Note: If the actual payment is made with a purchase card or convenience check and if committed funds were included on the requisition (IQ-Commit), then the requisition must be canceled by the Budget Approver.

- be reported in the Federal Procurement Data System – Next Generation (FPDS-NG) .

C Program Coordination

- LAPC is responsible for the administrative oversight for all cardholders except him/herself. The Agency Program Coordinator (APC) is responsible for the oversight of LAPC's accounts.
- State Office LAPC's shall be responsible for all State and county cardholders in their State. Every State must have and maintain at least 1 LAPC.
- The same requirements apply to major FSA National Office units, that is, FSA-KC/STL, FSA-APFO, FSA-WDC.
- RMA and FAS must also establish LAPC's for their cardholders (may be broken up into smaller units within agencies).

Note: Any office unit that does not currently meet these requirements must do so no later than **September 30, 2008**.

- If LAPC is not a Contracting Officer, LAPC will be required to complete an extensive Simplified Acquisition Procedures course in addition to any department required purchase card training within 6 months of becoming an LAPC.

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2 Policy (Continued)

C Program Coordination (Continued)

- APC serves as the agency's principal point of contact for purchase card or PCMS issues. APC will not be a cardholder.
- No accounts will be administered by the cardholder themselves.

3 Action

A Cardholder Supervisor Action

Cardholder supervisors shall:

- review transaction reports of cardholders reporting to that supervisor not less than once per quarter
- complete FSA-488B (Exhibit 1)
- review and sign FSA-488B
- keep the record to ensure the proper use of the purchase card and/or convenience check.

B LAPC Action

LAPC's shall:

- read and enter responses to all PCMS alerts within 30 calendar days of the alert date
- track cardholders and ensure that reconciliations are completed timely
- deactivate a purchase card whenever reconciliation does not occur within 60 calendar days of the transaction date (not caused by system malfunction), and notify APC of that action.

Note: Rule may be complied with by reducing SPL to \$1.

C Cardholder Action

Cardholders shall:

- follow DR 5013-6 when using the government purchase card
- reconcile purchases within 30 calendar days
- quarterly, provide their supervisor with a transaction report that will provide the cardholder's supervisor with the information to complete FSA-488B (Exhibit 1)
- as needed, request approval for convenience checks in excess of \$2,500 from the Director, AMD by e-mail to **RA.mokansasc-PurchaseCard**.

FSA-488B, Supervisory Checklist and Quarterly Review of Purchase Card Transactions

Following is an example of FSA-488B.

| | | | | | | |
|---|--|--|--|--|-----------------------|-----------|
| <p>This form is available electronically.</p> <p>FSA-488B U.S. DEPARTMENT OF AGRICULTURE (09-18-08) Farm Service Agency</p> <p align="center">SUPERVISORY CHECKLIST FOR QUARTERLY REVIEW OF PURCHASE CARD TRANSACTIONS</p> | | | <p>A. For Period of:</p> <p><input type="checkbox"/> Oct. – Dec. <input type="checkbox"/> Jan. - Mar</p> <p><input type="checkbox"/> Apr. – Jun. <input type="checkbox"/> Jul. – Sept.</p> | | <p>B. Fiscal Year</p> | |
| | | | <p>C. Cardholder name</p> | | <p>D. Office</p> | |
| <p>INSTRUCTIONS: Cardholder supervisors shall review transaction reports of cardholders reporting to that supervisor not less than once per quarter on FSA-488B. Sign approval on the report and keep the record to ensure the proper use of the purchase card and/or convenience check.</p> | | | | | | |
| | | | | | YES | NO |
| 1. All transactions were for official Government business only. | | | | | | |
| 2. All transactions represent legitimate needs of the Government. | | | | | | |
| 3. Transactions are within the cardholder's micro-purchase limit. | | | | | | |
| 4. Appropriate budget object codes were used for all transactions. | | | | | | |
| 5. All transactions were appropriate for the cardholder's position. | | | | | | |
| 6. Cardholder used required sources, e.g., JWOD. | | | | | | |
| 7. Did cardholder make any of the following prohibited transactions? | | | | | | |
| <ul style="list-style-type: none"> • Checks to self or for cash • Checks to merchants who accept the card or where other designated payment systems should be used • Checks over the cardholder's purchase limit • Personal services, i.e., where government supervises contractor employee • Travel expenses • Hazardous items (firearms, ammunition, explosives, hazardous biological and radioactive substances) • Spots awards • Salary payments • Long term rental (more than 180 days) of land or buildings • Fuel, unless the vendor would not accept the fleet card • Purchases of telecommunication supplies (above \$350) or services • Meals/refreshments unless authorized by law, e.g., bona fide award ceremony • Memberships in an individual's (as opposed to the agency's) name • Shipment of household goods • Grant or agreement payments • Insurance except as authorized by law • Parking tickets • Greeting cards • Advance payments prior to delivery of goods or services unless authorized by law, i.e., training, subscriptions, registration fees | | | | | | |
| 8. Cardholder reconciles all transactions in PCMS within 30 days. | | | | | | |
| 9. Adequate item descriptions for transactions are entered on the PCMS screens. | | | | | | |
| 10. Does cardholder have any duplicate transactions – charges to the same vendor on the same date in the same amount – that may suggest the cardholder was charged twice for the same supply/service? | | | | | | |
| 11. Does cardholder have any "split" transactions to avoid micro-purchase authority, i.e., transaction will appear on report to the same vendor on the same date or could be a day or two apart that have an aggregate total over their purchase authority? | | | | | | |
| 12. Cardholder maintains invoices/receipts for all transactions. | | | | | | |
| 13. Card and/or checks are kept in a secure location. | | | | | | |
| E. Supervisor Name (Print) | | | F. Supervisor Signature | | G. Date of Review | |
| <p><small>The U.S. Department of Agriculture (USDA) prohibits discrimination in all its program and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of Discrimination, write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, SW., Washington, DC 20250-9410, or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider and employer.</small></p> | | | | | | |