



U.S. Department
of Transportation

**Federal Highway
Administration**

Order

Subject:

UPDATE TO GOVERNMENT PURCHASE CARD PROGRAM

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Office of Primary Interest

HCFA-10

Par.

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1. **What is the purpose of this directive?** The purpose of this directive is to prescribe the policy, responsibilities, and procedures governing the implementation and management of the Government Purchase Card (GPC) Program within the Federal Highway Administration (FHWA). This directive is to be used in conjunction with the Transportation Acquisition Manual (TAM) and the [FHWA Purchase Card Manual](#), available on SharePoint.
2. **What is the scope of this directive?** The provisions of this directive are applicable to all FHWA participants in the GPC Program, including Purchase Cardholders, Approving Officials (AO), and Purchase Card Program Coordinators (PCPC).
3. **Does this directive cancel existing FHWA directives?** Yes. This directive cancels FHWA Order 2770.3B, GPC Program, dated August 30, 2013.
4. **What is the background of this directive?** The FHWA Order 2770.3A was issued to govern the implementation and management of the GPC Program within FHWA. Since 1989, the U.S. General Services Administration (GSA) has administered the Federal Government's SmartPay GPC Program. The GPC Program was created as a way for agencies to streamline Federal acquisition processes by providing a low-cost and efficient vehicle for obtaining goods and services directly from vendors. The

Federal Acquisition Regulation (FAR) Subpart 13.201 states, “The Governmentwide commercial purchase card shall be the preferred method to purchase and to pay for micro-purchases.” In addition, Part 13 of the FAR, Simplified Acquisition Procedures, establishes criteria for using the purchase card to place orders and make payments.

The overall programmatic responsibility for the FHWA GPC Program resides within the Office of Acquisition and Grants Management (HCFA), Office of Acquisition Policy and Oversight (HCFA-10).

5. **What authorities govern this directive?**

- a. Government Charge Card Abuse Prevention Act of 2012, Public Law 112-194
- b. Federal Acquisition Regulation (FAR), 48 CFR Part 1)
- c. Office of Management and Budget (OMB) Circular A-123, Appendix B, Revised, A Risk Management Framework for Government Charge Card Program
- d. Treasury Financial Manual (TFM), Volume I, Part 4, Chapter 4500, Government Credit Cards
- e. TAM, Subchapter 1213, Appendix A, U.S. Department of Transportation (DOT), Government Purchase/Credit Card Program Guide
- f. FHWA Purchase Card Manual
- g. APM 014 Processing Convenience Checks for FHWA offices

6. **What definitions are used in this directive?**

- a. **Head of the Contracting Activity (HCA).** The official who has overall responsibility for managing the contracting activity. In FHWA, the HCA is the Chief Financial Officer (CFO).
- b. **Chief of the Contracting Office (COCO).** The individual responsible for managing the contracting office within an operating administration. In FHWA, the COCO is the Chief Acquisition Officer and Director of HCFA.
- c. **Agency Program Coordinator (APC).** The individual designated by the COCO to coordinate the GPC Program for the entire FHWA. This position is

located in the HCFA-10 within HCFA. An Alternate APC may also be designated.

- d. **Approving Official (AO).** Government employee who has the responsibility for one or more Government Purchase Cardholders under their purview and determines that the cardholders' purchases are made within applicable regulations, policies, and procedures.
- e. **Cardholder.** Government employee who is either a warranted contracting officer (CO) or to whom a written delegation of procurement authority (DPA) has been issued by the COCO (or designee), authorizing the use of the purchase/credit card.
- f. **Cardholder Statement.** Monthly statement, for each cardholder, accessed via the card issuer's electronic access system (EAS) that itemizes all purchase and credit transactions made within the established billing period.
- g. **Card Issuing Bank.** The bank that issues purchase cards to cardholders and through its EAS generates monthly statements for approval by cardholders and AOs and provides program information via its EAS to manage the card program.
- h. **Continuity of Operations Plan (COOP).** A contingency plan to ensure that the capability exists to continue essential functions across a wide range of potential emergencies, involving localized acts of nature, accidents, and technological and/or attack related emergencies.
- i. **Convenience Checks.** Checks associated with a cardholder's account that are used in situations where a merchant does not accept a purchase card or other appropriate form of payment.
- j. **Delegation of Procurement Authority (DPA).** The DPA is the document issued by the COCO, or a designee appointed by the COCO, granting specific procurement authority to the individual Government employee(s) for use of the purchase/credit card. FHWA may choose to use the issuance of the purchase card as the DPA. In this case, the information required to establish a cardholder account is sufficient "documentation".
- k. **Electronic Access System (EAS).** The access system the card issuing bank supplies to the Government for card program operations. EAS allows cardholders and AOs to manage their respective accounts online in a secured environment.

- (1) All cardholders must use EAS to approve or dispute purchases listed on their monthly statement; and
 - (2) All AOs must use EAS for final approval of the cardholder's purchases listed on the cardholder's monthly statement.
- l. **Inactive Accounts.** Accounts without any transactions within a defined period are considered inactive.
 - m. **Learning Management System (LMS).** DOT's approved training system. The LMS allows employees to take self-paced online training, search and register for training modules, and view training histories.
 - n. **Merchant Category Codes (MCC).** Codes established by the bank card associations or banks to identify different types of businesses. Merchants select the codes best describing their business. DOT and/or APC will limit the types of businesses where the card will be accepted by limiting the MCCs available to the cardholder.
 - o. **Micro-purchase.** Under FAR 2.101, "micro-purchase" means an acquisition of supplies or services using simplified acquisition procedures, the aggregate amount of which does not exceed the micro-purchase threshold (MPT).
 - p. **Micro-purchase Threshold (MPT).** See FAR 2.101 and 13.201.
 - q. **Monthly Purchase Limit.** The spending credit limit imposed on a cardholder's cumulative purchases in a monthly statement period.
 - r. **Non-expendable Property.** Property with an expected service life of 2 years or more, which is complete in itself, does not lose its identity or become a component part of another article when put into use, is durable, and that has a unit cost of more than \$500. Examples include mobile phones (e.g. smartphones), laptops, tablets, furniture, televisions, video equipment, and computer hardware.
 - s. **Purchase Card Program Coordinator (PCPC).** The PCPCs are appointed by the COCO or Federal Lands Highway (HFL) Division Director to coordinate the GPC Program for HFL division offices and act as the primary liaison between HFL Division Office, HCFA, and the APC in matters related to the GPC Program. There is a PCPC assigned to each of HFL division offices (Eastern, Central, and Western).

- t. **Ratification.** Under FAR 1.602-3, ratification means the act of approving an unauthorized commitment by an official who has the authority to do so.
- u. **Regulated Purchases.** Purchases that require additional oversight (e.g., rental property, food, etc.).
- v. **Section 508.** Refers to section 508 of the Rehabilitation Act of 1973 (29 U.S.C. § 794d).
- w. **Single Purchase Limit.** The spending credit limit imposed on a cardholder for an individual purchase/credit card transaction.
- x. **Transportation Acquisition Manual (TAM).** The TAM establishes for the DOT uniform internal operating acquisition procedures, which implement or supplement FAR and the Transportation Acquisition Regulation (TAR), other agency regulations and statutory requirements. The TAM contains DOT policies and procedures relating to procurement and the GPC Program.
- y. **Unauthorized Commitment.** Under FAR 1.602-3, an unauthorized commitment means an agreement that is not binding solely because the Government representative who made it lacked the authority to enter into that agreement on behalf of the Government.
- z. **Warranted Personnel.** Government employees who have been issued a formal appointment of contracting authority by the COCO, in accordance with FAR Part 1.603.

7. **What is FHWA's purchase card policy?**

- a. **General policy.** The policy of FHWA is to comply with all related directives and regulations in administering all requirements regarding the GPC Program. The DOT policies and procedures relating to the GPC Program are contained in the TAM, Subchapter 1213, Appendix A.
- b. **Micro-purchase Threshold (MPT).** FHWA employees will make use of the purchase card for micro-purchases throughout the entire Agency, as defined at FAR 2.101.
- c. **Separation of Duties.** “A separation of duties shall exist among the key participants of the program to ensure the programs integrity. There must be no conflicts of interest. For example, cardholders should never be AOs for their supervisors. A single individual should not buy, receive, and certify

funds availability for purchases. Assignment of duties such as authorizing, approving and recording transactions, receiving assets, approving cardholders' statements, making payments, certifying funds, reviewing, or auditing should be assigned to separate individuals to the greatest extent possible." TAM, Subchapter 1213, Appendix A, Part 6.1.

- d. **Purchase Cardholder Authorization Limits.** The purchase limitations, which are established under the Smart Pay Program, should generally be based upon budgetary constraints, actual need, and the ability of the procuring office to monitor compliance.
- (1) Monthly purchase limit. The monthly credit limit is recommended by the cardholder's AO based on local conditions and determined by the APC.
 - (2) Single purchase limit. The single purchase limit is recommended by the cardholder's AO based on local conditions and determined by the APC.
 - (a) A single purchase/credit card transaction may consist of the purchase of a number of individual items, the sum of which (including any shipping costs) may not exceed the single transaction purchase limit.
 - (b) Single purchase limits for cardholders other than warranted COs shall not exceed the MPT. However, see FAR 13.301(c).
 - (c) Single purchase limits for warranted COs shall not exceed the CO's warrant authority.
- e. **Establishing purchase card accounts.** To establish an FHWA cardholder account, the following steps must be taken.
- (1) The applicant must complete the required "initial" purchase card training.
 - (2) The PCPC or the AO for the applicant must complete the following account set-up forms.
 - (a) The cardholder Application Form (must include the AO's name).
 - (b) The AO/Cardholder Certification Form (must be signed by both the AO and the cardholder).

- (3) Cardholders may request authority to process convenience checks on their initial application or later if the need arises. The APC determines if the prospective cardholder is granted the authority to process convenience checks.
 - (a) Office cardholders requesting the authority to process convenience checks must have either their PCPC or AO provide written justification to the APC.
 - (b) Upon request by the APC, written justification for the continued use of convenience checks must be provided by the applicable PCPCs or AOs.
 - (c) The written justification provided must include a listing of products and/or services typically ordered and associated vendors that do not accept GPCs for such items and services. The supporting documentation is subject to verification by the APC.
- (4) The completed cardholder application form must be forwarded to the APC [FHWA Purchase Card Inquiries email](#) inbox accompanied by the following:
 - (a) An AO/Cardholder Certification Form signed by the cardholder and AO stating they understand their responsibilities;
 - (b) Completed training certificate(s) for the cardholder; and
 - (c) A copy of the CO's warrant for warranted personnel.
- (5) When the application is approved, a DPA will be issued by the COCO, or their designee, through the APC.
- (6) The APC will establish a purchase card account for the applicant by entering the information into the applicable EAS for issuance of the purchase card.
 - (a) The purchase card should be delivered to the cardholder within 10 days from the date the account was established in the applicable EAS.

- (b) If a cardholder does not receive the purchase card within 10 days from the date the purchase card account was established:
 - 1. Cardholders from a Headquarters (HQ) Program Office, Office of Transportation Workforce Development and Technology Deployment (HIT), or a Federal-aid highway Division Office should notify their AO and the APC that the purchase card was lost or stolen.
 - 2. Cardholders from a HFL Division should notify their AO and their PCPC that the purchase card was lost or stolen; in turn, the applicable HFL PCPC will notify the APC that the purchase card was lost or stolen.

- (7) Once the purchase card account is created in the EAS, the APC will:
 - (a) Forward the DPA to the cardholder;
 - (b) Email instructions to the cardholder that detail how to activate the purchase card upon receipt;
 - (c) Provide information by email on ordering supplies from Mandatory Use Vehicles;
 - (d) Provide information via email on how to register in the applicable EAS. Cardholders must register in the applicable EAS in order to review, validate, and approve their respective purchase transactions; and
 - (e) Provide online training opportunities for cardholders in the Web-Based training site that is managed and maintained by the EAS.

- (8) Upon receipt of the purchase card, the cardholder must follow the instructions listed on the activation letter that was received with the DPA.

f. Purchase Card Program Coordinators (PCPC).

- (1) FHWA PCPCs are designated by HFL Division Directors.

- (2) To create or update an account for a PCPC, the following documentation is needed:
 - (a) An email from an authorized official nominating the prospective PCPC—a PCPC can also be designated as an alternate AO; if the PCPC is also an alternate AO, then the names of the cardholders that will be under the alternate AO's purview should be included;
 - (b) Completed training certificate(s) for the prospective PCPC; and
 - (c) If the PCPC will also be serving as an alternate AO, a completed AO/Cardholder Certification Form.

g. Approving Official (AO).

- (1) The AOs are typically supervisors and are generally co-located with the cardholders. The AOs must be a grade GS-09 or higher. If, due to limited staffing, an office must appoint an AO that is lower than a GS-09, it must request a waiver from the APC for authorization on an interim basis.
 - (a) AOs shall have no more than seven (7) cardholders under their purview unless unavoidable circumstances make it impossible to achieve this ratio. The unavoidable circumstances shall be documented and, approved at a level above the AO [TAM, Subchapter 1213, Appendix A, Part 6.1 D.].
- (2) FHWA AOs are designated by the Associate Administrators, the Director of Field Services, CFO, the Chief Counsel, the Director of HIT, HFL Division Directors, or Division Administrators (DA).
 - (a) If the Director, DA, or Head of the Office is not available, the AO can be designated by their Deputy.
 - (b) If the HFL Division Director is not available, the AO can be nominated by the Division Director's designee.
- (3) To create or update an account for an AO or alternate AO, the following documentation is needed:

- (a) An email from an authorized official nominating the prospective AO or prospective alternate AO (the email should also include the name of the cardholders that will be under the AO's or alternate AO's purview);
- (b) Completed training certificate(s) for the prospective AO or prospective alternate AO; and
- (c) An Approving Official/Cardholder Certification Form signed by the prospective AO or prospective alternate AO, whichever is applicable.

h. Required Purchase Card Program training.

- (1) Initial purchase card training.
 - (a) The purchase card training is in the DOT approved training system(s).
 - (b) Each prospective cardholder and AO must first complete approved Purchase Card Training.
 - 1. In the HFL Division, both cardholders and AOs must print the certificate that is displayed on screen after completion and then:
 - a. Forward a copy of the certificate to PCPC and the PCPC in turn will forward a copy to APC; and
 - b. Maintain a copy with the cardholder's purchase card files.
 - 2. In HQ program offices, HIT, and the Federal-aid highway division offices, both cardholders and AOs must print the certificate that is displayed on screen after completion and then:
 - a. Forward a copy of the certificate to the APC; and
 - b. Maintain a copy with the cardholder's purchase card files.

(2) **Refresher purchase card training.**

- (a) Cardholders and AOs are required to complete refresher training on an annual basis.
- (b) Refresher training is in the DOT approved training system(s).
 - 1. In the HFL divisions, both cardholders and AOs must print the certificate that is displayed on screen after completion and then:
 - a. Upon request by the APC, forward a copy of the certificate to the PCPC and the PCPC in turn will forward a copy to the APC; and
 - b. Maintain a copy with the cardholder's purchase card files.
 - 2. In HQ program offices, HIT, and the Federal-aid highway division offices, both cardholders and AOs must print the certificate that is displayed on screen after completion and then:
 - a. Upon request by the APC, forward a copy of the certificate to the APC; and
 - b. Maintain a copy with the cardholder's purchase card files.

i. Rules governing the use of the purchase card.

- (1) The individual whose name appears on the purchase card is the only person authorized to use the purchase card.
- (2) Procurement Request (PR) the authority to spend funds. The use of an individual PR for each purchase card transaction is required. The PR provides the authority to obligate funds—justifications and approvals are required—and shows the evidence of funds (FAR 4.803).
- (3) In accordance with FAR Part 13.301, purchase cards can be used to:

- (a) Make micro-purchases;
 - (b) Place tasks or delivery orders (if authorized in the basic contract, basic ordering agreement, or blanket purchase agreement (BPA)); or
 - (c) Make payments when the contractor agrees to accept payment by purchase card, subject to the requirement of FAR Part 32.1108(b)(2).
- (4) Cardholders who are making purchases in excess of the MPT must:
- (a) Possess a CO's Warrant; and,
 - (b) Follow all appropriate requirements as defined in 48 CFR Part 13, including notice, competition, and documentation.
- (5) Purchase cards cannot substitute for the acquisition process.
- (6) Purchase cards may be used as a payment mechanism, but not a contracting mechanism.
- (7) Each FHWA office is authorized to make monthly payments with the GPC providing the total purchase does not exceed the MPT:
- (a) For non-warranted cardholders, the monthly payment cannot exceed the MPT or the cardholder's single purchase limit if the single purchase limit is less than the MPT;
 - (b) For warranted cardholders, the monthly payment cannot exceed the limit on the cardholder's warrant;
 - (c) For any procurement with an aggregate total in excess of the MPT or more for an annual contract, a Purchase Order (PO) must be created in the Procurement Information System Management (PRISM). The purchase card may still be used to make the payment if the monthly payment is in compliance with the cardholder's DPA; and

- (d) For non-warranted cardholders with any procurement with an aggregate total in excess of the MPT, a PO must be used.
- (8) A single purchase card transaction may consist of the purchase of a number of individual items, the sum of which (including any shipping costs) may not exceed the single transaction purchase limit. An authorized purchase that would exceed an individual cardholder's single purchase limit shall not be divided or "split" into two or more transactions to stay under the single purchase limit.
 - (a) When a requirement exceeds a cardholder's single transaction purchase limit, the cardholder shall contact their AO; the AO can contact the APC via email and request a temporary increase in the cardholder's single purchase limit as long as the total requirement does not exceed the MPT.
 - (b) The single transaction purchase limit for non-warranted personnel may not exceed the MPT.
- (9) Only Government personnel who have received the proper training in the use of the purchase card shall be authorized to purchase supplies and services with the purchase card.
- (10) Cardholders must safeguard their purchase card, convenience checks, and purchase card account number at all times.
 - (a) Cardholders who makes an unauthorized purchase may be liable to the Agency for the total amount of the unauthorized purchase, which may be recovered via salary offset. The OMB Circular A-123, Appendix B (REV 8/2019), Chapter 2, titled "Internal Controls," authorizes Agencies to establish and maintain disciplinary policies addressing penalties that may be taken against cardholders for charge card misuse, fraud, and abuse. Improper, fraudulent, abusive, or negligent use of any Government charge card is prohibited. Appropriate Agency personnel may impose, but are not limited to, the following administrative and disciplinary actions for negligence, misuse, abuse, or fraud:

1. Verbally counsel and issue a letter of counseling/reprimand to the cardholder;
 2. Deactivate, suspend, or cancel the cardholder's account; and
 3. Impose additional disciplinary actions deemed appropriate by the Agency.
- (b) Permitting someone else to use an individual cardholder's purchase card, even within the same program office/activity, is never allowed; if this happens, it may result in disciplinary action and cancelation of cardholder privileges; OMB Circular A-123, Appendix B (REV 8/2019), Chapter 2, titled "Internal Controls," discusses disciplinary actions that may be taken against cardholders.
- (11) The purchase card shall not be issued to or used by contractor personnel under any circumstances.
- (12) All purchase transactions made by a cardholder must be supported by a signed PR. The PR must be signed by a responsible fiscal authority (Fund Certifying Official) and an AO. There are two types of PRs: an individual PR and a Bulk Funding PR.
- (a) Individual PR—A document that describes the goods or services to be obtained and on the basis of which a procurement action is initiated. An individual PR is an authorization from a responsible fiscal authority to obligate funds for a specific purchase not to exceed a specified sum.
- (b) Bulk Funded PR—A Bulk Funded PR allows multiple purchases to be made using a specified lump sum of funds for a specified period of time. The cardholder receives authorization from the purchase card AO and a responsible fiscal authority to obligate funds signifying the purchases serve a bona fide need.
- (13) A purchase card AO must consent to the purchase and a Fund Certifying Official must determine the availability of funds prior to the cardholder placing any order for goods or services.

- (a) Cardholders are prohibited from paying for unauthorized commitments unless the transaction has been ratified in accordance with FAR 1.602-3.
 - (b) Cardholders are required to place all orders themselves when using the purchase card. Cardholders cannot “pay” or ratify someone else’s order. A transaction that generates a receipt or invoice before a cardholder has placed the order is an example of an unauthorized commitment.
 - (c) Cardholders can pay for another cardholder’s order when that cardholder is not available and proper procedures have been followed.
- (14) All purchases made by a purchase card must be supported by a documented purchase file and accountable document (e.g., a purchase card receipt that shows date of purchase, vendor name, item description, and the amount of purchase), including, but not limited to:
- (a) Verifying that an AO and Fund Certifying Official approval has been received prior to making purchases;
 - (b) Ensuring required supporting documentation is received/maintained;
 - (c) Confirming items purchased have been received and services have been accepted; and
 - (d) Confirming sales tax has not been charged.
- (15) State Sales Tax. Purchases by the Federal Government are generally exempt from a State's sales tax (the purchase card also bears this notation). A toll-free number is included on the back of the purchase card for the merchant to contact if they have any questions regarding sales tax. The U.S. Constitution specifically prohibits States from charging the Federal Government taxes. States will exempt any centrally billed accounts that are paid by the Federal Government. States are well aware that the Federal Government pays the bills directly for these types of purchases. The GSA Smart Pay website has additional information regarding understanding State sales tax.

- (a) Charges processed with sales tax must be resolved between the cardholder and the vendor/merchant.
 - (b) The contractor bank (card issuer) cannot assist the cardholder in resolving disputes regarding sales tax.
- (16) Merchants in the United States and U.S. territories are permitted to impose an interchange fee, otherwise known as surcharge, on credit card purchases. A surcharge is a fee that the retailer adds to the cost of a purchase when a customer uses a credit card, including the GPC. Surcharges are the result of a settlement of litigation brought by a group of U.S. retailers. Not all merchants will impose surcharges. Merchants that do impose the surcharge must inform the purchase card user before the purchase and show surcharge amounts on receipts.
- (17) Purchases that require prior administrative approval shall not be made until the proper authority has approved the purchase(s).
- (18) Cardholders shall review all potential acquisitions to determine if the procurement can be accomplished through the use of the GPC Program.
 - (a) If the vendor/merchant accepts the purchase card, the purchase shall be made in accordance with procedures outlined in the TAM and FHWA GPC Manual.
 - (b) With the exception of items listed in paragraph 71, the purchase card may be used for over-the-counter, telephone, and online purchases from participating vendors.

j. Rules governing the use of convenience checks.

- (1) Convenience checks are a payment and procurement tool for use with merchants that do not accept purchase cards, and for other purposes where charge cards or other forms of payment are not accepted. Individuals authorized to write checks shall comply with all applicable Federal and Departmental regulations, policies, and procedures that apply to purchases made using the purchase card.

- (2) Convenience checks should be used as a payment of last resort, only when no reasonable alternative merchant is available who accepts the purchase card.
- (3) Use of convenience checks, which are considered to be "third party drafts" by the U.S. Department of the Treasury, is limited in accordance with FAR 13.305-3.
- (4) FHWA must pay a check fee for each check issued. The check fee must be added to all PRs that authorize the use of convenience checks.
- (5) Convenience checks shall not be written for the following:
 - (a) Vendor transactions already under another method of acquisition;
 - (b) DOT employee reimbursements;
 - (c) Payments to other government agencies;
 - (d) Cash advances;
 - (e) Salary payments, cash awards, or any transaction processed through the payroll system; and,
 - (f) Travel-related transportation tickets (e.g. meals or lodging related to employee travel).
- (6) At FHWA HQ, HCFA will be the only office that has the authority to issue convenience checks.
 - (a) Cardholders at FHWA HQ who need convenience checks must forward the request to HCFA.
 - (b) Division Offices that do not have cardholders with the authority to process convenience checks must forward the request to HCFA.
 - (c) The processing of convenience checks via Enterprise Services Center-PRISM is covered in an Acquisition Procedural Memorandum (APM). APM-014 titled "Processing of Convenience Checks for FHWA

Offices," details the step-by-step procedures for processing convenience checks.

- (7) The contractor bank cannot assist cardholders in disputing convenience checks; any concerns regarding purchases made with convenience checks must be resolved directly with the vendor.
- (8) A stop payment request is permitted on a convenience check if the convenience check has not been posted to the cardholder's account; stop payment actions take 24 hours.
- (9) When not in use, convenience checks are to be kept in a secured area to protect the checks from being stolen or misused.
- (10) The Internal Revenue Service (IRS) requires that information be collected for reporting income to the IRS when a convenience check is used for purchases if a person is "engaged in a trade or business and, in the course of that trade or business, pays any person \$600 or more of rent, salaries, wages, premiums, annuities, compensation, remunerations, emoluments, or other fixed or determinable gains, profits and income during a calendar year". Collection of this data may contain personally identifiable information (PII) and must be appropriately protected. (Form 1099 reporting is restricted to services. Section 1.6041-3(c) of the Income Tax Regulations exempt purchases of "merchandise," as well as "telegrams, telephone, freight, storage and similar charges" from these reporting requirements. See IRS Bulletin 2004-31, Part III for more information and a complete list of exceptions. Note: The \$600 limit is the current dollar threshold at the time this order was issued and is subject to change.
- (11) Public Law 104-134, The Debt Collection Improvement Act of 1996, requires that, with limited exceptions, Federal payments be made through electronic means. The Department of the Treasury has ruled that checks are NOT electronic funds transfer compliant. Waiver requirements for writing convenience checks can be found in TFM.

k. Rules governing the use of third-party payment platforms.

Transactions conducted using third-party payment platforms (e.g., PayPal,

Venmo, etc.) are considered to be high-risk as available transaction data may not be completely passed to the Government's contractor bank and transaction dispute terms may vary from those offered on traditional charge card transactions. Cardholders shall make an appropriate business decision as to when to use a merchant who uses a third-party processor and annotate the rationale to the card file when used.

I. Unauthorized use of the purchase card—Prohibited Purchases. In addition to the limitations on the use of the Smart Pay Program purchase/credit card set forth in the applicable GSA contract, the purchase/credit card shall not be used for the following:

- (1) Personal purchases or as identification when cashing a personal check;
- (2) Cash advances;
- (3) Airline, bus, boat, or train tickets (excludes local travel, such as metro fare cards);
- (4) Long Term Rental or lease of land or buildings;
- (5) Rental or lease of motor vehicles;
- (6) Meals, beverages, or lodging (absent appropriate justifications/approval from the Office of Chief Counsel (HCC));
- (7) Repairs, gasoline, or oil for GSA motor vehicles or other commercially leased vehicles;
- (8) Promotional materials (absent approval from HCC);
- (9) Payments of attorney fees;
- (10) Purchases of entertainment or recreation;
- (11) Payments of personal membership fees;
- (12) Payments of personal expense items, such as gifts for employees, entry fees for contests, and medals or trophies (unless they fall under the "Award/Incentive Programs");

- (13) Open market purchases of items available from mandatory sources;
- (14) Paying for unauthorized commitments unless the transaction has been ratified in accordance with FAR 1.602-3;
- (15) Modular furniture and all HQ furniture purchases (absent approval from the Office of Management Services); and
- (16) Information technology purchases (absent approval from the Office of the Chief Information Officer (CIO)).

m. Notification of lost or stolen purchase card/convenience checks. The cardholder is responsible for securing their purchase card. In the event a purchase card is lost or stolen, it is the cardholder's responsibility to contact the contractor bank immediately.

- (1) The cardholder must forward written confirmation to their AO and to the APC, notifying them that their purchase card was lost or stolen and that the contractor bank has been notified;
- (2) HFL division offices' cardholders must forward written confirmation to their AO, to their PCPC and copy the APC, notifying them that their purchase card was lost or stolen and that the card issuer has been notified.

n. Reporting purchase card fraud.

- (1) All cardholders are responsible for regularly reviewing their purchase card account and the accompanying monthly statement to look for indicators of fraud. If fraud is suspected, cardholders must report the suspected fraud immediately to the contractor bank, their AO, and the APC. Federal Lands cardholders must report the suspected fraud immediately to the contractor bank, their AO, and their PCPC; in turn the PCPC must report the suspected fraud to the APC.
- (2) All AOs are responsible for pre-approving purchase card transactions on the PR, reviewing their cardholder's purchase card account, including convenience checks, if applicable, and their accompanying monthly statement to look for indicators of fraud. If fraud is suspected, AOs must report the suspected fraud immediately to the cardholder, the contractor bank, and

the APC. Federal Lands AOs must report the suspected fraud immediately to the contractor bank, their cardholders and their PCPC; in turn the PCPC will report the suspected fraud to the APC.

- (3) If fraud is detected, the cardholder must notify the contractor bank to report the fraud. If the cardholder is not available, the AO assumes the role of the cardholder and then the AO must notify the contractor bank to report the fraud and dispute the transaction immediately. The FHWA and the contractor bank must resolve disputed charges in accordance with the terms of the governmentwide GSA Purchase Card contract.
- (4) If cardholder fraud (internal) is detected, the office must report it to their respective AO, the PCPC (HFL cardholders only), the APC, and the Office of Inspector General.

o. Inactive Accounts.

- (1) The APC shall cancel inactive accounts unless there are extenuating circumstances, such as the cardholder being designated a COOP cardholder. Other examples of extenuating circumstances include expectations of future purchase requirements after the retirement or separation of a primary cardholder, or a change in responsibilities of the primary cardholder due to reassignment.
- (2) The APC shall perform an annual review of purchase card usage and identify purchase card accounts that appear to be inactive. The APC shall provide the list of inactive accounts, excluding designated COOP cardholder accounts, to AOs and PCPCs for Federal Lands cardholders. The APC will request justifications to retain the accounts.
 - (a) Failure of AOs to provide required justifications will result in cancellation of the inactive accounts.
 - (b) Failure of HFL PCPCs to provide required justifications will result in cancellation of the inactive accounts. In the absence of the PCPC, HFL AOs must provide the required justifications or the inactive accounts will be canceled.

p. Cancellation of purchase card account.

- (1) With the exception of lost or stolen purchase cards, the APC is responsible for cancelling any purchase card accounts under their purview. In the case of lost or stolen cards, the contractor bank will automatically cancel the purchase card.
- (2) The AOs or PCPCs must promptly forward an email or contact the APC to cancel any cardholder's account who:
 - (a) Retires, resigns, or dies; or
 - (b) Is terminated, reassigned to another position, or is no longer qualified as a cardholder.
- (3) The AOs must ensure that the cardholder's purchase card and convenience checks (if applicable) are destroyed before the APC can finalize cancellation of the purchase card account. The AOs must confirm via email to the APC that the purchase card and convenience checks were destroyed and that all purchase card transactions on the cardholder's account have been validated.
- (4) The HFL PCPCs and AOs must ensure that the cardholder's purchase card and convenience checks (if applicable) are destroyed before the APC can finalize cancellation of the purchase card account. The PCPCs must confirm via email to the APC that the purchase card and convenience checks were destroyed and that all purchase card transactions on the cardholder's account have been validated.

q. Validation of purchase card transactions.

- (1) Per the TAM, all purchase card transactions must be approved or disputed (by the cardholder) and final approved (if the transaction is not disputed) by their AO no later than 30 days from the end of the billing cycle (generally, the 19th of each month).
 - (a) The "validation process" occurs when both the cardholder and the AO match the transactions in the electronic banking system with the supporting documentation (PR, invoice, receipt, etc.) and agree that the purchases are legal and are being charged to the proper accounting string.

- (b) To complete the "validation process," the cardholder and the AO must respectively "approve" and "final approve" the purchase card transactions in the electronic banking online system.
 - (2) If the cardholder and/or AO fail to validate the purchase card transactions within the 30-day window, the APC can "Voluntarily Close" the cardholder's account or request that card issuing bank suspend the account until all applicable purchase card transactions have been validated.
 - (3) If all purchase card transactions are not validated within 45 days from the end of the billing cycle, then the contractor bank will suspend the cardholder's account. The 45-day window to reconcile the purchase card transactions is strictly based on the contractual agreement between DOT and the contractor bank.
- r. Termination of purchase card account due to repeated suspensions.**
- Cardholders are subject to termination of their purchase card account upon repeated suspensions of their purchase card account within a 12-month period. Per DOT's agreement with the contracting bank, the cardholder and AO have 45 days from the end of the billing cycle (generally, the 19th of each month) to validate the purchase card transactions in the electronic system; if this task is not accomplished within the 45-day window (reference paragraph 7q), then the purchase card account will be suspended until the outstanding transactions are validated. The APC is the final arbiter that determines if the cardholder's account will be terminated for repeated suspensions, as detailed below:
- (1) First suspension.
 - (a) No punitive action is taken by the APC.
 - (b) The APC will notify the cardholder and the AO that the cardholder has one suspension on their record.
 - (2) Second suspension
 - (a) If there is no valid justification or compelling extenuating circumstances, the cardholder's account will be suspended for 60 days.
 - (b) The cardholder's AO must submit an email or memorandum to the APC describing the circumstances

that caused the cardholder to fail to validate the purchase card transaction(s) within the 45-day window.

- (3) Third suspension
 - (a) The cardholder's AO must provide a written memorandum to the APC on why the cardholder failed to validate the outstanding purchase card transactions within the 45-day window.
 - (b) If there is no valid justification or a compelling explanation of extenuating circumstances provided by the AO to the APC, the APC will cancel the purchase card account.
 - (c) The purchase card account will not be terminated until the cardholder and the AO have completed the "validation process" on the outstanding purchase card transactions.
 - (d) The Head of an Office, or their Deputy, can request a postponement of the cancelation of the purchase card account until a replacement is nominated and trained. The postponement will be for no longer than 30 days.

s. COOP Emergency Use Cards.

- (1) HQ program offices, Federal-aid highway division offices, HFL offices, and HIT offices may designate a COOP cardholder. The designation of a COOP cardholder is optional. The office's AO may nominate the primary cardholder or an alternate cardholder as the COOP cardholder. Offices may request purchase cards for emergency use without the need to use the cards on a recurring basis.
- (2) Requests for emergency use cards must contain an appropriate justification citing the cardholder's anticipated participation if the COOP is activated. The COOP-designated cardholders must maintain their eligibility by completing annual refresher training requirements. The COOP-designated cardholders may continue to use their cards during non-emergencies to purchase products and services in accordance with the limits on their cards. For single purchase limits during a contingency operation, refer to paragraph 7b.

t. FHWA liability for unauthorized use of the purchase card.

- (1) The FHWA is liable only for the authorized use of the U.S. Government purchase card by an authorized cardholder.
- (2) The FHWA is not liable for intentional use of a purchase card to obtain items not authorized for purchase. This is considered an attempt to commit fraud against the U.S. Government. The OMB Circular A-123, Appendix B (Rev 8/2019), Attachment 5 discusses disciplinary actions that may be taken against cardholders. Improper, fraudulent, abusive, or negligent use of any Government charge card is prohibited. The Agency may impose disciplinary action for purchase/charge card infractions, including removal for serious or repeated infractions. Appropriate Agency personnel may impose, but are not limited to, the following administrative and disciplinary actions for negligence, misuse, abuse, or fraud:
 - (a) Immediate cancelation of the purchase card.
 - (b) Immediate disciplinary actions for unauthorized careless use. Circumstances surrounding each case should be considered when determining the proper type of corrective or disciplinary/adverse action, if any, which may be imposed. Generally, a progression of increasingly severe penalties is suitable. In some instances, the infraction may warrant the most severe penalty for a first offense. Disciplinary actions include, but are not limited to, the following:
 1. Verbally counsel and issue a letter of counselling or reprimand to the employee;
 2. Deactivate, suspend, or cancel employee account; and
 3. Impose additional disciplinary actions deemed appropriate by the Agency.
 - (c) Liability to FHWA for the total dollar value of the unauthorized purchase.

- (d) A fine of not more than \$10,000, imprisonment for not more than 5 years, or both, under 18 U.S.C. 287.

u. Frequency of Purchase Card Program reviews. The FHWA APC will conduct periodic reviews. The APC will randomly or judgmentally select purchase card transactions for review.

- (1) The cardholder or AO will provide all necessary documentation to the APC within the given deadline.
- (2) For HFL cardholders, the PCPC will collect all necessary documentation from the cardholder or AO and provide the necessary documentation to the APC within the given deadline.

v. COCO Waiver Requests. A COCO that deems a waiver is needed from any requirement in this directive must submit a written request justifying the need for an exemption to the APC. As the technical expert for the GPC Program, the APC will review the documentation, provide guidance, if needed, and either concur or non-concur before forwarding the request for the waiver to the HCA.

8. What are the responsibilities of the APC? The primary APC responsibilities are:

- a. Overseeing FHWA participation in the GPC Program by:
 - (1) Providing assistance and advice to Purchase Card Program participants; and
 - (2) Establishing Purchase Card Program guidelines based on procurement rules and regulations contained in the FAR, the TAM, and DOT/FHWA policies.
- b. Serving as the official liaison between FHWA, DOT, GSA, and the card issuing bank;
- c. Acting in an advisory capacity for cardholders and AOs;
- d. Establishing new purchase card accounts after reviewing and approving the cardholder's application;
- e. Serving as a focal point for terminating existing purchase card accounts;

- f. Establishing new AO accounts, hierarchy or changing the existing AO's hierarchy when requested by the Agency/office;
- g. Overseeing and maintaining Initial and Refresher Purchase Card Training for cardholders and AOs;
- h. Utilizing the contactor bank's EAS to set up cardholders and AOs;
- i. Approving changes in authorized merchant codes and single and monthly cardholder purchase limits;
- j. Downloading and reviewing monthly management reports from the card issuing bank;
- k. Making the tax-exempt number available to cardholders and AOs;
- l. Conducting periodic reviews of purchase card usage, identifying inactive accounts, and determining whether each cardholder has a need for the purchase card;
- m. Reviewing purchase card use for compliance with the FAR, the TAM, the FHWA Purchase Card Manual, and other applicable procurement regulations;
- n. Revoking purchase cards immediately if fraud or abuse is discovered; per DOT's agreement with the contracting bank, the purchase card account is immediately revoked by the contracting bank if fraud or abuse is discovered by the bank or an internal source (i.e., cardholder, AO, or APC);
- o. Monitoring convenience check usage throughout the Agency; and,
- p. Updating FHWA directives on the GPC Program, the FHWA Purchase Card Manual, and SharePoint postings related to purchase cards.

9. **What are the responsibilities of the Federal Lands Highway Division Offices PCPC?**

- a. The PCPC acts as the official liaison between the HFL division offices' Purchase Card Program participants and the APC;
- b. Other primary PCPC responsibilities include but are not limited to:

- (1) Serving as a conduit between AOs, cardholders, and HCFA to resolve purchase card-related issues;
- (2) Acting as audit liaison, ensuring internal and external audit requests are handled properly;
- (3) Acting in an advisory capacity for HFL cardholders and AOs, serving as an in-house expert on purchase card issues;
- (4) Ensuring HFL cardholders and AOs follow procurement rules, regulations, policies, and procedures;
- (5) Ensuring proper procedures are followed before requesting establishment of new purchase card account:
 - (a) Ensuring each prospective new cardholder has completed approved Purchase Card Training;
 - (b) Assisting in completion of new cardholders' purchase card applications;
 - (c) Coordinating with AOs to determine appropriate single and monthly purchase limits;
 - (d) Ensuring cardholders and AOs understand their responsibilities—AOs and cardholders must sign a Cardholder/Approving Official Certification indicating that they understand their roles;
 - (e) Forwarding the new cardholder package, including the Training Completion Certificate, the Cardholder Application, and the Cardholder/AO Certification form to the APC;
- (6) Coordinating changes of cardholders' AOs;
- (7) Working closely with AOs to determine if cardholders' single and monthly purchase limits require adjustments;
- (8) Coordinating changes with AOs on cardholders' Default Accounting Codes;

- (9) Reporting purchase card abuse immediately upon discovery, and, if proven, recommending termination; and
- (10) Deleting cardholder accounts:
 - (a) Ensuring all purchases have been validated (reviewed, approved, and final approved),
 - (b) Ensuring the purchase card has been destroyed,
 - (c) Ensuring any unused convenience checks have been destroyed,
 - (d) Confirming destruction of the purchase card and convenience checks via email to the APC,
 - (e) Submitting timely requests to close purchase card accounts to the APC, and
 - (f) Ensuring cardholders' files are maintained for 6 years by the PCPC or AO.

10. **What are the responsibilities of Purchase Cardholders and AOs?**

a. **Purchase Cardholders are responsible for:**

- (1) Completing purchase card refresher training requirements in a timely manner;
- (2) Executing purchase/credit card transactions within the limits of his/her DPA, complying with the FAR, TAR, TAM, and all applicable DOT Acquisition policies/procedures, the applicable GSA contract, and internal OA procedures;
- (3) Ensuring purchases and credits itemized on his/her monthly cardholder statement of account are only for goods or services received or returned;
- (4) Safeguarding the purchase card and purchase card account number (and convenience checks, if applicable) at all times and not allowing anyone to use their purchase card, convenience checks, or purchase card account;

- (5) Ensuring that the funds are available prior to purchase by using the approved purchase request form;
- (6) Ensuring that IT purchases have received the approval of the DOT CIO (or designee) in accordance with TAM 1213.201(k) and TAM 1239;
- (7) Ensuring that merchants have not charged the account prior to the date of shipment;
- (8) Ensuring that individual purchases and cumulative monthly purchases do not exceed single purchase and monthly purchase limits, respectively, by adhering to the limits authorized on the DPA by the COCO or the COCO's designee;
- (9) Verifying AO approval has been obtained prior to making a purchase and that funds availability has been obtained prior to making a purchase;
- (10) Ensuring that sales taxes have not been charged;
- (11) Reviewing their monthly statement in order to approve or dispute transactions and reallocate lines of accounting, and submitting the monthly statement with all supporting documentation (such as PRs, receipts, invoices, statement of need, justifications) to the AO; and ensuring transactions receive final approval no later than 30 days after the end of the billing cycle;
- (12) Contacting the AO, PCPC (for Federal Lands cardholders), or APC with any questions or clarifications concerning purchases;
- (13) Considering alternative methods prior to making a purchase using a third-party payment platform (e.g., PayPal, Venmo, etc.).
- (14) Per the National Archives and Records Administration (NARA), General Records Schedule (GRS) Transmittal 23, maintain monthly statements, invoices/receipts, and other supporting documentation for 6 years after final payment.

b. AOs are responsible for:

- (1) Completing purchase card refresher training requirements in a timely manner;
- (2) Preparing and submitting cardholder and AO account set-up information, and other required information to the APC or designee;
- (3) Recommending credit limits (single purchase and monthly) for cardholders under his/her purview to the APC;
- (4) Approving cardholder purchase requests and funding documents in advance of cardholders conducting a transaction;
- (5) Ensuring that all cardholders validate (approve) account purchases and credits and initiate disputes (if required) via contractor bank's EAS within 30 days of the end of the billing cycle;
- (6) Verifying that all purchases made by cardholders under his/her purview were authorized and were for valid Government requirements that have not been split to circumvent the cardholder's single purchase limit or MPT. This verification shall take place no later than 30 days of the end of the DOT billing cycle;
- (7) Determining that the cardholder's purchases are made according to applicable regulations, policies, and procedures;
- (8) Ensuring the proper accounting classification data and any disputed items are clearly documented;
- (9) Ensuring all purchases made by the cardholder are supported by a documented purchase card file, including, but not limited to:
 - (a) Verifying cardholder received AO and Fund Certifying Official approval prior to making purchases and other third-party approvals, as required;
 - (b) Ensuring required proper documentation (such as PRs, receipts, invoices, statement of need, justifications) is received/maintained;

- (c) Confirming items purchased have been received and services have been accepted; and
 - (d) Confirming sales tax has not been charged.
- (10) Initiating appropriate action if a cardholder uses a purchase/credit card in an unauthorized manner, including cancellation of the cardholder's account and disciplinary action if appropriate;
 - (11) Notifying APC immediately of lost or stolen cardholder purchase card;
 - (12) Per NARA, GRS Transmittal 23, maintain monthly statements, invoices/receipts, and other supporting documentation for 6 years after final payment;
 - (13) Notifying the APC if the cardholder's status has changed (e.g., termination or no longer participating in the program); Federal Lands AOs must notify their PCPC if the cardholder's status changes and the PCPC in turn will notify the APC; and
 - (14) Notifying the APC if the cardholder's contract warrant has expired or has been revoked—the APC may reduce the purchase limits.

11. **Where can I find additional information about the Purchase Card Program?**
For additional information about the Purchase Card Program, the [FHWA Purchase Card Manual](#) is available online on the SharePoint site.



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