



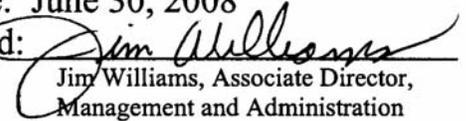
**Court Services and Offender Supervision Agency
for the District of Columbia**

OPERATIONAL INSTRUCTION

Operational Instruction MA-2008-52-01

Effective: June 30, 2008

Approved:


Jim Williams, Associate Director,
Management and Administration

Agency Purchase Credit Card Procedures

I. PURPOSE

This Operational Instruction (OI) is issued pursuant to the Court Services and Offender Supervision Agency's (CSOSA's) Agency Funds Control Policy Statement. These operational instructions provide general guidelines and procedures for obtaining an Agency Purchase Credit Card and processing purchase credit card transactions. This OI applies to all CSOSA employees. Guidelines and procedures for the Agency fleet credit card are covered under a separate Operational Instruction.

II. BACKGROUND

The General Services Administration (GSA) has entered into contracts with financial services vendors to perform government-wide commercial credit card services. CSOSA uses one of these vendors, J.P. Morgan Chase (hereafter referred to as the Card Contractor), to provide Agency purchase credit card services.

The Agency purchase credit card (hereafter referred to as the Purchase Card) provides an efficient, low-cost procurement and payment mechanism which significantly reduces the burden associated with traditional federal procurement and payment processes. Use of the Purchase Card shortens the time between need and the acquisition of goods and services; reduces the substantial government costs associated with processing purchase orders and invoices; expedites vendor payment; and provides management with reports for oversight and an audit trail of purchases.

III. GUIDELINES

The Purchase Card is the primary Agency method for acquiring general office supplies or services at or below the micro-purchase threshold of \$3,000. Under certain circumstances, the Purchase Card can be used for procurements above the micro-purchase threshold within the approved delegated procurement authority, but under no circumstances can the Purchase Card be used as a substitute for required acquisition and payment processes.

Agency purchase cardholders and approving officials must adhere to all requirements and processes outlined in this document. Cardholders and approving officials are Accountable Officers, and may be held personally liable and/or subject to disciplinary action, including removal from employment, for misuse of the Purchase Card.

A. Roles and Responsibilities

(1) Management and Administration-Office of Procurement

The Management and Administration (M&A) Office of Procurement is responsible for administering the Agency's Purchase Card Program.

(2) Purchase Card Agency Program Coordinator

A designee within the M&A Office of Procurement serves as the Purchase Card Agency Program Coordinator (APC). The APC acts as liaison with the Purchase Card vendor and serves as the point of contact to discuss any matters that arise in connection with the use of the Purchase Card.

The APC provides training to prospective cardholders, distributes guidance as necessary for use of the Purchase Card in accordance with applicable procurement rules and regulations, and receives, approves and processes purchase cardholder applications to the Card Contractor. The APC is responsible for processing requests to the Card Contractor to establish and change cardholder single purchase and/or monthly purchase limits as approved by the Director of Procurement. For approved cardholder applications, the APC will provide the cardholder his/her Delegated Procurement Authority (DPA), outlining specific purchase authorities and limitations.

The APC is responsible for informing the Agency's financial shared services provider, the Department of Interior's National Business Center (NBC), when new cardholder accounts are created or deleted. Upon creation of new cardholder accounts with NBC, the APC must provide default accounting information specific to the cardholder's organization.

The APC performs oversight of Purchase Card transactions by reviewing monthly cardholder statements and detail transaction reports from the Card Contractor. At least once a year, the APC will randomly audit a percentage of cardholder transactions for appropriate use of the card and adherence to proper procedures. The APC must contact the cardholder, his/her supervisor, the Procurement Director, and the M&A Associate Director, in writing, regarding any questionable purchases or failure to adhere to required procedures. The APC has the authority to temporarily revoke Purchase Card privileges should possible abuse be discovered.

(3) Card Contractor

The Card Contractor issues Purchase Cards to authorized CSOSA employees upon request of the APC. The contractor performs typical credit card company functions, such as providing credit for Purchase Card transactions, assisting cardholders with disputes and transaction

inquiries, and providing monthly statements to cardholders and management reports to the APC. The Card Contractor submits a consolidated monthly invoice to CSOSA for all Agency Purchase Card transactions taking place within a billing period and issues periodic rebates based on transaction volume and timeliness of invoice payment. There are no service fees charged by the Card Contractor for use of the Purchase Card; however, fees are charged for Purchase Card checks.

(4) Cardholder

Each cardholder is responsible for using the Purchase Card strictly in accordance with their DPA. Cardholders must follow proper financial and procurement processes when making a purchase with the Purchase Card.

Only the cardholder whose name is embossed on the face of the Purchase Card shall use the card. The cardholder must not allow any other individual, including supervisor(s), to use his/her card or card account number for making purchases.

Cardholders shall safeguard the Purchase Card against theft or loss. The account number should be disclosed only as is necessary for the correct use of the card. The card should be kept in a locking drawer in the office and not in the cardholder's wallet, purse or at their home. Cardholders who fail to properly safeguard their Purchase Card may be held personally liable for improper purchases made if their card is stolen or lost.

Cardholders are Accountable Officers, personally liable and subject to disciplinary action for abuse of the Purchase Card. Action taken can include permanent removal from the program, or other actions up to and including removal from employment.

Upon termination of employment with CSOSA, or upon demand by the Office of Procurement, the cardholder must return the Purchase Card to the APC. A Purchase Card should never be forwarded in the mail. A cardholder that transfers from one CSOSA component to another must also surrender their Purchase Card to the APC. If a Purchase Card is needed for the new position, the cardholder must submit a request for a new card to the APC.

(5) Operating Plan Manager

Operating Plans outline how authorized resources are to be used during a fiscal year and constitute the basis for budget execution controls. Operating Plans are issued to Operating Plan Managers who are responsible for funds control of their Operating Plan.

(6) Approving Official

Operating Plan Managers may designate an Approving Official responsible for reviewing and approving purchase requests of cardholders under their purview. Approving Officials must ensure that purchase requests are proper and that funds are available. Approving Officials are

Accountable Officers and may be held personally liable or subject to disciplinary action for abuse of the Purchase Card.

(7) M&A Office of Financial Management

The M&A Office of Financial Management (OFM) processes and pays the monthly consolidated Purchase Card invoice received from the Card Contractor.

OFM reviews all purchase requests submitted through the Agency's financial management system for funds availability, appropriateness and valid accounting information. OFM processes (reposts) individual monthly cardholder statement transactions in the financial management system, processes periodic rebates received from the Card Contractor and provides user access to the Agency's financial management system.

B. Requesting a Purchase Card

Purchase Cards will only be issued to CSOSA staff, including full-time, part-time and temporary employees and interns paid directly from CSOSA funds. The Operating Plan Manager or a designated Approving Official must submit a written request to the APC for an individual within their organization to have a Purchase Card. The APC will review the request along with the Director of Procurement and forward the approved request to the Card Contractor. The APC may deny a request for a Purchase Card based on lack of identified need for making purchases or prior, documented/determined abuse of the Government Purchase Card by the proposed cardholder.

The Card Contractor will issue the new Purchase Card to the APC. The APC will contact the new cardholder when the card is ready for pick-up.

Purchase Card training is required for all employees with and without existing contracting authority prior to participation in the Agency purchase card program.

C. Making a Purchase with the Purchase Card / Monthly Cardholder Statement Reconciliation

Step 1: The cardholder must verify purchase requirements and ensure funds availability.

Step 2: The cardholder should contact a prospective vendor(s), or review a catalog, to get the complete pricing and delivery information as required for all simplified acquisitions. Any discounts that are received under normal purchasing procedures should be requested. Once all the purchase arrangements have been negotiated, the vendor should be asked if they will take the order using a Purchase Card.

NOTE: Sales taxes should not be paid. The Purchase Card is exempt from state or local taxes, and the vendor should be advised at the time of the sales transaction. Most states have agreed to honor the tax-exempt status without further documentation. Some vendors may request the Taxpayer Identification Number (TIN) of CSOSA, which is **53-6001131**.

NOTE: For routine orders of office supplies, cardholders should periodically alternate vendors rather than using the same vendor for all purchases.

Step 3: The cardholder must submit the purchase request in the Agency's financial management system. Purchase requests must be properly coded to identify them as purchases to be made by the Purchase Card. Upon submission, the system will commit funds and assign a unique requisition number assigned to the transaction. Justification for the request or any relevant supporting documentation (vendor pricing sheets, training forms, etc.) should be attached electronically to the request in the system. It is highly recommended that cardholders submit their own purchase requests in the financial management system.

NOTE: A proposed credit card vendor must be established as a valid Agency supplier in the financial management system prior to submitting the purchase request.

Step 4: An Approving Official must review the purchase request in the financial management system.

Step 5: Upon approval by an Approving Official, the cardholder may then finalize the transaction by placing the order with the vendor.

NOTE: Operating Plan Managers may implement alternate purchase card process controls, as long as approval from at least one Approving Official is required prior to purchase by the cardholder.

NOTE: Emergency purchases (as defined in Section F below) do not require approval prior to purchase.

Step 6: OFM will review the purchase request in the financial management system. Upon approval by OFM, the system will obligate funds and assign a unique purchase order number to the transaction.

Step 7: Upon receipt of the purchased item(s), the cardholder will file supporting, hard copy documentation (invoice, packing slip, training request form, etc.) for future use in reconciling the monthly cardholder statement sent by the Card Contractor. Supporting

documentation must be maintained as proof that purchased goods or services were received by the Agency for a period determined by the agency retention schedule. For purchases under \$3,000, the Federal Acquisition Regulation does not require any purchase file documentation beyond those stated in this procedure.

Step 8: On a monthly basis, the Card Contractor will issue a cardholder statement directly to the cardholder. The monthly cardholder statement covers all transactions (purchases and credits) through the billing cycle, typically the 14th of the prior month through the 13th of the current month. The statement, showing the date, amount and vendor for each transaction, forms the basis for the reconciliation and approval process. If there are no transactions on the purchase card through the billing cycle, a statement will not be issued to the cardholder.

The cardholder must verify all monthly statement transactions with approved purchase requests made in the financial system and supporting documentation. The cardholder must annotate each transaction on the monthly statement with the unique purchase order number assigned to the transaction in the financial system. All supporting documentation must be attached to the monthly statement.

NOTE: Cardholders are not responsible for reimbursing the Card Contractor for amounts on their monthly cardholder statement. OFM reimburses the Card Contractor for all Agency Purchase Card transactions.

Step 9: On or before the 28th of each month, the cardholder shall sign his/her monthly statement and forward the entire statement reconciliation package to the Office of Procurement for statement review and approval. Based on an individual Operating Plan's internal control procedures, an Approval Official may review the statement prior to submitting it to the Office of Procurement. Once the statement package is received by the Office of Procurement, it will be reviewed by the APC, or other Office of Procurement official, for completeness and transaction validity. An Office of Procurement official will sign the approved cardholder statement and forward the entire package to OFM.

NOTE: Cardholders should maintain copies of their monthly statements for their records.

Step 10: Following the Office of Procurement's review, OFM will process (repost) the monthly statement transactions in the financial system according to the purchase order number annotated on the cardholder statement and file the entire, original statement package for a period of six years and three months after the close of the fiscal year in which they were issued.

D. Prohibited or Restricted Transactions

The Purchase Card must not be used for personal purchases. Such use will subject the cardholder to disciplinary action.

The total of a single purchase may be comprised of multiple items, but it cannot exceed the authorized single purchase limit stated in the cardholder's DPA. Purchases shall not be split to stay below the single purchase limit. Cardholders who wish to make a purchase that exceeds their single purchase limit or who have reached their monthly purchase limit must contact the Office of Procurement to process purchase requests.

CSOSA prohibits the following purchases with the purchase card:

1. Automatic Teller Machine transactions/withdrawal
2. Employee Travel
3. Computer Hardware or Software*
4. Furniture (Purchase or Lease)*
5. Maintenance Agreements
6. On-going Services (maintenance, janitorial, etc.)
7. Monthly Rental of Equipment
8. Rental or Lease of Land or Buildings
9. Maintenance or repair of GSA leased vehicles
10. Pagers, Cell Phones and Personal Digital Assistants (PDA)*
11. Paid Advertisements*
12. Parking for personal or Government vehicles
13. Temporary Employment Services

*Purchases may only be made by the Office of Procurement or a specific designee.

Food and beverage items or catering services may be purchased via the Purchase Card only with prior, written approval by the M&A Associate Director. Copies of the written approval must be attached electronically to the purchase request in the financial management system.

E. Mandatory Sources for Supplies

Federal statutes require that government agencies use Mandatory Sources when purchasing supplies, regardless of the dollar value of the order. All purchases made with the Purchase Card must follow Federal appropriations law and Federal Acquisition Regulation (FAR) requirements. Commercial, private sector vendors may not be used unless the supplies or services required are not available from any of the below listed sources. These Mandatory Sources are listed below in priority order:

1. Agency inventories
2. Excess Supplies from Other Agencies (www.fss.gsa.gov/property.html)

3. Federal Prison Industries/UNICOR (www.unicor.gov)
4. Javits-Wagner-O'Day Program (JWOD) Items (www.jwod.gov)

JWOD items are those manufactured or assembled by blind or severely handicapped individuals employed via the National Institute of the Blind (NIB) or the National Institute of the Severely Handicapped (NISH). These items are identified in various national office supply catalogs (e.g., Boise Cascade, Office Depot, and Staples) by a JWOD or Skillcraft logo next to the product.

5. GSA Customer Services Center (1-800-525—8027 or www.gsa.gov)

F. Emergency Purchases

Cardholders are required to obtain approval from at least one Approving Official prior to making a purchase with the Purchase Card. However, cardholders may bypass formal approval requirements for emergency purchases. An emergency purchase is an unexpected, urgent situation requiring a swift and immediate procurement action that is essential to continue core Agency operations. The failure to issue the emergency procurement action would impact public safety. Purchase requirements due to lack of planning, personal convenience or that do not address urgent public safety needs do not qualify as emergency purchases. All emergency purchases must be recorded in the financial management system within two working days after purchase.

G. Accountable Property

Purchases of accountable property (computer hardware, cell phones, personal digital assistants, etc.) with the Purchase Card are generally prohibited, except by the Office of Procurement or specific designees. Accountable property purchased with the Purchase Card must be immediately registered with Property Management Staff in the Office of Information Technology or Office of Facilities.

H. Disciplinary Action for Abuse of the Purchase Card

CSOSA will take appropriate disciplinary action when it is determined by Agency management that the Purchase Card was used for non-official purposes or proper procedures were not followed. Disciplinary action may range from removal from the Purchase Card Program to reprimand or removal from employment, depending upon the facts of each case.

I. Erroneous and Accidental Transactions

If the monthly cardholder statement received from the Card Contractor contains an erroneous or unknown charge, the cardholder must immediately contact the Card Contractor on 1-888-297-

0781 to dispute the charge. If the transaction is determined to be erroneous, the Card Contractor will issue a credit on a future monthly statement. It is the cardholder's responsibility to ensure that a credit in the full amount of the erroneous charge is received.

The cardholder may contact the APC for assistance disputing an erroneous or unknown charge.

If the cardholder accidentally makes a personal transaction on their government Purchase Card, he/she must contact his/her supervisor and the APC immediately, in writing, to explain the details of the situation. Failure to report the accidental transaction in an accurate or timely manner may result in disciplinary action taken against the cardholder. Cardholders are liable for accidental, personal transactions made with their Purchase Card and must submit reimbursement to the APC, who will forward it to OFM for processing.

Cardholders must clearly identify erroneous and accidental transactions, and subsequent credits, on the monthly cardholder statements submitted to M&A for review and reposting. Cardholders do not have to submit purchase request transactions in the financial management system for erroneous and accidental transactions and credits.

J. Lost or Stolen Cards

Should a Purchase Card be lost or stolen or the account number compromised, it is imperative that the cardholder notify the Card Contractor and the Office of Procurement/APC as soon as the loss is discovered. The Card Contractor may be reached on 1-888-297-0781 and is available 24 hours a day, seven days a week.

The cardholder must document the following information in writing and forward it to the APC and M&A Office of Security within 24 hours after the loss is discovered: card account number, the cardholder's complete name as it appears on the card; relevant circumstances surrounding the loss or theft; the date and approximate time the card was lost or stolen; the location where the loss occurred; the time and date the Card Contractor and APC were notified of the loss; and any valid purchase(s) made by the cardholder on the date the card was lost /stolen. The Office of Security may contact the cardholder and request that they file a police report.

Should the Card Contractor not be notified promptly, the Agency may be responsible for non-valid charges made on the card after its loss or theft. The cardholder will not be held personally responsible for these charges, if they properly report the loss or theft in a timely manner.

Upon concurrence by the APC, the Card Contractor will issue a new card within ten working days of report on the loss or theft.

K. Rejected Transactions

Should use of the Purchase Card be rejected at the time of purchase, the cardholder should immediately contact the Card Contractor at 1-888-297-0781. Common reasons for rejection are:

- (a) Cardholder attempting to exceed his/her single purchase or monthly purchase transaction limit; or
- (b) Vendor transposing a Purchase Card account number or expiration date.

For this reason, it is good practice to request that the vendor repeat the card number when placing an order over the phone. Cardholders may contact the APC for further assistance.

L. Vendors That Do Not Accept The Purchase Card

There may be cases where a vendor does not accept the Purchase Card as a method of procurement and payment. In these cases, the vendor should be encouraged to begin participation in the government-wide commercial credit card services program by contacting the Card Contractor on 1-888-297-0781. Otherwise, the cardholder must consider use of another vendor to make the purchase. If the purchase is specialized, and only offered by a non-participating vendor, contact the Office of Procurement.

M. Purchase Card Checks

The Card Contractor offers hard copy Purchase Card Checks that are used in conjunction with a Purchase Card account. The primary purpose of Purchase Card Checks is to issue immediate, same-day payments to those vendors who do not participate in the government-wide commercial credit card services program. The Card Contractor charges a fee for each Purchase Card Check issued, which is included on the monthly cardholder statement.

Purchase Card Checks must be limited to required same-day payments only. Payments that can be issued to the vendor as next-day payments must be processed through the Agency's financial management system.

Cardholder requests for Purchase Card Checks must be submitted to the APC. The APC must limit the issuance of Purchase Card Checks to only a limited number of cardholders for the purpose of processing required same-day payments. All delegations for Purchase Card Checks must be approved in writing by the M&A Associate Director.

N. Advance Payments

Paying for goods and services in advance of receipt and acceptance is generally prohibited. The primary reason for this is to reduce the risk that the government pays for items it does not

receive. Exceptions to this rule are tuition (e.g., tuition to college/university) and publications (e.g., one year subscription to a newsletter). When purchasing office supplies, equipment or services with your purchase card, please instruct the vendor not to post the transaction to your purchase card until goods/services are delivered. Do not allow the vendor to post the transactions to your purchase card for out-of-stock or back-order items.