

USE AND MANAGEMENT OF THE GOVERNMENT PURCHASE CARD PROGRAM

1. REASON FOR ISSUE. This Veterans Health Administration (VHA) Handbook is issued to update and clarify procedures on the use of the Government Purchase Card for VHA facilities and program offices.

2. SUMMARY OF CONTENTS. This Handbook realigns the purchase card program under the Prosthetics and Clinical Logistics Office (P&CLO) and redefines the fiscal and logistics functions in the oversight and management of the program.

a. The duties of the fiscal and logistics officers are clarified. Duties of Program Coordinator, also called the Agency or Organization Program Coordinator (AOPC), are expanded and clarified. Top management at both facility and network levels must ensure that training is effective and program reviews include the examination and documentation of training for both fiscal and logistics elements.

b. Use of the purchase card as a payment method by warranted individuals is distinguished from the card's use as a procurement method for micro-purchases by non-warranted cardholders.

c. Approving officials are limited in the number of cardholders under their approval chain.

d. Appendix A, Audit Guide, is clarified for use in the cardholder and approving official reviews.

3. RELATED ISSUES. VHA Directive 1730.1.

4. RESPONSIBLE OFFICE. The Chief Prosthetics and Clinical Logistics Officer (10F), VHA Central Office, is responsible for the material contained in this Handbook. Questions may be addressed to 202-461-1767.

5. RESCISSIONS. VHA Handbook 1730.1, dated June 17, 2005, is rescinded.

6. RECERTIFICATION. This VHA Handbook is scheduled for re-certification on or before the last working day of July 2013.

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USE AND MANAGEMENT OF THE GOVERNMENT PURCHASE CARD PROGRAM

1. PURPOSE

This Veterans Health Administration (VHA) Handbook defines the scope, responsibilities, and references for managing VHA's Government Purchase Card Program.

2. BACKGROUND

a. The Government Purchase Card can only be used for official government purchases. The Department of Veterans Affairs (VA) policy requires the use of the Government Purchase Card for all micro-purchases. Under no circumstances is the card to be used for personal benefit.

b. Warranted individuals need to aggressively promote the use of purchase cards or "payment only" cards as the method of payment for all contracts and purchases, especially those under the simplified acquisition threshold (currently \$100,000). Cardholders issued a "payment only" card must comply with guidance in VA Handbook 7401.6, Limited Authority to Pay by Purchase Card. Anything that a warranted purchasing agent may legitimately purchase under VA Acquisition Regulations (VAAR) or Federal Acquisition Regulations (FAR) can be paid for via purchase card. When management reviews the Purchase Card Program, the emphasis must always be on supporting the most efficient acquisition process.

c. Documentation of purchase card procurements needs to be kept to the minimum necessary to ensure adequate internal controls. The status of undelivered orders, partial orders, and pending credits that remain open for 30 days or more must be reviewed and necessary action must be taken to complete the order.

d. To receive the greatest cost benefit, non-warranted cardholders should make many of the Department's micro-purchases.

e. A vendor that accepts payment using the purchase card method is preferred, all else being equal (small or minority-owned business considerations, etc.). If the vendor does not accept payment by purchase card, other automated disbursement methods need to be used to process the transaction (see VA Handbook 4070.2, Disbursement Methods).

f. The VHA Prosthetics and Clinical Logistics website <http://vaww.pclo.med.va.gov> provides detailed purchase card management guidelines and desk references that VA personnel involved with any aspect of the purchase card program should use. In addition to the primary website, a document repository at <http://vaww.teamshare.va.gov/PCLO/> also contains purchase card program information.

g. All warranted logistics personnel, including purchase card holders, must use detailed purchase card orders and enter corresponding Federal Procurement Data System (FPDS) data correctly. This ensures that their orders and payments are easily matched, and that FPDS reports for VHA and individual stations are accurate.

h. Cardholders must request an Item Master File number from logistics for all recurring items purchased. Using an Item Master File number automatically fills most fields on the detailed Integrated Funds Distribution, Control Point Activity, Accounting, and Procurement Package (IFCAP) order and ensures that like items are combined. **NOTE:** *An item purchased four or more times per year is considered recurring. Items purchased less than four may still be assigned an Item Master File number.*

3. SCOPE

All persons designated to perform purchase card program functions are required to meet the highest ethical standards in connection with the program. **NOTE:** *See Office of Government Ethics, Standards of Conduct for Executive Branch Employees, Use of Government Property, Title 5 Code of Federal Regulations (CFR) Section 2635.202 and Section 2635.704.* They are charged with preventing compromise of card account numbers by securing all documentation and reports containing them, or by blacking out most of the card number when printed on invoices, or other documents.

4. DEFINITIONS

a. **Simplified Acquisition Procedures (SAP).** SAP are the methods prescribed in Part 13 of the FAR for making purchases of supplies or services.

b. **Micro-purchase.** A Micro-purchase is an acquisition of supplies or services using SAP, the aggregate amount of which does not exceed the micro-purchase threshold.

c. **Micro-purchase Threshold.** The Micro-purchase threshold is \$3,000, with the following exceptions:

(1) For acquisitions of construction subject to the Davis-Bacon Act, the threshold is \$2,000.

(2) For acquisition of services subject to the Service Contract Act, the threshold is \$2,500.

d. **Federal Procurement Data System (FPDS).** The FPDS provides a comprehensive mechanism for assembling, organizing, and presenting contract placement data for the Federal Government. Federal agencies will now report data directly to the Federal Procurement Data System – Next Generation (FPDS-NG), which collects, processes, and disseminates official statistical data on Federal contracting (FAR 4.602).

e. **Central Contractor Registration (CCR).** The CCR is the primary registrant database for the U.S. Federal Government. CCR collects, validates, stores and disseminates data in support of VHA's acquisition missions.

f. **Fund Control Point (FCP).** FCP is a financial element, existing only in the Veterans Health Information System and Technology Architecture (VistA) IFCAP. A division of funds to a service or activity appropriated for the sole purpose of funding specific programs in the performance of their mission.

g. **Appropriation.** Appropriation refers to funds set aside for a specific purpose by a legislative act authorizing the expenditure of a designated amount of public funds.

h. **Annual Appropriation.** The annual appropriation refers to funds available for one specific fiscal year.

i. **Multiple-year Appropriations.** Multiple-year appropriations refer to funds available for incurring obligations for a definite period in excess of one year.

j. **No Year Appropriations.** No Year Appropriations refers to funds which are available for incurring obligations for an indefinite period of time.

k. **Excluded Parties List System.** The Excluded Parties List System is an electronic database maintained and posted by the General Services Administration (GSA) containing lists of all parties suspended, proposed for debarment, declared ineligible, or excluded or disqualified under the non-procurement common rule by agencies, Government Corporations, or by the Government Accountability Office (GAO).

l. **Unauthorized Commitment.** An unauthorized commitment is a commitment to procure services, supplies or equipment by a person who has no purchasing authority. In the case of a purchase card holder, a split or fragmented order to circumvent the user's purchase authority is also considered an unauthorized commitment and must be ratified in accordance with VA Directive 7401.7, Unauthorized Commitment and Ratifications.

m. **Delinquent Obligation.** A delinquent obligation is a commitment made to procure services, supplies or equipment by a person with purchasing authority for which an obligation has not been recorded by Fiscal Service. In other words, funds that have not been obligated by signature of a purchasing agent for a regular order or by signature of a purchase cardholder for a purchase card order. A delinquent obligation is also when a person with purchasing authority commits the government with no funds available for the purchase. A person with purchasing authority has 24 hours (1 workday) to enter or finish the regular purchase order or the purchase card order before the order is considered delinquent.

n. **Split or Fragmented Orders.** Split or fragmented orders are orders in which the cardholder modifies the requirement by splitting or fragmenting the requested supplies or item quantity into multiple purchases to circumvent their micro-purchase limit or warrant authority limit. These orders are considered an unauthorized commitment and must be ratified in accordance with VA Directive 7401.7.

o. **Nonexpendable Property (NX).** NX is personal property considered an asset to be accounted for during the life of the equipment, and is so designated in Classification of Property VA Catalog No. 3, Section VII.

5. RESPONSIBILITIES OF THE CHIEF PROSTHETICS AND CLINICAL LOGISTICS OFFICER

The Chief Prosthetics and Clinical Logistics Officer (10FL), VHA Central Office, has the overall responsibility for the implementation and oversight of the Government Purchase Card Program within VHA, including the implementation of management controls for this program.

6. RESPONSIBILITIES OF THE VETERANS INTEGRATED SERVICE NETWORK (VISN) DIRECTOR

Each VISN Director is responsible for:

- a. Establishing a VISN Purchase Card Manager position which is reportable to the Head of Contracting Authority (HCA).
- b. Ensuring that an annual certification and review process is in place to ensure that all VHA program participants follow the procedures in this Handbook.
- c. Designating a multi-discipline team to conduct annual reviews of the Purchase Card Program.

7. RESPONSIBILITIES OF THE FACILITY DIRECTOR

The Facility Director is responsible for:

a. Implementing the Purchase Card Program

(1) The Facility Director must perform an annual review of the Purchase Card Program.

(a) This review must be performed by a team of knowledgeable individuals to include, but not limited to: the HCA or Logistics Manager, Financial Quality Assurance Manager (FQAM), VISN Purchase Card Manager, and a Fiscal representative.

(b) Approximately 25 percent of cardholder accounts must be reviewed each calendar quarter.

(c) Results of these internal reviews must be documented and recommended corrective actions monitored to ensure effectiveness.

(2) The Facility Director must certify, to the VISN Director by the 30th of June of each year, that the facility Purchase Card Program complies with the requirements of VHA Handbook 1730.1. Circumstances of noncompliance must be annotated along with the recommended corrective action.

(3) The Facility Purchase Card Coordinator notifies the Facility Director through the Facility Logistics Manager of any. The Facility Director must ensure that corrective actions are taken

and documented on all non-compliance issues. All documentation is to be forwarded to the VISN Purchase Card Program Manager.

b. **Designating the Facility Purchase Card Coordinator and Dispute Officer (DO).**

These individuals named must actually perform these duties and the duties must be part of their performance plans. Each should receive back-up support from one or more alternates.

c. **Ensuring Local Efficiencies.** The Facility Director must ensure that local micro-purchases are decentralized through the dissemination of purchase cards to trained personnel permanently assigned and accountable to facility service or product lines. **NOTE:** *Purchase cards are to be distributed, to and used by, the end user to the greatest extent possible. Top management is responsible for determining the most efficient organization based upon local situations, including location of the Program Coordinator, also called the AOPC.*

d. **Coordinating with Human Resources Management Service (HRMS).** The Facility Director must request an annual certification by HRMS indicating that all cardholders, approving officials, and alternate approving official, facility AOPC, DO, and alternates have the corresponding duties integrated into their position descriptions and performance plans. This annual certification of compliance will be submitted to the Network Director by the 30th of June.

e. **Ensuring Proper Documentation of Program Training and Reviews.** The Facility Director must ensure that Facility Financial and Logistics Managers and AOPCs jointly provide and document training, oversight, and annual reviews of all program participants. **NOTE:** *Prior to issuance of a purchase card, all cardholders, Approving Officials (AO) and alternate AOs must attend appropriate training and submit a completed VA Form 0242, Purchase Card Certification Form, to the VISN HCA, who then delegates micro-purchase authority to them under the VAAR, Part 801. All cardholders, AOs, and alternates must attend refresher training every 2 years unless a shorter period is required by the facility or additional training for an individual is deemed necessary to improve their performance.*

f. **Approving Waivers for AOs.** The Facility Director must approve all waivers to permit AOs to be cardholders and/or to have more than ten cardholders under their purview. If AOs have a purchase card they cannot approve their own orders.

g. **Disposing of Canceled Purchase Cards.** The Facility Director must ensure that the facility clearing process for terminated employees, or employees transferring to another department or service at the facility, includes notification of this separation to the Facility Purchase Card Program Coordinator prior to vacating their position.

8. RESPONSIBILITIES OF THE VISN HEAD OF CONTRACTING ACTIVITY (HCA)

The VISN HCA is responsible for:

a. Coordinating the implementation and oversight of the Purchase Card Program throughout the VISN with the assistance of the Chief Financial Officer, VISN Purchase Card Program Manager and Chief Logistics Officer.

b. Reviewing the random monthly quality review samples of purchase card transactions provided by the Financial Service Center (FSC), combined with review findings by the facilities Fiscal Officers, Logistics Managers and AOPCs to verify compliance with VAAR and FAR.

c. Delegating authority to all cardholders, including those with authority up to the micro-purchase limit and those warranted with single purchase authority exceeding the micro-purchase limit in accordance with FAR (Part 2, Subpart 2.101) and VAAR (Part 801), provided a VA Form 0242 has been completed.

d. Ensuring that every card with a single purchase limit in excess of the micro-purchase limit is held by a properly warranted cardholder. This includes designating the user or holder(s) of any "Payment Only" cards as noted in VA Handbook 7401.6. **NOTE:** *AOPC is to submit to the VISN HCA a copy of VA Form 10-042, Quarterly Purchase Card Program Certification Report, with an attachment listing all active cardholders and identifying those with single purchase limit over \$3,000 or with Payment Only Cards.*

e. Maintaining quarterly reports of VA Form 10-0427, which requires certification of accurate training documentation and program statistics by the facilities Fiscal Officers, Logistics Officers, and AOPCs (see App. B).

f. Ensuring a VISN-consolidated report is furnished to P&CLO quarterly, i.e., no later than January 20, April 20, July 20, and October 20 of each year.

9. RESPONSIBILITIES OF THE FINANCIAL SERVICES CENTER (FSC)

The FSC, Austin, TX, is the Payment Office responsible for making payments to the Purchase Card Program Contractor for all VA purchase card accounts. Payment is made through Treasury's Secure Payment System. The FSC is responsible for:

a. Providing monthly random sampling for Quality Review reports to the VISN Purchase Card Manager;

b. Processing payment to the Purchase Card Program Contractor in accordance with the contract using Fast Pay procedures as cited in the Office of Management and Budget (OMB) Circular A-125, Section 12;

c. Providing rebate and appropriate documentation to the local Fiscal Office; and

d. Distributing reports electronically to all VA facilities.

10. RESPONSIBILITIES OF THE PURCHASE CARD PROGRAM CONTRACTOR

The Purchase Card Program Contractor (also called Card Provider) is responsible for:

a. Issuing purchase cards;

- b. Processing purchase and billing transactions;
- c. Providing timely reports to management and the AOPCs.

11. RESPONSIBILITIES OF THE VISN PURCHASE CARD PROGRAM MANAGER

Separation of duties requires that the VISN Purchase Card Program Manager cannot be a cardholder or approving official. The VISN Purchase Card Program Manager is responsible for:

- a. Providing oversight of the Purchase Card Program in their VISN in accordance with VA and VHA policy and procedures.
- b. Chairing the Purchase Card Program annual review team designated by the Network Director and HCA. Recommended participants of the team may include a Logistics Manager, a Fiscal Officer, and FQAM. The Purchase Card Program Manager will participate in the site reviews at each facility within their area of responsibility.
- c. Conducting an annual review of purchase cards assigned at each station to ensure that they are decentralized according to the procedures in this Handbook.
- d. Performing an annual review of training materials used at each facility to ensure policy compliance.
- e. Submitting all findings and recommendations to the HCA, FQAM, and Facility Director.
- f. Providing initial training and conducting refresher training to the Facility Purchase Card Coordinators, alternates, and DOs.
- g. Reviewing each facility's standard operating procedures (SOP) with reference to the Purchase Card Program.
- h. Serving as the designated point of contact for all Purchase Card Coordinators within the VISN with reference to Purchase Card Program compliance and other issues.
- i. Reviewing all required reports to determine correctness of methodology and results.
- j. Ensuring all facilities input data in the Financial Indicator Collection Tool.

12. RESPONSIBILITIES OF THE FACILITY PURCHASE CARD PROGRAM COORDINATOR

Separation of duties requires that the Purchase Card Program Coordinator cannot be a cardholder or AO. Basic duties of the Purchase Card Program Coordinator are:

- a. Implementing the program in compliance with the Card Provider's rules and regulations, as well as VA and VHA policy and procedures.

- b. Disseminating appropriate sections of the coordinators guide to the Fiscal Officials and DOs.
- c. Providing training to cardholders, approving officials, Fiscal Managers, and Logistics Managers.
- d. Ensuring that prior to issuance of a purchase card, the cardholder (at a minimum) complete all required training and sign the VA Form 0242, as required by VA Handbook 4080.
- e. Ensuring that training is conducted in accordance with training guides and manuals disseminated by VHA Prosthetics and Clinical Logistics Office (P&CLO).
- f. Ensuring that a cardholder's certification record is maintained and updated including preparation and proper maintenance of VA Form 0242.
- g. Documenting appropriate cardholder and approving official training (which includes both financial and logistics aspects as outlined in the purchase card guide), and the appropriate certification of cardholders, AOs, their alternates, and designated surrogates, prior to issuance of purchase cards. **NOTE:** *Certification of training for all cardholders and AOs is required quarterly (see App. B).*
- h. Being the designated point of contact (POC) for facility receipt of purchase cards after the initial account setup, and giving replacement cards to cardholders along with any activation instructions. **NOTE:** *Non-receipt of requested cards needs to be followed up after 7 calendar days.*
- i. Providing end of month reports for P&CLO as requested by the VISN Purchase Card Program Manager.
- j. Performing monthly reviews of old (e.g., more than (>) 30 days), undelivered, and partial orders to ensure proper action is taken.
- k. Submitting information and documents to the Management Quality Assurance Service (MQAS) as required for quarterly Data Mining.
- l. Submitting information for the Quarterly Internal Control Check List, as required.
- m. Submitting information for Office of Inspector General (OIG) inquiries, as required.
- n. Retrieving and canceling all cards of any employee who terminates employment. **NOTE:** *The coordinators must ensure their function is part of the facility's clearing process for terminated employees to ensure they receive timely notification of cardholder separations. Physical possession of cards needs to be taken during the clearing process. Accounts must be closed within 3 business days after the receipt and reconciliation of the last outstanding order.*

o. Assessing, annually, the valid need for all outstanding purchase cards and the existing purchase limits. This assessment may be performed on a continuing basis with a percentage of card accounts reviewed monthly or quarterly, as long as all accounts are reviewed annually.

p. Taking appropriate action when a cardholder violates purchase card procedures, including the revocation or suspension of purchasing authority when deemed appropriate for cardholders who frequently or flagrantly fail to comply with policies and procedures. **NOTE:** *Making split purchases to circumvent single purchase limits, procuring goods and services beyond their purchasing authority, or making purchases exceeding established dollar thresholds are grounds for revocation or suspension of cardholder privileges.*

q. Certifying, along with the Fiscal Officer and the Logistics Manager, the quarterly report on training requirements and program statistics (see App. B).

r. Performing daily account maintenance in the Card Provider's proprietary system and in IFCAP, including:

(1) Setting up, modifying and canceling cardholder and AO accounts, including correction of identification information (misspelling or name change due to marriage or divorce).

(2) Making required changes in the approving official or cardholder organizations.

(3) Ensuring that VA Form 0242 is signed by all required individuals upon initial training and updated when permanent changes in single purchase limit, approving official or alternate approving official occur. **NOTE:** *Any temporary deviation from the established authority must be approved in writing by VISN HCA.*

(4) Changing the master accounting code as designated by the Fiscal Officer.

(5) Replacing damaged cards, except lost or stolen cards that must be reported (and the accounts closed).

13. RESPONSIBILITIES OF THE DISPUTE OFFICER (DO)

a. The DO is responsible for:

a. Coordinating and monitoring the resolution of billing errors, disputed payments, credits, etc., with the card contractor and assisting cardholders or interceding, as required. Although the AOPC may also be the DO; VA policy currently mandates that an DO may not act as an AO.

b. Taking action with cardholders who do not submit disputes in a timely manner and ensure that these cardholders then continue to work with vendors to resolve disputes amicably. If a dispute is not resolved in 3 months, the DO directs Finance to initiate action which may include issuance of a bill of collection for the disputed amount. Not resolving disputes is considered fraud.

14. RESPONSIBILITIES OF THE CARDHOLDER

NOTE: *Cardholders must be full or part-time VA employees. Contractors of any type, including those receiving Fee Basis payments, are not to be cardholders.*

Duties required of cardholders need to be included in performance plans, because inappropriate use of the card could result in immediate cancellation of the card, disciplinary action, and/or issuance of a bill of collection for all or part of the cost of the procurement. Cardholders are responsible for:

a. Attending appropriate training and signing VA Form 0242, to become the contracting officer of record for micro-purchases made with the card. **NOTE:** *The purchase limits of warranted (including prosthetics) individuals are as stated on their warrants.*

b. Following activation instructions provided when the card is issued.

c. Complying with all Federal, VA, and local acquisition policies and regulations, (detailed in current training materials) to include:

(1) Using mandated socioeconomic entities with emphasis on service-disabled veteran-owned small businesses (SDVOSB) and veteran-owned small businesses (VOSB).

(2) Making micro purchases for electronic and information technology products in accordance with the Rehabilitation Act of 1973, Section 508 (Title 29 United States Code (U.S.C.)794d) (see VA Directive 6221).

(3) Placing orders from vendors who are registered in the CCR is recommended but not required. Cardholders are encouraged to recommend that vendors register with CCR for FPDS reporting purposes.

(4) Complying with the Javits-Wagner-O'Day Act (JWOD) and using mandatory sources, such as Federal Supply Schedules and VA mandatory contracts.

(5) Requesting a Material Safety Data Sheet (MSDS) when ordering hazardous materials, and ensuring the MSDS is posted according to regulations.

(6) Verifying that vendors are not excluded from doing business with the federal government by checking the Excluded Parties List System (EPLS) at Website <http://www.epls.gov> (see App. C).

(7) Ensuring the acquisition of Environmental Protection Agency (EPA)-designated products that contain recovered materials, environmentally preferable products and services, bio-based products, energy and water efficient products, alternative fuel vehicles, no ozone depleting substances, and products using renewable energy, as mandated.

(8) Ensuring that all nonexpendable equipment purchases are approved by the facility equipment committee and receipt coordinated through the facility accountable officer. Specific authority to purchase nonexpendable equipment (accountable) by a non-warranted cardholder is granted by the HCA, based on the facility AOPC's recommendation.

(9) Warranted cardholders that make purchases above the micro-purchase limit are required to adhere to all FAR and VAAR. Purchases made under SAP must perform all procurement actions required of a SAP award with the purchase card as method of payment.

d. Verifying funds availability, prior to making a purchase and complying with the single purchase limit and monthly limits placed on the card. **NOTE:** *OIG has concerns that some non-warranted cardholders violate the single purchase limit by splitting or fragmenting orders to expedite certain services. To reduce the likelihood of this, each facility needs to negotiate indefinite delivery and/or indefinite quantity contracts for local and remote services like grounds maintenance, snow or trash removal, monthly cleaning, etc., if such costs can reasonably be expected to exceed \$5,000 in the fiscal year. A purchase card or "payment only" card needs to be the method of payment to reduce paperwork.*

e. Inputting the IFCAP order within 1 workday of purchase using the detailed order option to include a complete description, correct control point, cost center, and budget object class (BOC). Prosthetics purchasing agents using the Prosthetic and Sensory Aids Service (PSAS) Graphic User Interface (GUI) Purchasing Software Package must input all "after hour" orders including emergency implanted device orders within 1 workday with required information. **NOTE:** *Where best practice warrants, orders can be input by a designated surrogate. Orders not inputted timely are Delinquent Obligations and must be ratified by the Facility Director, and any other action deemed necessary must be taken.*

f. Ensuring purchases under the Purchase Card Program represent reasonable prices, unless a premium is justified and documented.

g. Ensuring appropriate rotation of vendors for recurring items.

h. Ensuring that orders are delivered and reconciled promptly. Current timeliness standards for facilities require cardholders to reconcile at least 75 percent of payments within 14 calendar days after the charge (payment) is delivered to the local financial system, and at least 95 percent of the payment within 18 calendar days. All payments must be reconciled or disputed within 40 calendar days.

i. Researching price differences between charge amounts and purchase order amounts. Differences within the FSC or local policy tolerance must be noted in the Comments section of the purchase order when reconciling. Differences exceeding the tolerance require that the purchase order be amended to reflect the correct pricing. Vendors who have established a pattern of problems or disputes should be avoided. **NOTE:** *The VISA Card operating regulations 5.2.E state "A Merchant must not...add any surcharge to Transactions" (except Travelers checks and Foreign Currency transactions). Vendors should be informed that local sales tax is not normally applied to purchases by the Federal Government. Incorrect sales tax and transportation charges are disputable only with the vendor and cannot be the subject of a*

formal dispute filed with the Card Provider.” If requested, cardholders should provide vendors with a copy of their tax-exempt form.

j. Contacting the vendor immediately if unauthorized, erroneous, or incorrectly billed charges (billed on the wrong card) are received. If the cardholder is unable to resolve the problem with the vendor, the cardholder is to immediately dispute the charge. Unauthorized and erroneous charges must be reconciled, and will, therefore, require the input of a “zero dollar” purchase order into IFCAP. The charge and the subsequent credit must be reconciled to this purchase order within the mandated timeframes. **NOTE:** *Duplicate charges need to be reconciled to the original purchase order. In some cases, where the wrong card was charged (except for Prosthetics orders), the cardholder may be able to reconcile by the "Search by Purchase Order" (SP) or "Search by Vendor" (SV) action code option.*

k. Reviewing for cancellation, or other necessary action, any undelivered order over 30-days old from the established delivery date. This is accomplished by running the Unreconciled Purchase Card Transactions report that identifies these. The cardholder needs to contact vendors about undelivered and unbilled orders to have these resolved. The cardholder needs to also contact vendors to question any unbilled purchase orders. **NOTE:** *Local financial management may determine when shorter than normal timeframes or other expedients are required to ensure costing is accurate for an accounting period and the certification of financial records can be completed.*

NOTE: *Any vendors routinely processing charges several days in advance of shipment need to be advised that both government regulations and the vendor’s agreement with the processing bank forbid Tender of Sales Drafts (charges) “until the purchased goods or services are delivered or performed.” A credit needs to be processed for any goods that cannot be shipped within a few days. Alternate suppliers need to be found to replace vendors who repeatedly bill long before shipping.*

l. Ensuring the proper handling of disputed charges, as follows:

(1) Researching the questionable charges on the purchase card and contacting the vendor within 10 days of receipt of charge to resolve any problems. The charge must be reconciled to corresponding order or to the “Zero dollar” order created for this purpose until the same is clarified or credited. The vendor has 10 calendar days after this contact to correct the problem by crediting the purchase card, replacing the item, or shipping the item not received.

(2) Contacting the Facility Dispute Officer to dispute the charge with the Card Provider if resolution is not completed within 21 calendar days. While the Card Provider states that charges may be disputed up to 60 calendar days from billing date, VA regulations require that charges be disputed within 30 calendar days from billing date. Charges over 60 calendar days old cannot be disputed and will result in lost funds from the Fund Control Point (FCP). The cardholder is responsible for completing the Card Provider's dispute form and furnishing any supporting documentation. The Card Provider's dispute form must be filed with the Card Provider in accordance with VISN policy. Any correspondence received from the Card Provider concerning the dispute must be answered and returned to the Card Provider within 2-3 calendar days or the decision by the Card Provider could be found in favor of the merchant due to non-

responsiveness. **NOTE:** *The cardholder may be liable for the undisputed amount, if the dispute is not administered timely.*

(3) Inputting a “zero dollar” purchase order into IFCAP explaining the disputed charge situation. The charge and the subsequent credit must be reconciled to this purchase order within the mandated timeframes.

m. Providing the AO with applicable electronic or paper records to enable certification of payment.

n. Maintaining appropriate receipt records, i.e., invoice, itemized packing slip (includes item description and price), receipt, cash register slip, sales slip, etc.) in accordance with VA Manual MP-4, Part X, Item No. 5-1c, which states procurement and voucher documentation must be kept for 6 years and 3 months. **NOTE:** *While Records Control Schedule (RCS) 10-1, Section V, may apply to some contract payments, the stricter standard for voucher payments is imposed for all purchase card payments.* Normally, this documentation is held in active storage for up to 2 years and transferred to the Federal Archive Center (or local dead storage) for the remaining period. Any method of filing is acceptable, if used consistently the information is readily accessible. The documentation must establish that:

(1) The total purchase did not exceed the cardholder’s purchase limit and was not split to remain under the limit. **NOTE:** *The FAR states that a cardholder may not split a transaction into more than one segment to avoid the requirement to obtain competitive bids for purchases over the corresponding micro-purchase threshold or to avoid established credit limits (for example, the cardholder's single purchase limit). When a cardholder is found to have made multiple purchases from the same vendor, the transactions will be investigated. If the investigation by the VISN HCA, or designee, determines purchases were split to evade legal or regulatory requirements (even if it involves more than one account or vendor over several days), ratification action in accordance with VA Directive 7401.7 is required.*

(2) Items purchased were for official use and they were received.

(3) Items were charged as priced or the variance explained.

(4) Items appear to be reasonably priced and include appropriate vendor discounts.

(5) Accountable items were properly entered in the property records.

o. Safeguarding the purchase card information by:

(1) Keeping the card on their person or secured in a locked location at the workplace.

(2) Using the card for official government business only.

(3) Not allowing others to use the card.

(4) Not divulging the card information to anyone other than appropriate vendor personnel. The cardholder is not to print the entire card information on the purchase order or any other document. Vendors are to be requested to not keep card information on file, and to list only the last four digits of the card number on their company documents.

p. Notifying the Card Provider's Customer Service, the local AOPC and the AO immediately if the card is lost or stolen. **NOTE:** *Failure to notify all of these individuals may subject cardholder to liability for charges made on a lost or stolen card.*

q. Turning in the card to the AOPC, or alternate, in accordance with facility procedures, and providing the AO with records of all outstanding, unreconciled, or incomplete orders prior to leaving the position. **NOTE:** *Only the AOPC, or alternate, accepts custody of anyone else's card due to the requirement for separation of duties. Cards are never to be possessed by the supervisor of the cardholder or AO.*

r. Procurement of nonmonetary incentive awards under VA Handbook 5017, Employee Recognition and Awards, are to be tracked and documented to the end user, including those who received the award and the purposes for which the recipient is being recognized. Copies need to be maintained in the purchase card order file.

s. Maintaining detailed documentation on purchases that are likely to appear "questionable" to auditors such as the purchase of tickets to sporting events, movies, etc.; the purchase of restaurant meals or catering (all usually involve the General Post Fund); or the purchase of any item that would typically be a personal, non-business purchase such as home appliances or clothing. At a minimum, the names of ticket and food recipients need to be maintained along with their identity as patients, staff members, etc. For appliances and other items that may appear to be for personal use, the recipient and explicit use of the items must be documented.

t. Ensuring that VA and VHA Policy is followed, i.e., to exclude non-warranted cardholders from using purchase cards for:

(1) Rental or lease of land or buildings of any type.

(2) Procurement of airline tickets, bus tickets, boat tickets, train tickets, or tokens associated with employee travel, or any other type of employee travel. **NOTE:** *Either centrally billed or individual travel cards are normally used.*

(3) Procurement of meals, drinks, entertainment, or lodging at hotels or motels, when in conjunction with official employee travel. **NOTE:** *Individually billed travel cards are normally used.*

(4) Procurement of gasoline or oil for GSA vehicles or station-owned vehicles used for official business. **NOTE:** *A GSA Fleet Card is assigned to each GSA vehicle, and a VA Fleet Card is assigned to each station-owned or leased vehicle.*

(5) Procurement of goods or services of any kind for personal use.

(6) Procurement of any item given away or presented as a gift, where the government loses title, without legislative authority. **NOTE:** *Gifts are not to be confused with Awards.*

(7) Cash Advances. **NOTE:** *The Government Purchase Card is never authorized for cash advances, either through a bank teller or an automatic teller machine (ATM) .*

(8) Memberships in organizations or clubs, unless deemed appropriate by the facility Director.

NOTE: *This listing reflects national policies. However, everyone must also follow VISN and local guidelines. For example, national policy allows card payment for repair and equipment purchases but local policies may not. Questions and concerns are to be addressed to the AOPC for written determination.*

15. RESPONSIBILITIES OF THE APPROVING OFFICIAL (AO)

The AO is not required to be a supervisor, but must have detailed knowledge of the budget for the control point(s). The AO is responsible for:

a. Reviewing each completed transaction and certifying (or take other appropriate action) that each of the cardholder's purchases is a legitimate expenditure for the charged fund control point within 14 calendar days.

b. Monitoring no more than ten cardholders. This is to ensure they can adequately monitor every cardholder's purchases on a periodic basis. The cardholders-to-approving-officials ratio may be adjusted upon written approval of the Facility Director or VISN Director on a case-by-case basis. However, this ratio is never to exceed twenty cardholders to one approving official.

c. Not being a cardholder. In the case where it is deemed necessary for an AO to be a cardholder, a written waiver must be granted by the Facility Director or VSN Director, as appropriate, on a case-by-case basis. **NOTE:** *AOs may not approve their own card, and their AO cannot be their subordinate.*

d. Receiving back-up support from one or more alternates. AOs are not required to be supervisors, but must have detailed knowledge of the budget for their control point(s). **NOTE:** *It is suggested that AOs be administrative assistants rather than doctors, nurses, or other providers of medical care.*

e. Attending acquisition training at the same level as required for their warranted cardholders to include refresher training every 2 years, and signing VA Form 0242 indicating acceptance of responsibilities. **NOTE:** *Alternate AOs must also attend the training and sign the form.*

f. Recommending, to the AOPC, individuals for appointment as cardholders including the individual's single and monthly purchase limits in conjunction with the HCA, AOPC and the Fiscal Office.

g. Naming alternates to complete reconciliations for absent employees in a timely manner.

h. Ensuring that Federal, VA, and local acquisition regulations are followed and adequate documentation is maintained. Failure to provide adequate oversight of purchases or approval of inappropriate procurements can result in immediate revocation of approving authority, disciplinary action, or issuance of a bill of collection for the full cost of the procurement.

NOTE: *Separation of duties excludes AOs from acting as surrogates for cardholders under their control. However, they may be surrogates for cardholders under other approving officials. Similarly, AOs may not be the direct subordinates of any of their cardholders.*

i. Monitoring the activities of the cardholders to ensure that:

(1) Completed orders were sent for approval promptly,

(2) Adequate funds were available,

(3) The vendor is registered in CCR,

(4) Purchases made were for the items designated for that card,

(5) The cardholder's single purchase limit was not exceeded, and

(6) Purchases were not split to avoid that limit. **NOTE:** *The AOPC must ensure that AOs do not have more cardholders or accounts for which they can provide proper oversight and must have documented approval for those with more than 10 cardholders.*

j. Approving correctly reconciled orders in IFCAP within 14 calendar days of receipt. If reconciliation is incorrect (where dollar amounts do not match or price difference is not documented in the 'Comments' section, incorrect vendor, etc.), or the AO feels purchase is inappropriate the AO must send an electronic message, within 14 calendar days of receipt from cardholder, to cardholder with a copy to Purchase Card Coordinator, indicating why they are not approving and requesting action from cardholder.

k. Completing reconciliations for pending orders for employees who transfer out of their Service or who are on leave. For separation of duty concerns, each purchase order must have a person to reconcile and a different person to approve. If an AO reconciles for a cardholder, the AO cannot approve the order, then the alternate AO then approves the order. If the alternate AO reconciles, then the AO approves. When all orders have been closed, notification is provided to the Purchase Card Coordinator who verifies the status of all orders and cancels the card with the Purchase Card Contractor.

16. RESPONSIBILITIES OF THE FACILITY FISCAL OFFICER

The Facility Fiscal Officer (or equivalent position) is responsible for:

a. Assuming the duties of "Billing Officer" as defined in VA Handbook 4080.

b. Ensuring cardholders receive appropriate training on correct costing procedures.

- c. Ensuring single purchase and monthly purchase limits are within fund control limits.
- d. Providing the Facility Purchase Card Coordinator information needed for the purchase card's default code string that encompasses fund, account code classification, cost center and BOC.
- e. Assisting in reviewing the FSC's random monthly quality reviews and MQAS quarterly Data Mining reviews for verification that costing and compliance with appropriation law exist on the selected documents.
- f. Reviewing and submitting monthly the purchase card accrual to ensure compliance of Office of Finance (OF) Bulletin 07GA1.07 dated September 10, 2007, Month End Procedures for Credit Card Purchases or Orders.
- g. Assisting in the joint reviews (with the AOPC and Logistics Manager, or designee) of cardholders and AOs to determine compliance with applicable policy and procedures. Joint reviews of 25 percent of cardholder accounts must be accomplished each quarter. Every cardholder account must be examined at least once each year. The minimum number of randomly-selected transactions that demonstrates cardholder compliance needs to be reviewed. **NOTE:** *All irregularities discovered during these reviews, or at any other time, must result in appropriate corrective action, including re-training, reduced limits, or loss of card.*
- h. Ensuring daily reviews of purchase card orders are conducted to ensure the correct BOC, Cost Center, and Fund Control Point are used on every item procured using a purchase card.
- i. Ensuring compliance with VHA Handbook 4721, VHA General Post Fund (GPF) Procedures. A Fiscal Officer must verify the availability of funds and provide written authorization prior to a GPF purchase card order commitment.
- j. Collecting appropriate funds from the cardholder or AO (if purchase has been approved) for inappropriate procurements, if the goods cannot be returned for full credit, by using all applicable collection procedures, including salary offset.
- k. Ensuring that rebates are credited to the correct appropriation.

17. RESPONSIBILITIES OF THE FACILITY LOGISTICS MANAGER

The Facility Logistics Manager is responsible for:

- a. Training non-warranted cardholders and approving officials on acquisition issues. **NOTE:** *In the case of Prosthetics cardholders, it is the responsibility of the Chief Prosthetics Service to give training on acquisition issues specific to patient orders.*
- b. Auditing cardholders and approving officials, in conjunction with the AOPC and the Fiscal Officer, to ensure their compliance with applicable contracting and acquisitions policy and

procedures. Prime concerns are: undelivered orders, old partial deliveries, complete orders pending approval, and orders that may have been split to avoid cardholder purchase limits.

- c. Reporting noncompliance to management for review and corrective action.

18. REFERENCES

- a. FAR and VAAR.
- b. The Treasury Financial Manual.
- c. The Federal Information Resources Management Regulation (FIRMR).
- d. VA Handbook 4080, Government Purchase Card Procedures.
- e. VA Directive 6221, Accessible Electronic and Information Technology.
- f. Title 36 Code of Federal Regulations, Part 1194, Architectural and Transportation Barriers Compliance Board (Access Board) Standards.
- g. VA Directive 7401.7, Unauthorized Commitments and Ratification.
- h. VA Handbook 7401.6, Limited Authority to Pay by Purchase Card.
- i. VA Handbook 7408.1, Requesting Waivers From The Requirement To Use VA Federal Supply Schedules.
- j. OF Bulletin 07GA1.07, Month End Procedures for Credit Card Purchases/Orders.
- k. P&CLO SOP #PU 1, Creating a New Vendor.
- l. OMB Circular A-123, Management's Responsibility for Internal Controls.

AUDIT GUIDE

1. FINANCIAL SERVICE CENTER SAMPLING

a. On a monthly basis, the Financial Service Center's (FSC's) Operational Oversight Division (OOD) systematically samples purchases from the FSC's Credit Card System (CCS). The sample size of purchases provides sampling attributes of 95 percent confidence level at a plus or minus 3 percent reliability. The universe of transactions is stratified into three groups for each reporting entity (e.g., Veterans Benefit Administration (VBA), Veterans Health Administration (VHA), Veterans Canteen Service (VCS)). The first group is composed of transaction dollar amounts of \$0 to \$2,349; the second group consists of transaction amounts of \$2,350 to \$2,499; and the third group consists of dollar amounts of \$2,500 and above. The sampling procedures are to be implemented after closing of the end-of-month CCS processing cycle and must contain detailed purchase card information as follows:

Station	Document#	Sequence#	Line#	Card#	Fund	Cost Center
Budget Object Code (BOC)	Purchase Date	Statement Date	Vendor Name	Amount	Account Name	Results

NOTE: For security purposes, the purchase card number must be truncated to show the last 4 digits.

b. FSC's OOD Quality Review staff transmits this purchase card sample information to the respective field fiscal offices through the "Purchase Card Questionnaire" Web-based application. While every facility will not be sampled every month, any facility that is not sampled for 3 consecutive months needs to contact the FSC. **NOTE:** The Quality Review staff lists findings for every sample. If no response is furnished, the sample is noted as "Facility did not respond" and an error charged.

c. The Financial Manager, Logistics Manager, and Agency or Organization Program Coordinator (AOPC) are all responsible for the FSC Sampling to ensure the accuracy and timeliness of audits. The Financial Manager or designee, Logistics Manager, and the AOPC must sign the hard copy of the audit form, which must then be filed in the Fiscal Office.

d. The Fiscal Officer and Logistics Manager, or designee, are responsible for seeing that all errors are corrected and the review results are timely furnished to the FSC's Oversight Office.

e. Members of the FSC's Oversight Office and Network representatives must conduct periodic reviews of the facility purchase card files.

2. FIELD STATION PROCEDURES FOR QUARTERLY AUDITS

Local fiscal and logistics personnel must use this format to perform and document joint reviews of cardholder accounts in a manner to ensure that each cardholder is examined at least once annually. The local reviews need to be selected randomly (but by individual) and the number held to the minimum necessary to verify compliance. The number may be expanded as necessary to ensure any problems are addressed. Facilities can use the format established by the FSC for their sampling, adding to the same a section for the areas to be audited by the Logistics Manager, or can create a local form with all the requirements included in the FSC format and those described in this section.

- a. **Fiscal Office Personnel.** Fiscal Office personnel must confirm that there is:

(1) **Proper Costing**

- (a) The purchases were charged to the proper control point.
- (b) Expenditure transfers are being done when appropriate.
- (c) The fiscal year, appropriation, fund control point, cost center, and budget object code are applicable to the item purchased.

(2) **Proper Oversight**

- (a) The purchases were appropriate and used for Department of Veterans Affairs (VA) business purposes only.

(b) **Documentation.** Adequate supporting documentation is maintained for each sampled purchase (invoice or itemized receipt, cash register slip, etc.). Facilities may select any reasonable filing method, if it is used consistently and the information is readily accessible. The documentation must also meet the Health Insurance Portability and Accountability Act (HIPAA) requirements.

(c) **Adherence to Dollar Limitations.** The sampled purchase is within card holder dollar limits and does not involve order splitting. **NOTE:** *Prosthetic orders may be repetitious without being split.*

(d) **Card Security.** The card and card information is secured or in the cardholder's possession and no one else has access to the card.

- b. **AOPC.** The AOPC must confirm there is:

(1) **Proper Oversight**

- (a) There is appropriate follow-up on disputes, overcharges, and credits.

(b) The vendor is not on the Excluded Party Listing System (EPLS) list and has no pattern of disputes or premature billing. **NOTE:** *It should be noted if this vendor was warned or was subsequently dropped as a source.*

(2) Timeliness Standards

(a) Integrated Funds Distribution, Control Point Activity, Accounting and Procurement Package (IFCAP) order was input within one day of the item's purchase.

(b) The payment was reconciled to the order or disputed and reconciled within 30 days of the charge hitting the local financial system.

(c) The cardholder met the required reconciliation standards for the time period being audited.

(d) Certification of the complete order by the Approving Official was accomplished within 14 calendar days. **NOTE:** *The Integrated Funds Distribution, Control Point Activity, Accounting, and Procurement Package (IFCAP) delinquency report uses 14 calendar days.*

(3) Maintenance of the Master File. At a minimum, the Facility AOPC must maintain a master review file of all site reviews (local or national) to document both monthly sample listing and local annual reviews, including pertinent comments made during the reviews and corrective actions taken.

c. **Logistics Manager.** The Logistics Manager, or designee, must examine the cardholder's records while reviewing any sample and document the adequacy of records and adherence to acquisition rules itemized in the following. **NOTE:** *When minor problems are found, appropriate actions will be taken and documented.*

(1) Use of the mandatory Javits-Wagner-O'Day Act (JWOD) sources as required and contract sources where possible, and giving priority to vendors in the required socioeconomic groups for all purchases (i.e., women-owned, veteran-owned, service-disabled veteran-owned, small disadvantaged businesses, HUBZone small businesses, or small businesses (see Federal Acquisition Regulations (FAR) Part 19). Ensures that waivers are obtained as required by VA Handbook 7408.1, Requesting Waivers From The Requirement To Use VA Federal Supply Schedules.

(2) Requesting a Material Safety Data Sheet (MSDS) if any hazardous materials were ordered.

(3) Purchasing Environmental Protection Agency-designated products containing materials, environmentally preferable products and serviced, bio-based products, energy and water-efficient products, alternative fuel vehicles, non-ozone depleting substances and products using renewable energy as mandated.

(4) Ensuring that regulations of Section 508 are followed, if applicable.

(5) Using simplified acquisition procedures properly to ensure competition is obtained in determining reasonable price and justifying sole source procurement.

***NOTE:** For Prosthetics orders, the review needs to be conducted taking into consideration the corresponding regulations for the orders per patient (National Contract Guidelines, Use of Waivers and Exclusions).*

3. VETERANS INTEGRATED SERVICE NETWORK (VISN) LEVEL AUDIT. The Financial Quality Assurance Manager (FQAM) or team designated by VISN Director must audit the Purchase Card Program for each station within their area of responsibility on an annual basis.

**VA FORM 10-0427, QUARTERLY PURCHASE CARD PROGRAM
CERTIFICATION REPORT**

Below is an embedded copy of Department of Veterans Affairs (VA) Form 10-0427, Quarterly Purchase Card Program Certification Report. This form can also be found on the Veterans Health Administration (VHA) Forms website: <http://vaww.va.gov/vaforms>. This is to be used for local reproduction. Since this is a low use form, it will not be stocked by the Hines Service and Distribution Center (formerly known as the Forms and Publications Depot).

Users should use Adobe Acrobat 6.0 or later to view this form. To print this form, your printer must be set to “print as image” and “fit to page.”



VA Form
10-0427.pdf

EXCLUDED PARTY LISTING SYSTEM (EPLS)**1. MANDATORY USE**

a. Section 4331(c) of the Balanced Budget Act of 1997, Public Law 105-33, amended sections 1128 (a) and (b) of the Social Security Act to expand the authority of the Department of Health and Human Services' (HHS) Office of Inspector General (OIG) to exclude certain individuals and entities from Federal health care programs. These programs have a national effect and apply to all Federal procurement and non-procurement health care programs and activities. **Accordingly, all Federal health care programs are now required to ensure that no excluded individual or entity is receiving payments from any Federal health care program for items or services furnished on or after the effective date of the OIG exclusion.**

b. The HHS OIG database of excluded entities is known as List of Excluded Individual and Entities (LEIE) . This listing has been incorporated into the Excluded Party Listing System (EPLS). It is mandatory that all contracting officers and purchase card holders check the EPLS site prior to making awards. This search must form part of the documentation for the award or purchase order.

2. FIELD STATIONS PROCEDURES

The Fiscal and Logistics officers in conjunction with the Agency or Organization Program Coordinator (AOPC) are tasked with ensuring that anyone who makes purchases is aware of the requirement for use of the EPLS and how to access it. Each cardholder must have easy access to EPLS through the Internet at: <http://www.epls.gov/>