Chapter 4500

GOVERNMENT PURCHASE CARDS

This chapter prescribes procedures for all departments and federal entities that use the government purchase card. These procedures include program controls and invoice payments.

Section 4510—Authority


Section 4515—Policy and Use

While the government purchase card is the preferred method for making purchases at or below the micro-purchase threshold, federal entities should not limit the use of the government-wide commercial purchase card to micro-purchases. Federal entity procedures should encourage the use of purchase cards by contracting officers for greater dollar amounts, to place orders and to pay for purchases against contracts. For more information on the micro-purchase threshold, see the FAR Subpart 13.2.

Section 4520—Definition of Terms

For terms and definitions related to this chapter, please view the TFM Glossary.

Section 4525—Federal entity Procedures

Each federal entity develops its own internal procedures for using the purchase card. Federal entity policies should address the following areas to ensure that clear guidance is provided to the Agency/Organization Program Coordinator (A/OPC)s, Approving Official (AO)s, and cardholders:

- delegation of authority,
- training requirements,
- account limits,
- card uses,
- receipt and acceptance of supplies and services,
- account reconciliation,
- review procedures including the use of data mining capabilities to
identify delinquency, fraud, misuse, and trends,
- span of control of AOs and A/OPCs,
- risk management controls,
- criteria for establishing accounts, and
- criteria for deactivating or canceling accounts with minimal activity.

In addition, all executive branch departments and federal entities must follow the guidance outlined in the *Office of Management and Budget (OMB) Circular No. A-123, Appendix B: Improving the Management of Government Charge Card Programs*. Examples of purchase card specific guidance include:

- increasing strategic sourcing initiatives,
- performing accounts payable reviews to analyze spending patterns and find ways to increase savings,
- limiting the use of convenience checks,
- accounting for the environmental quality of products procured with purchase cards, and
- managing property acquired with purchase cards.

**Section 4530—Federal Entity Refunds**

Federal entities receive sales-based refunds and productivity-based refunds from the charge card contractor on a quarterly basis. Sales refunds are based on the dollar or “spend” volume during a specified time period, and productivity refunds are based on the timeliness and/or frequency of payments to the charge card contractor. Refund minimums are included in the current GSA SmartPay master contracts, and federal entity specific refunds are stated in each federal entity specific task order. Federal entities must take steps to maximize sales and productivity refunds in accordance with *OMB Circular No. A-123, Appendix B, Chapter 7: Refund Management*. Unless specific statutory authority exists that allows refunds to be used for other purposes, refunds must be returned to the appropriation or account from which the purchase was made that generated the refund. Use refunds for any legitimate purchase by the appropriation or account to which they were returned, or as otherwise authorized by statute.

**Section 4535—Review and Approval of Billing Statement for Payment**

When using a government purchase card the vendor providing the goods or service to the federal entity is paid by the charge card contractor. The government paying federal entity then reimburses the charge card contractor in accordance with the terms and conditions of the GSA SmartPay master contracts and the Prompt Payment Act.

The cardholder reviews and reconciles the statement of account received at the end of each billing cycle with receipts and supporting documentation, and the approving official verifies reconciled transaction records to ensure that all purchases were proper. Summary level information reflecting all relevant (consolidated) federal entity cardholder transactions is forwarded to the certifying official, within the designated billing office, to ensure that the federal government ultimately pays only for valid charges that are consistent with the terms of the applicable GSA SmartPay master contracts. The cardholder
must forward this report to certifying officials within a time frame that allows them to process and pay the consolidated invoice within the Prompt Payment Act deadline. For additional information about charge card statement reconciliation, please read with OMB Circular No. A-123, Appendix B, Chapter 4, Section 4.8.

The designated billing office should make adjustments to the consolidated invoice, based on the statement of accounts received. The designated billing office pays the consolidated invoice in a timely manner even if all statements of accounts are not received (see subsection 4535.10). The GSA SmartPay master contracts contain provisions for disputing any billing discrepancies after payment of the invoices, as long as the charge card contractor is notified within 90 calendar days of the transaction date.

4535.10—Payments

Payment of the consolidated invoice in a timely manner, even without receiving all statements of accounts, refers to a payment procedure in which payment is made to a contractor before the government’s verification that supplies and/or services have been received. It does not refer to, as provided in the FAR clause 52.232-25, payment to a contractor before the 30th day after receipt of the invoice.

All the provisions of the Prompt Payment Act apply, including interest penalties for late payment. For additional information about charge card statement reconciliation, please read with OMB Circular No. A-123, Appendix B, Chapter 4, Section 4.4.

4535.20—Training Requirements

Federal entities must require program participants, including A/OPCs, AOs, cardholders, and other accountable/billing officials, to complete purchase card training in order to understand their roles and responsibilities within the charge card program. In accordance with OMB Circular No. A-123, Appendix B, Chapter 3: Training, requirements for executive branch departments and federal entities are as follows:

- must train all program participants before appointment,
- all program participants must take refresher training, at a minimum, every three years,
- all program participants must certify that they have received training, understand the regulations and procedures, and know the consequences of inappropriate actions. Federal entities determine the method of certification, and
- must maintain copies of all training certificates pursuant to U.S. National Archives and Records Administration requirements, General Records Schedule 1, Item 10a.

The Office of Charge Card Management (OCCM), within the GSA Federal Acquisition Service, provides online training modules that fulfill OMB Circular No. A-123, Appendix B training requirements to federal entities. In addition, the GSA
SmartPay master contracts outline training requirements for charge card contractors, including providing web-based and on-site training options to federal entities.

Section 4540—Electronic Commerce

Federal entities may electronically:

- receive invoices,
- make payments,
- access and review account and master file data, and
- receive reports.

Each department and federal entity should comply with the Debt Collection Improvement Act of 1996 (Public Law 104-134), and the Bureau of the Fiscal Service (Fiscal Service) Final Rule at 31 CFR 208. The Fiscal Service Final Rule at 31 CFR 208 requires recipients of federal nontax payments to receive payment by electronic funds transfer, effective May 1, 2011, with certain exceptions. Fiscal Service has determined that, wherever possible, federal payments should be made through electronic means. Federal entities, or their agents, should use electronic funds transfer as the standard method of payment for all federal program payments.

Contacts

Direct inquiries concerning the contract through which the government-wide charge card services are offered to:

Office of Charge Card Management
Federal Acquisition Service
General Services Administration
Telephone: 703-605-2808
E-mail: gsa_smartpay@gsa.gov

Direct any other inquiries to:

Department of the Treasury
Bureau of the Fiscal Service
Payment Management
Policy and Oversight Division
3201 Pennsy Drive, Building E
Landover, MD 20785
Telephone: 202-874-6781

Summary of Updates for this Release
<table>
<thead>
<tr>
<th>All</th>
<th>Eliminated unnecessary passive voice</th>
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<tbody>
<tr>
<td>4515</td>
<td>Removed the language regarding imprest funds, purchase order invoices and voucher forms. Also added a link to the FAR.</td>
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<tr>
<td>4520</td>
<td>Added verbiage and hyperlink redirecting readers to the TFM Glossary.</td>
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<tr>
<td>4535</td>
<td>Added hyperlink to OMB Circular No. A-123, Appendix B, Chapter 4, Section 4.8.</td>
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<tr>
<td>4535.10</td>
<td>Added hyperlink to OMB Circular No. A-123, Appendix B, Chapter 4, Section 4.4.</td>
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<tr>
<td>Throughout the chapter</td>
<td>Changed Agency/Agencies to Federal entity/federal entities</td>
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<td>4535.30</td>
<td>Removed the section. It is no longer applicable.</td>
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