

For: FAS, FSA, and RMA Employees

**FAS, FSA, and RMA Purchase Card FY 2018 Local Agency Program Coordinator (LAPC)  
and Agency Program Coordinator (APC) Review and Guidance**

Approved by: Deputy Administrator for Management



**1 Overview**

**A Background**

To meet mandatory guidelines set forth in OMB Circular A-123, Appendix B, USDA Charge Card Service Center (CCSC) requires random quarterly reviews by the Local Agency Program Coordinator (LAPC) of cardholders' purchase card transactions as part of its management controls, policies, and practices for ensuring appropriate charge card and convenience check usage and oversight of payment delinquencies, fraud, misuse, or abuse.

**B Purpose**

This notice:

- applies to all FSA and RMA LAPC's and Agency Program Coordinator's, and provides guidelines for completing the **required** quarterly reviews for FY 2018
- confirms the primary objectives of the reviews, which are to assess all of the following:
  - adequacy of internal and management controls to help prevent fraud, waste, and abuse
  - compliance with laws and regulations
  - efficiency of operations
- obsoletes Notice AS-2316.

<b>Disposal Date</b>	<b>Distribution</b>
June 1, 2018	All FAS, FSA, and RMA Employees; State Offices relay to County Offices

## Notice AS-2317

### 1 Overview (Continued)

#### C Contacts

For questions about this notice, contact either of the following.

<b>IF there are questions about...</b>	<b>THEN contact...</b>
the purchase card program review process	either of the following: <ul style="list-style-type: none"><li>• Sheryl Welch, APC, by either of the following:<ul style="list-style-type: none"><li>• e-mail to <b>sheryl.welch@kcc.usda.gov</b></li><li>• telephone at 816-926-6108</li></ul></li></ul>
procurement policy	Inna Lloyd, by either of the following: <ul style="list-style-type: none"><li>• e-mail to <b>inna.lloyd@wdc.usda.gov</b></li><li>• telephone at 202-205-2837.</li></ul>

### 2 Policy

#### A LAPC Quarterly Review Requirements

LAPC's shall conduct random quarterly reviews of cardholder's transactions to ensure sufficient management and oversight, including a broad look at current cardholder activity.

Reviews should consist of a combined electronic review of transaction information in US Bank Access Online (AXOL), running an AXOL Transaction Detail report, and a physical review of the actual documentation (either the original documents or scanned/FAXed copies). The LAPC's shall request a random sampling of no less than ten transactions for physical review from each cardholder being reviewed that quarter. More physical reviews may be requested if the LAPC feels that ten (10) samples will **not** be enough to conduct a thorough review of the cardholder's activity.

2 Policy (Continued)

A LAPC Quarterly Review Requirements (Continued)

This random physical review **must** include a **minimum of 50 percent** convenience check transactions, if applicable. LAPC's should prioritize their electronic and physical sampling requests:

- first, on questionable transactions that may appear on the Transaction Detail reports
- second, on convenience checks transactions
- finally, on routine card transactions.

**Examples:** Cardholder A wrote six convenience checks for the first quarter review period and there are **no** questionable transactions on the report. The LAPC will request a minimum of ten samples for physical review with at least five of those samples being convenience check documentation.

Cardholder B wrote two convenience checks for the same review period and The LAPC is questioning three transactions on the report. The LAPC will request a minimum of ten samples for physical review that will include the three questionable transactions, two convenience check samples, and then random card transactions. The LAPC may request more than ten physical samples to adequately review the cardholder's transactions for the time period.

LAPC's will review a **minimum** of 25 percent of their cardholders each quarter. The LAPC shall focus on transactions that appear questionable, if applicable, on their reports for the quarter. LAPC's are still required to review each cardholder they manage over the course of the FY at least one time.

**Note:** This means that the 25 percent of cardholder accounts reviewed each quarter must vary from quarter to quarter until 100 percent of all cardholder accounts for each LAPC are reviewed at least once by the end of FY 2018. This may coincide with any questionable transaction reviews or may be in addition to them.

The reviews will take a broad look at the cardholder's activities and a detailed look at specific transactions, including randomly selected transactions and specifically questionable transactions.

## Notice AS-2317

### 2 Policy (Continued)

#### A LAPC Quarterly Review Requirements (Continued)

Using the Quarterly Review Checklist (Exhibit 1), LAPC's shall report the results of their reviews to their APC by the end of the second month following the close of each quarter. **no** data elements on Exhibit 1 shall be altered or removed. LAPC's will e-mail **only** the completed Exhibit 1 to the APC by the following required dates. LAPC's shall retain a copy of Exhibit 1 along with any supporting physical documentation at their office and follow standard guidelines for record keeping and disposal of this data.

LAPC Quarterly Review Schedule		
Quarter Reviewed	Period	Due Date to APC
Q1 FY18	October through December	February 28, 2018
Q2 FY18	January through March	May 31, 2018
Q3 FY18	April through June	August 31, 2018
Q4 FY18	July through September	November 30, 2018

If there are signs of misuse, abuse, and/or fraud, the LAPC will coordinate with the administrative officer to conduct an investigation of the transactions and request transaction documentation from the cardholder. The LAPC shall contact the APC for appropriate guidance with any necessary administrative action. Disciplinary and administrative actions must be identified on the LAPC Quarterly Review Checklist.

Complete reviews according to the following.

- Complete requisition is received and approved before the purchase/payment made and before service was received.
- Promotional and memento items meet agency guidelines.
- Refreshments meet all requirements for one of the exceptions to purchase.
- Minimum comments completed and has a date received and item description that is adequate.
- Convenience check has the additional requirement of TIN, Merchant info, accurate DCIA waiver code and proper formatting for 1099 extraction (Market research/justification included with documentation).

## 2 Policy (Continued)

### A LAPC Quarterly Review Requirements (Continued)

- Green tracking, all cardholders are required to track green purchases.
- Timely reallocations/approvals, did the cardholder approve all transactions within 30 days of posting to his/her transaction list. Did the AO approve all transactions within 30 days of posting to his/her manager approval queue and all within the 60 day limit for all to be completed.
- Splitting Transactions are a violation of the law and must be reported.

**Note:** Identify all violations and corrective or disciplinary actions taken as a result of the review and report to the CCSC on a quarterly basis.

### B APC Quarterly and Yearly Report Requirements

The APC shall notify CCSC of 100 percent receipt of LAPC's quarterly reviews by e-mail to [ccsc@dm.usda.gov](mailto:ccsc@dm.usda.gov). The APC will also provide, at minimum, bi-annual reports to the CCSC with administrative and disciplinary actions taken throughout FY2018. These secondary reports are provided upon the CCSC request and completed reports will be e-mailed to [ccsc@dm.usda.gov](mailto:ccsc@dm.usda.gov) by the requested due date.

A summary report shall be prepared following the close of FY 2018. APC shall complete the FY-end review by **December 14, 2018** and e-mail the completed form to CCSC to [ccsc@dm.usda.gov](mailto:ccsc@dm.usda.gov).

### C Resources

Resources are as follows:

- the USDA CCSC Purchase Card, web site at [http://www.dm.usda.gov/procurement/ccsc/pc\\_guides\\_ref.htm](http://www.dm.usda.gov/procurement/ccsc/pc_guides_ref.htm)
- the Coordinators Reporting Manual for Management and Oversight manual.
- [http://www.dm.usda.gov/procurement/ccsc/pc\\_training.htm](http://www.dm.usda.gov/procurement/ccsc/pc_training.htm), which provides:
  - a video, "Purchase Card Training on How to Run Reports in AXOL"
  - training video transcripts, as follows:
    - "Report Guidelines 12/16/09"
    - Coordinators Purchase Card Program Guide (Sept 2010)
    - "PCard-12-2009: Revised Check Procedures"
  - a link to forms at <http://www.dm.usda.gov/procurement/ccsc/forms.htm>

**2 Policy (Continued)**


**A LAPC Quarterly Review Requirements (Continued)**

- GSA Oversight Manual, “Blueprint for Success: Purchase Card Oversight”, at [http://www.gsa.gov/graphics/fas/Blueprint\\_For\\_Success\\_PurchaseCard\\_Oversight.pdf](http://www.gsa.gov/graphics/fas/Blueprint_For_Success_PurchaseCard_Oversight.pdf)
- GSA SmartPay, “Managing your Purchase Card Program” at <http://smartpay.gsa.gov/program-coordinators/managing-your-program/purchase-card>
- Government Accountability Office (GAO) Government Audit Guide, Auditing and Investigating the Internal Control of Government Purchase Card Programs at <http://www.gao.gov/new.items/d0487g.pdf>.

LAPC Quarterly Review Checklist

Following is an example of the LAPC Quarterly Review Checklist. The full LAPC review form can be found at

<https://www.dm.usda.gov/procurement/ccsc/docs/forms/LAPCQuarterlyReviewChecklist.pdf>

	Office of Procurement & Property Management (OPPM) Charge Card Service Center (CCSC)														
	<h3>LAPC Quarterly Review Checklist</h3>														
Completed by:	<input type="text"/>	Date:	<input type="text"/>												
	(LAPC Name)														
Submitted to:	<input type="text"/>	FY Covered:	<input type="text"/>												
	(APC Name)														
Area/Location:	<input type="text"/>														
<input checked="" type="checkbox"/>	<b>Quarter Reviewed:</b>	<b>For the Months of:</b>	<b>Due Date to APC:</b>												
<input type="checkbox"/>	Q1	October – December	February 28												
<input type="checkbox"/>	Q2	January – March	May 31												
<input type="checkbox"/>	Q3	April – June	August 31												
<input type="checkbox"/>	Q4	July – September	November 30												
<p><b>Note:</b> LAPCs should review 25% of their cardholders each quarter, ensuring review of 100% of the total accounts the LAPC manages over the course of a year (this requires that the 25% of cardholder accounts reviewed each Quarter vary and be a unique list to total a complete 100% review of cardholder accounts for each LAPC at year-end).</p> <p><b>Please supply the following data regarding your review:</b></p> <table border="1"> <thead> <tr> <th></th> <th>Data Requested</th> <th>Number #</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>What was the total number of cardholders at end of Quarter?</td> <td></td> </tr> <tr> <td>2.</td> <td>Of the total number of cardholders in #1 above, how many were reviewed? <i>(should be 25% of total # of cardholders)</i></td> <td></td> </tr> <tr> <td>3.</td> <td>Of the total number of cardholders in #1 above, how many are no longer under your managing account/supervision? <i>(if any)</i></td> <td></td> </tr> </tbody> </table> <p><i>In addition, please note:</i></p> <ul style="list-style-type: none"> <li>LAPCs should confirm that Purchase cards are issued to current USDA employees.</li> <li>If cardholder is no longer a USDA employee, LAPCs should confirm that the account is closed.</li> </ul>					Data Requested	Number #	1.	What was the total number of cardholders at end of Quarter?		2.	Of the total number of cardholders in #1 above, how many were reviewed? <i>(should be 25% of total # of cardholders)</i>		3.	Of the total number of cardholders in #1 above, how many are no longer under your managing account/supervision? <i>(if any)</i>	
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LAPC Quarterly Review Checklist Last Updated: 09/30/2013															
			Page 2												

LAPC Quarterly Review Checklist (Continued)

	Data Requested	Number #
4.	Of the number of cardholders reviewed in #2 above, how many of them have convenience checks?	
5.	What is the total number of transactions for the Quarter?	
6.	How many total transactions were reviewed in Access Online?	
7.	Of the total transactions reviewed in Access Online in #6 above, how many were convenience check transactions?	
8.	Of all of the transactions reviewed in #6 above, how many included a review of documentation?	
9.	Of the convenience check transactions reviewed in #7 above, how many included a review of documentation?	
10.	What is the total number of convenience check transactions for the Quarter?	

	Data elements that must be reported to OMB:	Number #
1.	Number of cases reported to OIG or coordinator for possible card misuse and/or abuse?	
2.	Number of administrative and/or disciplinary actions taken for card misuse?	
3.	Number of administrative and/or disciplinary actions taken for convenience check misuse?	

LAPCs shall review transactions for compliance with acquisition regulations and with direction given in DR 5013-6 and the *Coordinator's Purchase Card Program Guide*, with particular emphasis on the following areas:

Area of Transaction Review	No. of Occurrences <i>(if applicable)</i>	Comments and/or Administrative Action(s) Taken
Improper purchases (examples listed below) <i>(For a more detailed list, see the <a href="#">Coordinator's Purchase Card Program Guide</a>.)</i>		
<ul style="list-style-type: none"> <li>• Split purchases</li> <li>• Unauthorized purchases</li> <li>• Personal use</li> <li>• <i>Other</i></li> </ul>		



LAPC Quarterly Review Checklist (Continued)



Office of Procurement & Property Management (OPPM)  
Charge Card Service Center (CCSC)

**LAPC Quarterly Review Checklist**

Area of Transaction Review	No. of Occurrences <i>(if applicable)</i>	Comments and/or Administrative Action(s) Taken
Accountability, for example:		
<ul style="list-style-type: none"> <li>• Complete and timely reconciliation/approval in Access Online</li> <li>• Timely final approval by AO</li> <li>• <i>Other</i></li> </ul>		
Proper use of Convenience checks, for example:		
<ul style="list-style-type: none"> <li>• Pre-approval over \$2,500</li> <li>• Check is not written to self, for cash, to VISA merchant, or to large business</li> <li>• <i>Other</i></li> </ul>		
Use of required sources of supply		
<ul style="list-style-type: none"> <li>• <i>Other</i></li> </ul>		

Additional Findings, Comments, or Recommendations <i>(optional)</i>

With my signature below, I affirm that all information provided on this form is true and accurate.

LAPC Signature

Date