



Chapter 3— Financial Management and Accounting

Part 3.2.2 – Purchase Card Manual

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Introduction

This manual provides guidance on the administration and use of the Department of Homeland Security (DHS) **purchase card**. This manual includes definitions, roles and responsibilities, and processes to address the operation of the Purchase Card Program and describes the DHS relationship with the Purchase Card Bank, referred to throughout this policy as the “Bank.”

The policies and procedures contained in this manual are based on the governing regulations and guidelines in [Title 48, Chapter 1, Code of Federal Regulations](#) (CFR), (the **Federal Acquisition Regulation** (FAR)), and [OMB Circular A-123, Appendix B. Improving the Management of Government Charge Card Programs](#). This manual covers the information presented primarily in (but not limited to) FAR part 13, [Simplified Acquisition Procedures](#). The DHS Purchase Card Program is established in compliance with the General Services Administration (GSA) SmartPay Program.

The Purchase Card Program provides an efficient, low-cost, procurement, and payment mechanism to acquire goods and services, which streamlines traditional federal procurement and payment processes. The purchase card eliminates the need for numerous purchase orders and numerous payments; expedites merchant payments (merchants receive payments within 24–48 hours, which are deposited directly to their banks to reduce late payments); and provides management with an oversight reporting mechanism.

The goal of the DHS Purchase Card Program is to improve mission support, streamline the process for **micro-purchases**, and reduce administrative costs and paperwork while ensuring adherence to the FAR and statutes applicable to

DHS.

This policy applies to all DHS employees, excluding the employees of the Office of the Inspector General (OIG). This policy supersedes the *Purchase Card Manual* dated August 22, 2013 (see the [summary of changes](#) incorporated in this revision) .

Responsibilities

- a. The **DHS Chief Financial Officer (CFO)** will establish and maintain a system of internal controls to ensure effective, efficient, and proper use of the purchase card.
- b. The DHS **Chief Human Capital Officer (CHCO)** will establish and implement procedures and guidelines outlining appropriate disciplinary action for misuse/abuse of the purchase card.
- c. The **Director of Financial Management Division** will—
 - 1) Approve the use of an alternative DHS Form 1501.
 - i. Alternative forms need to also be approved by the Chief Information Officer in compliance with [MD-141-02](#).
 - 2) Approve a waiver of the approving official to cardholder/transaction ratio.
 - 3) Approve requests to issue a card to an office instead of an individual.
 - 4) Approve the review and approve process outside of the Bank's electronic access system.
- d. The **Assistant Director of Financial Management Division, Bankcard and Review** will—
 - 1) Approve the use of convenience checks.
 - 2) Approve a convenience check to cardholder ratio in excess of five percent.

- 3) Appoint an **Agency Program Coordinator** (APC).
- e. The **Agency Program Coordinator (APC)** will—
- 1) Ensure policy reflects current government requirements and practices.
 - 2) Monitor Component compliance with policies, procedures, and internal controls outlined by this manual.
 - 3) Manage the ongoing operation of the program across Components.
 - 4) Monitor the monthly review and approve report provided by the Bank for compliance with DHS requirements and provide senior management with status updates.
 - 5) Distribute monthly post-payment audit (PPA) samples to the Component Primary Organization Program Coordinator (CPOPC) and track CPOPC compliance with PPA procedures and timelines.
 - 6) Review and approve quarterly refund calculations from the Bank after performing a reconciliation of the refunds with payments made to the Bank through the daily pay process.
 - 7) Take appropriate action to suspend or revoke use of the purchase card when the cardholder has not complied with the requirements set forth by this policy.
 - 8) Provide monthly, quarterly, semiannual, and annual reports to management.
 - 9) Determine the DHS-wide **Merchant Category Codes** (MCCs) that are blocked from use by DHS cardholders. CPOPCs may tighten controls by further restricting the usage of MCCs in support of their specific missions (see appendices [F](#) and [G](#)).
 - 10) Coordinate **cardholder** training through CPOPCs.
 - 11) Ensure newly appointed CPOPCs are established with the Bank and have the appropriate training.
 - 12) Ensure the CPOPC is not an approving official or a cardholder.

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- 13) Ensure the CPOPC is a federal employee.
- f. The **Component Senior Financial Official** will—
- 1) Appoint the CPOPC when the Purchase Card function is managed by the CFO at the Component level. The DHS APC will confirm that the planned appointee has received all necessary training.
 - 2) Establish Component-specific policies and procedures to implement the program in conjunction with the CPOPCs.
- g. The **Component head of the contracting activity (HCA)** or designee will—
- 1) Be accountable to the DHS Chief Procurement Officer (CPO) for procurement transactions under their delegated authority.
 - 2) Establish single-purchase limits for warranted cardholders and ordering officials (see [MD 0783, Ordering Official Certification](#)).
 - 3) Appoint the CPOPCs when the Purchase Card function is managed by the HCA at the Component level. The DHS APC will confirm that the planned appointee has received all necessary training.
- h. The **Component Primary Organization Program Coordinator (CPOPC)** will—
- 1) Approve the appointment of any OPCs after confirming the planned appointee has received all necessary training.
 - 2) Develop, issue, implement, and maintain Component-specific policies and procedures for the card program to supplement this policy.
 - 3) Establish mandatory and additional MCC blocks for their Component, if required. CPOPCs may tighten, but not loosen DHS-wide controls.
 - 4) Manage the Purchase Card Program at the Component level, which includes reviewing cardholder transactions for fraud, waste, and abuse and establishing Component-specific internal controls. The CPOPC is the designated point of contact for the DHS APC on all Purchase Card Program matters.
 - 5) Issue and rescind purchase cards within the Components in accordance with this policy.

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- 6) Use the Bank's electronic access system (EAS) to establish, maintain, and close purchase card accounts as needed.
- 7) Perform a monthly PPA of cardholder transactions within 30 days of the receipt of the PPA sample, ensuring each purchase is supported by the appropriate documentation as required by the FAR and [DHS Post-payment Audit Standard Operating Procedures](#).
- 8) When Component-level Purchase Card functions are managed by the Component Senior Financial Official, report each quarter to the APC and Component CFO on the dollar value of refunds, amount spent using the purchase cards, and number of transactions. When Component-level Purchase Card functions are managed by the Component HCA, report each quarter to the APC and Component HCA on the dollar value of refunds, amount spent using the purchase cards, and number of transactions.
- 9) Successfully complete DHS purchase card training as required, complete the Bank's EAS training, and complete the card brand training for reporting and monitoring transactions through the brands system (e.g., VISA IntelliLink).
- 10) Issue and establish Component-specific training, job aids, and guidance for effective implementation of the Purchase Card Program.
- 11) Ensure cardholders and **approving officials** complete purchase card training requirements.
- 12) Ensure cardholders and approving officials complete the review and approve process within 14 days after cycle close and take administrative actions as needed.
- 13) Maintain records of cardholder training, warrants, and other related certifications or credentials.
- 14) Maintain PPA and quality assurance review supporting documentation in a central location for auditing purposes.
- 15) Monitor the use of convenience checks, if applicable including the reordering of checks and requesting stop payments.
- 16) Investigate and report suspected or inappropriate transactions and

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take action to resolve questionable transactions.

- 17) Take appropriate action to suspend or revoke use of the purchase card when the cardholder has not complied with all of the requirements set forth by this policy.
 - 18) Monitor and ensure accuracy of established single purchase limits with cardholder spending patterns.
 - 19) Perform a review of cardholder inactivity. Cards that have not been used within 180 days will be cancelled, unless the need for the account can be justified to the satisfaction of the APC. The written justification should include the name and location of the cardholder, the last four digits of the cardholder's account, the total number or frequency of transactions made in a year, and a detailed description of the purpose and continued need for the purchase card.
 - 20) Ensure card closure for separated employees.
 - 21) Ensure the assigned approving official is not managing more than 7 cardholders or approving more than 300 transactions per cycle period.
 - 22) Ensure cardholders and approving officials are federal employees or military personnel.
 - 23) Ensure separation of duties for cardholders/approving officials within the same hierarchy.
- i. The **Organizational Program Coordinator** (OPC) will—
- 1) Successfully complete DHS purchase card training as required and complete the Bank's EAS training, and complete the card brand training for reporting and monitoring transactions through the brands system (e.g., VISA IntelliLink)
 - 2) Assist with the management of the Purchase Card Program under the direction of the CPOPC and comply with the duties and responsibilities as cited in section h above.
- j. The **approving official** will—
- 1) Be appointed by their supervisor after the CPOPC has confirmed that the planned appointee has received all necessary training.

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- 2) Successfully complete DHS purchase card training and complete refresher training every two years.
- 3) Approve, validate, oversee, and monitor purchase card activity for their designated cardholders. (A single individual may not be an approving official for more than 7 cardholders or approve more than 300 transactions a cycle period unless a written waiver has been approved by the Director of Financial Management.)
- 4) Request in writing to the CPOPC increases or decreases to cardholder single or monthly purchase limits when appropriate.
- 5) Ensure each purchase is supported by the appropriate documentation as required by the FAR and this policy and that documentation is kept in a centralized location for auditing purposes.
- 6) Ensure the goods or services charged to the account were received and accepted by an independent third party. The independent third party must be a government employee and cannot be the cardholder or approving official.
- 7) If the cardholder is unavailable, perform the review of the cardholder transactions.
- 8) Ensure cardholder transactions are approved within 14 days after cycle close.
- 9) Monitor the resolution of any disputed charge and work with Procurement, Budget, and other administrative offices, as appropriate, to ensure that end-of-fiscal-year accruals related to open purchase card obligations are completed in order to account for unexpended funds in a timely manner.
- 10) Ensure cardholders maintain complete and accurate purchase card records and logs. Ensure documentation is kept in a central location for auditing purposes.
- 11) Assist cardholders as needed to ensure personal property acquired using the purchase card is recorded into the appropriate asset control (or comparable) system.

k. The **cardholder** will—

- 1) Be legally responsible to the government for each transaction made with the purchase card.
- 2) Successfully complete DHS purchase card training and complete refresher training every two years thereafter.
- 3) Verify with funding official that funds are available prior to making a purchase with the card.
- 4) Use the card only for purchases that are otherwise authorized by law or regulation, are in accordance with the authorities delegated by the HCA or his/her designee, and are within the limitations outlined in DHS and Component policy.
- 5) Obtain written approval from their approving official prior to making each purchase card transaction. Email approval is acceptable. Approval documentation must be maintained with the purchase documentation.
- 6) Complete a new DHS Form 1501, Purchase Card Transaction Worksheet, to ensure compliance with the 18 test attributes from the monthly post payment audit. (See [Appendix E](#)) DHS Form 1501 is the only authorized method of documentation unless a Component version is approved by the Financial Management Assistant Director of the Bankcard and Review Branch. However, attachments to the form (e.g., an email showing approving official approval) are acceptable. The form must be completed prior to the order and not contain any prefilled dates with limited exceptions of a reoccurring item or service. The acquisition related to the completed Form 1501 must be made within five business days of completion of the form. A threshold of \$100 is allowed if the receipt for a purchase exceeds the amount on the approved DHS Form 1501. However, the supporting documentation must indicate that the additional funds were available and approved prior to the purchase.
- 7) Maintain complete and accurate purchase card activity logs for each transaction in the Bank's EAS, or create an entry in the Component's system as approved by the APC, within five days of the purchase. DHS Form 1501 can also be used as a purchase log for transactions.

- 8) Document every transaction in accordance with this policy and maintain a copy of the documentation in the cardholder's file. The file must be maintained in central location within the office.
 - 9) Notify a local property officer before, or within five days after, acquiring accountable, sensitive, and/or hazardous personal property so that the property may be recorded in the proper system of record. This must be completed prior to placing the asset in service.
 - 10) Review transactions within 7 days in order for the approving official to complete their review within 14 days after cycle close.
 - 11) Ensure that inaccurate charges are formally disputed with the Bank within 90 days of the date the transaction posted.
 - 12) Respond to requests for documentation from the OIG, the Bank, and the Component audit point of contact, APC, or CPOPC in a timely manner, not to exceed seven calendar days. Cardholders must notify the CPOPCs of information/documentation provided to OIG or the Bank.
 - 13) Request stop payment on convenience checks, when applicable.
 - 14) Ensure independent third party receipt is obtained for goods/services purchased. The independent third party must be a government employee and cannot be the cardholder or approving official.
- i. The cardholder and approving official's **immediate supervisor** will—
- 1) Nominate trustworthy cardholders and approving officials.
 - 2) Approve the cardholder/approving official agreement (see [Appendix C](#) and [Appendix D](#)) with the cardholder/approving official nominee and forward card application packages to the CPOPC.
 - 3) Take appropriate disciplinary action against the cardholder or approving official for purchase card misuse/abuse.
- m. The **Payment Center** serves as the DHS paying agent for all of the DHS Purchase Card Programs. The Payment Center will—
- 1) Develop and implement a system that will support the receipt of daily invoices from the Bank for all DHS Components.

- 2) Ensure payment of invoices is made in accordance with the memorandum of understanding.
- 3) Provide an email containing daily payment information to DHS APC, each Component's accounting office, and CPOPC.

Policy

The government-wide purchase card is the preferred method of making **micro-purchases**. Micro-purchases are governed by [FAR Part 13](#); at the time of publication the micro-purchase limit was \$3,500. Purchases and payments using the purchase card may also be made over the micro-purchase limit when authorized in accordance with the guidance contained in the "[Purchase Card Limits](#)" section of this policy, except for payments on an existing contract or agreement. Purchase card transactions above the micro-purchase threshold

must be made by a cardholder with a specific written delegation of authority by the HCA or his/her designee.

The DHS purchase card may be used as a payment mechanism against written contracts for task or delivery orders where the orders specifically permit the use of card as a payment mechanism.

DHS purchase cards may only be used in accordance with the guidance contained in this policy as well as any other DHS acquisition and financial management policies that impact the conduct of purchases or making payments.

Abuse and/or fraud will result in cancellation of the purchase card assigned to the cardholder. In addition, the cardholder may be subject to disciplinary action, up to and including termination of employment. An employee may be personally liable to the government for the amount of any unauthorized transaction and subject to criminal prosecution.

Only federal employees and military personnel may be cardholders, approving officials, CPOPCs, and funds approvers.

1. Use as a Method of Payment

- a. The purchase card is authorized for use as a method of payment. Cardholders are encouraged to use the purchase card to place orders and to pay for orders against government sources of supply see [Appendix B](#).

- b. Payment by a purchase card may also be made under a contract that does not contain the clause to the extent the contractor agrees to accept that method of payment.
- c. Cardholders may use the purchase card for payments up to their single purchase limit. Reminder— only the named cardholder may use the purchase card.

2. Purchase Card Limits

Unless otherwise noted, the DHS micro-purchase limit is equal to the micro-purchase limit in FAR Part 13. Under the [Stafford Act](#), or during emergencies, the CPO may authorize HCAs to increase the micro-purchase thresholds for emergency procurements. The DHS CFO and CPO must jointly sign a letter to authorize this increase once a disaster is declared by the President.

DHS purchase card community must adhere to the FEMA Disaster Plan for Purchase Card Usage or DHS/Component specific policies to procure supplies, equipment, and services when responding to an emergency or disaster.

- a. *Use below the micro-purchase threshold.* The purchase card is the preferred method of paying for and making micro-purchases. If a cardholder suspects that the proposed price for a micro-purchase is not reasonable, or the best value to the government, the cardholder should take action to verify the price reasonableness or obtain multiple quotes.
- b. *Use exceeding the micro-purchase threshold.* DHS will use the purchase card and electronic purchasing techniques to the maximum extent practicable in conducting **simplified acquisitions** (acquisitions of \$150,000 or less). Payment for orders over the micro-purchase limit placed using the purchase card must be specifically authorized to the cardholder in their delegation of procurement authority.

With the exception of the U.S. Coast Guard, DHS policy mandates there be only one open purchase card account per cardholder. The U.S. Coast Guard is permitted multiple cards to support their financial system which requires a card for each category of appropriation. FEMA may use multiple cards to assist with the reporting requirement to Congress on disaster spending. Any other exceptions to this policy must be justified and approved by the Director of Financial Management.

The purchase card may be used for construction (\$2000 and under) and for services (\$2500 and under). Using a purchase card for construction costs

greater than \$2,000 is subject to the [Davis-Bacon Act](#), and for services greater than \$2,500 is subject to the [Service Contract Act, Subpart 22.4—Labor Standards for Contracts Involving Construction](#), unless an increase is authorized by the Secretary in accordance with the [Homeland Security Act of 2002](#), Sec 833b (1). These types of purchases must go through the contracting process.

3. Liabilities

The GSA SmartPay master contract defines liability for purchase card transactions. Financial liability for authorized transactions made by authorized cardholders rests with the government. If an authorized cardholder uses the purchase card to make an unauthorized purchase, the government is liable for payment and the Department is responsible for taking appropriate action against the cardholder. Use of the purchase card by a person other than the cardholder, who does not have actual authority for such use and for which the government receives no benefit, is not the liability of the government.

4. Risk Management

The DHS CFO and Components will design and implement effective risk management activities, internal controls, policies, and procedures consistent with [OMB Circular A-123, Appendix B](#). The list of risk management activities in this section is not intended to be all inclusive. Refer to [Chapter 4 of OMB Circular A-123, Appendix B](#) for additional guidance.

- a. To minimize the risk of loss to the government, DHS CFO and Components will ensure there is a clear separation of duties among key functions— making payments and purchases, convenience check writer, authorizing purchases and payments, certifying funding, and reviewing and auditing. No one individual will control more than one key aspect of a transaction. For example—
 - i. CPOPCs and OPCs cannot be cardholders or approving officials.
 - ii. Approving officials who are also cardholders cannot approve their own transactions.
- b. CPOPCs may grant waivers in circumstances that do not allow for segregation of duties, but there must be adequate compensating controls, such as periodic third-party reviews of waived transactions, to provide adequate assurance that there is no fraud, waste, or abuse. Waivers and compensating controls must be thoroughly documented and retained for potential future audits.

All emails containing cardholder's full account number, personally identifiable information, or other sensitive information will be password protected when sent outside of the Department; this includes communication with the Bank. The password will be sent in a separate email.

5. Required Training

- a. All cardholder nominees and all approving official nominees must successfully complete DHS purchase card or other DHS approved training prior to issuance of the purchase card or designation as an approving official. Nomination packages are sent by the nominee's supervisor, approving official or the designated purchase card point of contact to the CPOPC/OPCs for action.
- b. All CPOPCs and OPCs must complete the Bank and card brand training required to perform their duties. Cardholders and approving officials that use the Bank's EAS must also take this training.
- c. Cardholders and approving officials must complete refresher training every two years in order to maintain their purchase card privileges.
- d. In addition to training requirements above, additional training is required before cardholders and approving officials may receive purchase card authority above the micro-purchase threshold. This training will include directions for cardholders with delegated authority to use the purchase card as a payment mechanism against established contracts. For more information, contact your Component Acquisitions Career Manager.
- e. Certificates of training will be retained by the CPOPC/OPCs for 6 years in accordance with [National Archives and Records Administration](#) (NARA) records retention requirements. The certificates will include the name of the recipient, the date(s) of training and a description (title) of the training. In cases when the certificate is not available, reports generated from the training website that shows a cardholder/approving official completed the training are acceptable.

6. Delegation of Authority

Each cardholder will have delegated procurement authority from the applicable HCA or designee. If the delegated authority is limited to purchases at the micro-purchase limit or less, the authority is conveyed through approval of the purchase card application.

7. MCC Blocks

Cardholder accounts **will be established with MCC blocks that coincide with cardholder duties**. All cards will be issued with the DHS mandatory blocks in effect (see [Appendix F](#)). Components will consider the recommended MCC blocks (see [Appendix G](#)) for implementation as a safeguard against high risk transactions. CPOPCs are authorized to override, temporarily, MCC blocks with proper justification. The written justification should include the cardholder's name and last four digits of the cardholder's account, the vendor's name and the dollar amount of the transaction. If a cardholder needs a permanent MCC lift, the CPOPC will send a request to the DHS APC for approval. The request should include the MCC code and adequate justification to support the permanent override.

8. Cardholder and Approving Official Applications

- a. Any first-level supervisor or appropriate senior official may nominate a prospective cardholder or approving official. Nominated cardholders and approving officials must be trustworthy government employees that need to purchase supplies and services. Nominees must have demonstrated they are responsible and possess the required business acumen to be entrusted with DHS purchase card responsibilities.
- b. In the rare circumstances, where the purchase card is issued to an office and not an individual, Components will implement additional controls to mitigate risk. Additional controls will, at a minimum, address the physical security of the card and the process for identifying the individual using the card for each transaction.
- c. The first-level supervisor or appropriate senior official submits a completed cardholder or approving official application package to the CPOPC. A complete application package includes—
 - 1) Supervisor approved nomination documentation for cardholder or approving official.
 - 2) A copy of cardholder and/or approving official certificate of training.
 - 3) A signed copy of the Cardholder and/or Approving Official Agreement (see [appendix C](#) and [appendix D](#).)

- d. If there is a Component requirement for [convenience checks](#), the CPOPC will contact the APC. The Assistant Director of Financial Management, Bankcard and Review has approval authority for the use of convenience checks. For additional requirements, see [“Use of Convenience Checks”](#) in this policy.
- e. CPOPCs will process the application through the Bank’s EAS, and the purchase card will be mailed directly to the cardholder at the business address specified in the nomination package. If security requirements prevent the direct delivery to the business address, the CPOPC will make special arrangements with the Bank for delivery. The cardholder follows the Bank’s instructions to activate the card.
- f. Authority to use the purchase card for purchases above the micro-purchase limit requires specific written delegation of procurement authority issued by the appropriate HCA or designee. The HCA or designee may establish additional training and experience standards and specify a process through which the cardholders will request and retain delegated procurement authority in excess of micro-purchase limits.

Each CPOPC will assign each cardholder spending limits consistent with his/her experience or position requirements to mitigate financial risk to the government. The CPOPCs may increase the single purchase for a cardholder only with proper written justification approved by the HCA or designee, unless otherwise delegated. The HCA will issue the appropriate-level contracting officer warrant to cover the limit.

- g. The HCA or designee may grant special privileges to cardholders based on circumstances deemed necessary by the DHS CFO. An approving official may request temporary or permanent increases for cardholder purchase limits from the CPOPCs. Single-purchase limits may not be increased to exceed the micro-purchase limit unless the cardholder and approving official have completed the DHS simplified acquisition training requirement as stipulated in [MD 064-04-01 Contracting Officer Warrant Program](#), or specialized authority has been given by the HCA or subordinate procurement authority.
- h. Once the HCA or designee approves the cardholder’s application for a purchase card exceeding the micro purchase limit, the CPOPCs will process the application through the Bank’s EAS, and the purchase card will be mailed directly to the cardholder at the business address specified in the nomination package. If security requirements prevent the direct delivery to the business address, the CPOPC makes special arrangements with the Bank for delivery. The cardholder follows the Bank’s instructions to activate the card.

- i. The CPOPC will notify the approving official of any new cardholders.

9. Use of Convenience Checks

- a. Components may use convenience checks as a method of payment for transactions only in cases in which the merchant will not accept the purchase card and there is not a reasonable alternative to purchasing the goods or services. Convenience checks are associated with the purchase card account to which they are issued. Single and monthly purchase limits are identical to the limits for the use of the purchase card. The limits authorized are a combination of the checks and the purchase card account. Checks may not be written above the micro-purchase limit unless the cardholder is a warranted contracting officer.
- b. Excluding state and local governments and [federally recognized American Indian and Alaska Natives in the United States](#), cardholders will limit convenience checks to two checks per vendor on an annual basis. If a Component requires the services of a specific vendor after two convenience checks, Components will establish that vendor in the Component financial system so they may receive electronic funds transfer. The APC and the Assistant Director of Financial Management Division for the Bankcard and Review Branch may approve additional checks once the Component has exhausted alternative payment solutions.
- c. There is no pre-authorization process at the point of sale for convenience checks because convenience check transactions are not validated by approvals based on MCC blocks or single-purchase limits. Components will have a dollar limit imprinted on the check, but there is no automated process to pre-approve the amount of the purchase. Due to the nature of this product, additional care should be taken in managing these accounts.
- d. Checks will be secured at all times to ensure against physical theft. Checks are negotiable instruments and are to be stored in a locked container. Checks must be appropriately accounted for to prevent loss, theft, or potential forgery. Care must be taken to destroy unused convenience checks when the associated purchase card account is closed.
- e. Points to remember about convenience checks—

- 1) Before a check is issued, every reasonable effort will be made to use the purchase card. Cardholders are required to document that the merchant will not accept purchase cards and there is not a reasonable alternative of purchase for each convenience check transaction. Acceptance of a third party payment processor (e.g., Square, Square Cash, PayPal, Google Wallet, Skrill, etc.) constitutes the acceptance of the purchase card. However, cardholders should limit their use of third party payment processor to cases in which the merchant will not accept the purchase card.
- 2) The number of convenience check accounts is limited to reduce risk. Components may not have more than five percent of their purchase card accounts associated with convenience checks unless a written waiver has been approved by the Assistant Director of Financial Management Division, Bankcard and Review Branch. The CPOPCs will monitor activity to ensure convenience checks are used in accordance with this policy.
- 3) MCC and spend limits cannot be blocked.
- 4) The Component bears the responsibility for paying all check fees and 1099 tax reporting.
- 5) There is a special service charge levied on each convenience check processed by the Bank.
- 6) Checks should only be written for the exact amount of the purchase.
- 7) Checks must be used in sequential order.
- 8) Checks must contain at a minimum the following— check number, date, name of payee, amount, and original signature.
- 9) Checks may not be written for—
 - i. Merchants who accept the purchase card.
 - ii. Established merchants using another method of acquisition, such as purchase orders, contracts, etc. (see FAR 32.1103 for exceptions).
 - iii. Employee reimbursements.
 - iv. Cash advances.

- v. Salary payments, cash awards or any transaction processed through the payroll systems.
 - vi. Travel related transportation tickets.
 - vii. Meals or lodging related to employee travel except as related to emergency incident response.
- f. The Bank will operate a convenience check writing system that allows agencies to make purchases and payments using checks in lieu of cash. The Bank will—
- 1) Provide a supply of checks to the designated convenience check account holder. The reordering of checks must be done by the CPOPC. Cardholders cannot reorder checks.
 - 2) Process and pay the checks as they are presented through the Bank check clearing system for payment within established single purchase limits established by the CPOPC for each individual.
 - 3) Provide a list of the checks cleared on the monthly cardholder statement. Hard copies of checks are available upon request.
- g. CPOPCs are responsible for the implementation of all applicable internal controls and oversight of convenience check activity, including approving of check requests, ensuring that all checks issued are for official government use only and all supplies of checks are stored in a secure location. The cardholders and CPOPCs must verify that each check issued was both necessary and in compliance with the Component's convenience check procedures and policy.

10. Supply Sources - Environmental, and 508 Compliance Considerations

- a. *Government sources of supply.* Cardholders must adhere to the requirements of [Appendix B](#) of this policy, which requires acquisition of supplies and services from designated sources if they are capable of providing them at a competitive price and as needed, and represent the best value to the government. Cardholders must consider the government sources of supply in Appendix B prior to placing an order with a commercial merchant. Cardholders should contact the CPOPCs or designated procurement contact if they need assistance in determining whether their requirements can be satisfied by a required source of supply.

- b. *Strategic sourcing sources of supply.* Cardholders should review the [Strategic Sourcing web page](#) and consider strategic sourcing vehicles when making a purchase card transaction. DHS strategic sourcing contract vehicles include vehicles at the federal level, such as the Federal Strategic Sourcing Initiative.
- c. *Environmental contracting.* Cardholders will buy recycled content products and services when using the purchase card, including for purchases under the micro-purchase limit as required by Executive Order 13514, [Federal Leadership in Environmental, Energy and Economic Performance](#); Executive Order 13423, [Strengthening Federal Environmental Energy & Transportation Management](#); [The Resource Conservation and Recovery Act](#); Executive Order 13101, [Greening the Government through Waste Prevention, Recycling, and Federal Acquisition](#); and the [FAR](#). See [Appendix B](#) for additional information regarding the environmental products considered appropriate to purchase card use. It is recommended that cardholders and approving officials review the [GSA green products website](#) to further understand the requirement to buy environmentally friendly products.
- d. *Section 508 of the Rehabilitation Act.* When buying information technology (IT) products and services, cardholders will ensure compliance with Section 508 of the Rehabilitation Act. The law applies to all federal agencies when they develop, procure, maintain, or use electronic and IT. Section 508 was enacted to eliminate barriers in IT, to make available new opportunities for people with disabilities, and to encourage development of technologies that will help achieve these goals. Under Section 508 ([29 U.S.C. 794d](#)), agencies must give disabled employees and members of the public access to information that is comparable to the access available to others.

The Center for Information Technology Accommodation at GSA's Office of Government-wide Policy has been charged to educate federal employees and build the infrastructure necessary to support Section 508 implementation.

It is recommended that cardholders and approving officials review the website listed below to further understand [Section 508](#) and how to support implementation.

11. Authorized Use and Procedures for Use

- a. DHS encourages the use of the purchase card for all appropriate transactions. The card may be used only for purchases that are authorized by law or regulation and are necessary to accomplish the DHS mission. Cardholders will ensure the appropriate type and amount of funds are available for the purchase prior to placing an order.
- b. The purchase card may be used for the payment of over-the-counter purchases, phone orders, mail/catalog orders, and Internet purchases. Acceptance of a third party payment processor (e.g., Square, Square Cash, PayPal, Google Wallet, Skrill, etc.) constitutes the acceptance of the purchase card. However, cardholders should limit their use of third party payment processor to cases in which the merchant will not accept the purchase card. Supporting documentation for auditing purposes is needed regardless of the type of purchase (e.g., purchase card transaction worksheet (PCTW) See Appendix E, invoice/bill, order confirmation and receipts).
 - 1) Cardholders will exercise good judgment in selecting Internet merchants that are reputable in order to minimize the possibility of fraud. Before entering the purchase card number into a website the Cardholder should ensure the site is secure.
 - 2) To identify whether a website supports secure transmissions, the URL identifying the current page will always begin with "https—//" instead of "http—//" and a secure symbol (solid key or closed yellow lock) will be displayed in the icon tray on your Internet browser.
- c. The cardholder will use the following procedures when placing an order—
 - 1) Complete a new PCTW (DHS Form 1501) prior to the order but no earlier than five business days prior to the order with limited exceptions to a recurring order or service. This form must be completed whenever the purchase card is used, including convenience checks.
 - 2) Review the list of restricted purchases and purchases requiring approvals under Section 13.
 - 3) Obtain any required approvals and/or complete required documentation. (See [Appendix E.](#))
 - 4) Review the [DHS Strategic Sourcing Web page](#) for strategic sourcing opportunities.

- 5) Review the government sources of supply (see [Appendix B](#)) to determine if the item is reasonably available from a required source of supply.
- 6) Receive written authorization from the approving official and funding official (if separate than approving official) to make the prospective purchase. Written authorization may be via an email message. A copy of the approval will be maintained with the purchase documentation (see [Appendix E](#)). A threshold of \$100 is allowable if the receipt exceeds the approval amount on the DHS Form 1501 and documentation indicates funds were available and approved prior to the ordering of goods or services. Special care should be taken to ensure additional funding is available prior to making the purchase. Failure to obligate funding prior to purchase could result in an Anti-deficiency Act violation.
- 7) Ensure the purchase is within the cardholder's single-purchase limit.
- 8) Split purchases are strictly prohibited. A split purchase occurs when a cardholder intentionally breaks down a known requirement into two or more separate orders for a supply/service to avoid exceeding their single purchase limit or competition threshold. Note— multiple individual training requests do not automatically create a split purchase.
- 9) Ensure the purchase will not result in the cardholder exceeding the monthly-cycle limit.
- 10) Merchants are required to obtain authorization from the Bank each time the cardholder uses the purchase card. The merchant should not charge the card until the item has been shipped. The Bank's authorization system will check each purchase limit and the MCC of the merchant for approved usage. (See Appendices [E](#) and [G](#) for DHS mandatory and suggested MCC blocks.) When placing an order with a merchant, the cardholder must—
 - i) Ensure the merchant accepts the government purchase card.
 - ii) Verify the total charges, including shipping, handling, and surcharge costs if applicable are provided at the time of purchase.
 - iii) Verify the quantity and quality of the items or service agreement, and refund policy with the merchant.

- iv) Inform the merchant that the purchase is for official U.S. Government purposes. Government purchases using the purchase card for payment are normally tax-exempt. Depending on the state or territory an additional form may need to be provided to the merchant. Each state's tax exemption acceptance is available on the DHS intranet on the Bankcard Program [homepage](#). If a merchant objects to the tax-exempt status of the card, locate and order from a merchant that does not charge tax.
 - v) When telephone and mail order methods are used, ask the merchant for the total, including any shipping and handling charges. Also request that a copy of the charge slip be delivered with the merchandise.
 - vi) Ensure a packing slip will be included if the order is shipped. *Note — the purchase card account number should not be shown on the label under any circumstances. In addition, some Internet based vendors (e.g., Amazon) do not automatically include a packing slip.*
 - vii) Ensure a separate carrier receipt or estimate is issued for freight bills relating to shipping of more than \$100.
 - viii) Ensure no billing for the merchandise will occur before shipping (except training and subscriptions and other advance commercial payments for services).
 - ix) Ensure the invoice date is after the shipment date, unless it is an online order (e.g., GSA Advantage). In those cases, the invoice date or order confirmation date can also be used as the shipment date. The order confirmation may also be used as an invoice/bill or receipt.
- 11) Avoid placing partial orders to ensure accurate accounting of items delivered. Cardholders are encouraged to order from merchants who can fulfill the entire order.
- 12) Record the purchase in the purchase log within five business days of the purchase. Note— DHS Form 1501 can also be used as a purchase log.
- 13) Cardholders will file an inquiry with [VISA](#) in instances where the merchant displayed Visa signage but refused to accept the Visa card.

12. Allowable Purchases

- a. The purchase card may be used to pay for purchases of many commercial supplies and commercial services. The following list is not all inclusive—
 - 1) Office supplies and equipment (e.g., paper, binders, paper clips etc.).
 - 2) Local public transportation fare (e.g., traveling to local meetings, conferences, and/or training).
 - 3) One-time repair services (e.g., copiers, fax machines, other equipment).
 - 4) Conference registration fees.
 - a) Conference registration fees sometimes include meals or light refreshments. These expenses are allowable to the extent that the meal or refreshment is included in the conference registration fee and is not a separate charge, and that the conference is hosted by a non-government organization. Refer to Government Accountability Office's (GAO) [Principles of Appropriations Law, Volume I](#), Chapter 4, and section C5(b)(2) for more information.
 - b) The preferred method of paying for conference registration fees is the purchase card.
 - 5) Low-cost, consumable-type, peripheral desktop items (e.g., surge protectors/suppressors, external storage drives, external recording CD/RW drives, cables, mobile phone batteries/accessories).
 - 6) Representation funds may be expended via the purchase card with appropriate documentation and approval (see MD 0540 and [FMPM Section 2.9 – Official Reception and Representation Funds](#)).

13. Restrictions on Purchase Card Use

- a. *GSA-restricted purchases*. The purchase card may not be used to pay for the following—
 - 1) Long-term rental or lease of land or buildings; long-term leasing of parking spaces exceeding \$2,500 per year or \$3,500 if parking spaces is not manned by a parking attendant.

- 2) Telephone services under GSA authority; this does not include mobile phones or pagers.
 - 3) Cash advances/transactions.
 - 4) Meals, beverages, lodging, vehicle rentals/leases, airline/bus/train/boat tickets or other travel expenses incurred while traveling under official government orders. The cardholder should use their government travel card for these expenses. If a traveler does not have a government-issued travel card, common carrier charges must be on a travel centrally billed account (CBA). Travel charges are subject to FMPM Section 3.2.1 [Travel Card Manual](#). Travel type purchases may be made with the purchase card if the purchase is deemed to be mission related opposed to official travel (e.g., additional lodging room to accommodate communication equipment, shuttle bus service, etc.).
- b. *DHS-restricted purchases*. DHS prohibits cardholders from purchasing the following items—
- 1) Ammunition and weapons, unless specifically a part of the Component's mission.
 - 2) Gasoline, oil, repairs, tires, or other attachments/equipment, vehicle retrofit, and vehicle maintenance for Department owned or commercially leased vehicles for one year or more. These items must be purchased using the government fleet card.
 - 3) Legal services.
 - 4) Private-sector temporary employees.
 - 5) Real estate services.
 - 6) Prepaid phone cards.
 - 7) Personal convenience items (e.g., parking ticket fees, fans, or heaters). Appliance type items must be located in a common area (e.g., refrigerators or microwaves).
 - 8) Lodging.
 - 9) Postage Stamps.
 - 10) Fast Food Merchants, unless a food purchase is authorized and an urgent need justifies a food purchase from these types of vendors.

- c. *Special-approval purchases.* The supplies and services listed below may require special approval or authorization prior to purchase. Refer to the Component policy or procedures for securing appropriate approval. The cardholder must maintain documented approvals in the purchase card files.
- 1) Advertisements for personnel recruitment.
 - 2) Business cards. (See [MD 0570, Acquisition of Department of Homeland Security Employee Business Cards](#)).
 - 3) Envelopes, printing or copying services. These must be procured via the Government Printing Office. If GPO cannot provide the services needed, a waiver must be obtained in advance from GPO or the Component printing officer to go to a commercial printer.
 - 4) Information Technology. Cardholders will consult with their local information resource management personnel before using the purchase card to obtain IT resources.
 - 5) Memberships to professional organizations.
 - 6) Training requirements that are more complex than the purchase of one training instance for one employee (e.g., internal training needs, and several employees attending the same training). Individual requirements justify the purchase even though the transactions may appear as a potential split.
 - 7) When it is mission-critical that persons be retained overnight at their official duty station during adverse environmental conditions, lodging and meals, for these persons may be provided only with prior approval from the Component Legal Counsel. Note— use of the travel card is not an alternative in this situation.

14. Use of Funds Issues

- a. *Awards and recognition.* DHS provides recognition in a variety of circumstances, both internal and external to DHS. The use of appropriated funds is authorized for the formal or informal presentations of medals, plaques, certificates, pins, and other non-monetary awards as long as the purchase and presentation are accomplished in compliance with published directives. There must be a legal authority for an agency to incur necessary expenses incident to its award program. The purchase card may be used to purchase an individual award item if the total cost (including shipping, etc.) is no more than \$100. For an individual award

item in excess of \$100, or for any award to a non-federal award recipient (including contractors) the requesting office must provide a justification for the award and obtain Legal Counsel for prior approval. (See [Instruction Guide 255-02-001](#)).

- b. *Bottled water.* Appropriated funds are generally not available to purchase bottled water because it is a personal expense. The purchase of bottled water may be allowed in certain specific circumstances, for example when water otherwise available to employees is unwholesome or otherwise unpotable. Before purchasing bottled water, the requesting office must provide a justification for the purchase and obtain prior approval from Legal Counsel.
- c. *Decorative items.* The Federal Property Management Regulation ([41 CFR 101-26.103-2](#)) permits the purchase of pictures, objects of art, plants, flowers (both artificial and real), and other similar items as decorative items when furnishing federal buildings. Such items may be purchased for general-use areas (corridors, lobbies, restrooms, meeting spaces, etc.) and may not be purchased solely for the personal convenience or to satisfy the personal desire of an employee. The current cap on this type of transaction purchase is set at \$5,000 per year.
- d. *Entertainment, food, beverages.* The general rule of appropriation law is that entertainment is not authorized and appropriated funds are not available to provide free food to employees. Subject to restriction, there are a few exceptions. For example, there are limited exceptions in the case of award ceremonies, cultural awareness programs, and training. Food and beverage may also be allowed when using official reception and representational funding. Please see GAO [Principles of Federal Appropriations Law](#), Vol. 1, Chapter 4, Section C, and Subsection 5 for more information. Consult the appropriate financial management and Legal Counsel Office, as appropriate. The purchase must be approved by Component Legal Counsel before the expense is incurred. Evidence of the approval must be documented in the cardholder's files. See FMPM [Section 2.9 Official Reception and Representation Funds](#), [Section 7.10, Conferences](#), [Section 7.10.1 Conference Controls](#), and [Section 7.10.2 Conference Controls and Approval](#) for additional information.
- e. *Flowers.* Floral centerpieces may be purchased for traditional ceremonies. Traditional ceremonies include groundbreaking, change of command, change of homeport, building dedications, graduation, vessel commissioning or decommissioning, and wreath laying for national veteran commemorations. Receptions held in conjunction with traditional ceremonies are separate events, and representational or personal funds must be used to fund most items for them. Flowers used as decoration at

a reception held in conjunction with a traditional ceremony or flowers given to participants or their family members are not allowed.

- f. *Luggage*. In most instances, the purchase of luggage, briefcases, and so forth are considered personal purchases and cannot be charged against appropriated funds. If luggage is purchased for transporting government-owned property, the luggage is government property and must be returned to the Component property manager.
- g. *Memberships*. Membership to professional organizations must be in the name of the DHS Component. If, as a condition of employment, employees are required to be members of a particular professional organization, the employer may reimburse employees for their dues, subject to the availability of funds. Legal Counsel has final approval authority for individual membership requests.
- h. *Mementos or giveaway items*. In general, mementos or giveaways are not allowed. See GAO [Principles of Federal Appropriations Law, Vol. 1, Chapter 4, Section C](#), and subsection 8 for more information. See MD 123-07 [Limitations on Purchase and Use of Branded Merchandise](#) and consult Legal Counsel.
- i. *Purchases from government employees or organizations owned or controlled by them*. In general, such purchases are not allowed. See [FAR 3.6](#) for guidance.
- j. *Challenge Coins*. Unless Official Reception and Representation funds are used, appropriated funds may only be used to purchase challenge coins as an honorary award.

Components within DHS may impose further restrictions, which must be followed by the respective cardholders. Exceptions may be made by the Component Senior Financial Official if there is a specific appropriation for the purchase or if, after review of appropriations law and/or consultation with the appropriate legal office, the CFO determines that the expense is allowable.

15. Unauthorized Use or Misuse

Cardholders are responsible for and accountable to DHS for all transactions made with the purchase card, and they must adhere to DHS and Component policies regarding its use. All purchase card transactions will be for official DHS business only. Any employee who fails to use the purchase card properly or abuses the purchase card will be subject to cardholder penalties listed below and may be subject to disciplinary action, up to and including dismissal. DHS will seek restitution for any inappropriate purchases made with the card. All cases of misuse or abuse of the purchase card must be documented by the Component; depending on the severity, Legal Counsel and CHCO will be informed in writing. All potentially fraudulent transactions must be reported to the DHS OIG immediately.

- a. *Accountability and monitoring.* Approving officials are responsible, and will be held accountable, for failing to monitor purchase card usage consistent with DHS and Component purchase card policies and procedures. In addition, the DHS CFO and DHS OIG have and will exercise the right to monitor purchase card transactions. The OIG retains all audit and investigation authorities.
- b. *Unauthorized use.* When using the purchase card, a cardholder must comply with all applicable statutory and regulatory provisions, federal and DHS prohibitions, controls, limitations, and approval requirements. Cardholders will pay special attention to the [“Allowable Purchases”](#) section of this policy, which contains examples of appropriate purchases. Examples of unauthorized use or misuse include, but are not limited to, the following—
 - 1) Using or authorizing the use of the purchase card for other than official government business.
 - 2) Violating purchase card policies.
 - 3) Making purchases that do not meet the minimum needs of the government.
 - 4) Making false statements, submitting altered or false documents, or knowingly permitting such behavior in relation to the use of a government purchase card.
 - 5) Negligence in performing official duties related to the use or approval of government purchase cards.

16. Cardholder/Approving Official Violations

The CPOPC must report to the DHS APC recurring or multiple violations within the same or different tiers of violation. Policy violations by a particular cardholder or an approving official may be identified during the approving official's required review of the transactions. CPOPCs and approving officials will take corrective administrative actions as outlined in the three tier categories below. For approving official violations, the CPOPC will contact their supervisor. Remember, all potentially fraudulent transactions must be reported to the DHS OIG immediately.

- a. *Tier I violations.* If a single tier I violation occurs, the approving official will issue a written warning to the cardholder and inform the CPOPC in writing. Tier I violations include—
 - 1) Purchasing inappropriate supplies.
 - 2) Making a **split purchase**. Repeated offenses will become a Tier II violation.
 - 3) Carelessly making an unauthorized purchase.
 - 4) When the approving official or cardholder violates DHS or Component-level purchase card policies.
 - 5) Cardholder neglecting to record purchases in the Bank purchase card log within 5 business days of the purchase, if applicable.
 - 6) When the cardholder or approving official fails to complete the review and/or approve process within 14 days after cycle close.

- b. *Tier II violations.* If a Tier II violation occurs, the approving official will notify the CPOPC to suspend the account. In order to reinstate a suspended account, the approving official or supervisor must submit an action plan for corrective action to the CPOPC. Cardholders will be required to attend additional purchase card training in order to have the card reinstated. If problems continue after the card is reinstated, the card will be canceled for up to 1 year. An approving official or CPOPC can skip the previous steps if the incident is severe enough and suspend the card permanently. Tier II violations include—
 - 1) Cardholders do not approve their transactions on more than one occasion.

- 2) Approving officials do not approve cardholder transactions on more than one occasion. Note: approving official suspension affects all cardholders within the hierarchy.
 - 3) Cardholder permitting another cardholder to use purchase card for otherwise official purposes.
 - 4) Making purchases without prior approval and/or documentation.
 - 5) Failure to provide necessary documentation for post-payment audit.
 - 6) Repeated abuse with disregard to corrective actions and policies that govern the purchase card after being provided written warning and remedial training.
- c. Tier III violations. If a Tier III violation occurs, the employee will be subject to disciplinary actions up to and including dismissal. Tier III violations include—
- 1) Use of the purchase card for unofficial purposes.
 - 2) Making false statements, submitting altered or false documents, or committing fraud with the purchase card.
 - 3) Negligence in performing official duties related to making or approving government purchase card transactions.
 - 4) Using of the purchase card to purchase personal items of any kind.
 - 5) Cardholder permitting a non-cardholder to use purchase card for unofficial purposes.
- d. APCs and CPOPCs may impose the same penalties as stated above if problems are found at any time. If a warning is issued, the cardholder and approving official will be notified in writing. The Component or DHS CHCO, OIG and Legal Counsel will be notified if the card is permanently suspended due to fraud, waste, or abuse. If an approving official is not the cardholder's supervisor, he/she will notify the cardholder's supervisor of any policy violations.
- e. If DHS CFO suspends a card, neither the CPOPC nor the OPC has authority to remove the suspension. The authority to remove a suspension by DHS CFO is only granted to the APC or higher level management position.

Officials considering disciplinary action must consult Component Human Resources and Legal Counsel before taking actions to ensure consistency and fairness and to ensure employees are given proper due process.

17. Declined Transactions

An attempted purchase card transaction that exceeds the cardholder's purchase limit or is in conflict with the MCCs established for the card should result in a **declined transaction**. If a purchase card transaction is declined, contact the Bank or the CPOPC for assistance. With proper justification, the CPOPCs can temporarily lift either an MCC block or an account financial restriction. Any action taken by the CPOPC to temporarily lift a restriction must be documented by the CPOPC and the cardholder.

18. Keeping Records

- a. *Purchase card ordering log.* The cardholder must maintain a current purchase card ordering log in the Bank's EAS with justifications for all transactions made (e.g., purchases, payments, credits, etc.). Use the manual log in [Appendix A](#) if the electronic log is not available. DHS Form 1501 can also be used as a purchase card ordering log.
- b. *Cardholder retention of transaction documentation.* The cardholder or a designated alternate central repository must retain all original sales slips, shipping receipts, and all other required transaction documentation, purchase authorizations, and verifications of funds availability to include DHS Form 1501s. Use the statement of missing receipt in Appendix H for lost or stolen receipts.
 - 1) Sales slips, shipping receipts, and all other transaction documentation should be provided to the approving official to complete the review and approval process. The approving official will return all documentation to the cardholder to be retained with the purchase card files.
 - 2) The Component Senior Financial Official or designee, or CPOPC must maintain a copy of the Component's monthly statement or report to support the daily payments made by the payment center.
 - 3) Documents pertaining to purchase card transactions must be retained for 6 years after final payment in accordance with [NARA, GRS 1.1](#)

19. Receipt and Acceptance of Supplies and Services

- a. Receipt occurs when ordered goods are delivered. Receipt is evidenced by an independent third party (neither the cardholder nor the approving official) signing or initialing a receiving report form, commercial shipping document, or packing list, or sending an email to indicate that the items listed (and only those listed) are present in the delivery. A copy of the receipt document is maintained for use in the acceptance process.
Completion of block 37 on DHS Form 1501 is acceptable documentation to show receipt of goods.
- b. Acceptance is an official acknowledgment by an identifiable individual within the organization (neither the cardholder nor the approving official) that supplies delivered or services performed conform to what was ordered or contracted (such as work performed for repairs, installations, etc.). Acceptance may be performed at time of delivery or performance or within 5 business days of receipt. The organization(s) responsible for requesting the goods and services may be the party(s) responsible for accepting them. Acceptance reports will be forwarded to the ordering cardholder's office by the fifth working day after acceptance and should be retained as documentation based on records retention criteria.
- c. The following information is required on or with a receiving report or delivery ticket—
 - 1) Merchant name.
 - 2) Contract number or other delivery authorization.
 - 3) Item description, unit of measure, and quantity received.
 - 4) Dates of receipt and acceptance.
 - 5) Name of the accepting person, title, telephone number, and signature (or electronic alternative).

Note— the completion of block 37 on DHS Form 1501 is acceptable documentation to show acceptance of goods or services.

20. Personal and Accountable Property

- a. The cardholder must seek out a procurement official to provide input, guidance, and direction to support purchase card and contract actions for personal and accountable property, as required in accordance with the

FAR and internal DHS asset management and inventory standards.

- 1) See [MD 119-03, *Personal Property Management Directive*](#), for an explanation of the categories of personal property; to include accountable, sensitive, and hazardous personal property. Certain property that can easily be stolen is addressed in MD 119-03.
 - 2) The cardholder should consult with a procurement official about the propriety of any acquisition about which they are in doubt. The procurement official will advise the cardholder on any required sources or existing contracts that must be used for their purchases.
- b. The cardholder must notify a Local Property Officer (LPO) within 5 days after acquiring accountable, sensitive, and/or hazardous personal property so that the property may be recorded in the proper system of record. This must be completed prior to placing the property item in service.
- 1) Cardholders are required to report all costs associated with the acquisition of their property to the LPO. This includes, but is not limited to, payments to merchants for freight, handling, storage, design, construction, and installation. See Federal Accounting Standard Advisory Board Statement of Federal Financial Accounting Standards No. 6, [Accounting for Property, Plant and Equipment](#) for detailed information on acquisition cost.
 - 2) The cardholder will provide the LPO with copies of written receipts and invoices (email copies are acceptable) to document each property transaction. The cardholder will also provide documentation of all costs as referenced above so the LPO can record these items correctly.
 - 3) Ensure personal property acquired using the purchase card is reported into an appropriate inventory (or comparable) system so that periodic inventory of the items can be taken. See [MD 1120, *Capitalization and Inventory of Personal Property*](#).

Special care should be taken to safeguard accountable items such as mobile phones, tablet computers, and digital cameras.

21. Incomplete Delivery/Damaged Items>Returns

- a. *Partial deliveries.* Cardholders are encouraged to order from merchants who can fill the entire order. If partial deliveries (e.g., due to backorders) occur, the cardholder must contact the merchant to determine the status of the remainder of the shipment. The cardholder should follow up with the merchant as necessary and make every effort to resolve the partial delivery. If every effort to resolve the issue with the merchant fails and the partial delivery becomes a dispute, contact the bank or the organization program coordinator for assistance. If delivery of the remaining supplies or services will take more than 30 days, the cardholder must ask the merchant to credit the account. If the merchant will not credit the account or if negotiations with the merchant are unresolved, the cardholder must complete a Government Cardholder Dispute Form and submit it to the bank with all supporting documentation
- b. *Damaged or unacceptable supplies.* Cardholders should promptly return any damaged or unacceptable supplies or request a credit for undelivered or deficient services. If the merchant agrees to replace the item and the new item is acceptable, the cardholder should approve the transaction. If the merchant refuses to replace the item, the cardholder should follow the instructions below.
- c. *Returning supplies to merchant.* The cardholder should, whenever possible, obtain a credit voucher from the merchant when returning supplies and attach a copy of the voucher to the card statement on which the credit appears. If the merchant is unwilling to issue a credit voucher, the cardholder should note the returned purchase(s) on the card statement and attach a postal or shipping receipt indicating that the item was returned. The cardholder should file a dispute in the Bank's EAS and submit the dispute to the Bank within 90 days of the transaction post date. It is at the discretion of the cardholder to use the vendor again. However cardholders must be aware of the merchants refund policy.

22. Review and Approve

The review and approve process is an essential internal control for ensuring proper use of the purchase card. Reviewing and approving ensures verification that charges from the Bank and that lines of accounting are correctly represented. A monthly report will be provided to DHS senior management as a

part of the Component's health assessment. CPOPCs will take administrative actions on cardholders and approving officials that have not completed the review and approval process. See [Appendix I](#) for review and approve actions.

Components not using the Bank's EAS for the review and approve functions will use a system that functions, to the maximum practicable extent possible, with the same processes the Bank's EAS uses to electronically manage the Purchase Card Program. The Component system must meet the 14-day account review and approve requirement. Component-specific card management systems must allow for Department-level transaction management and review and must provide processes that assure integrity of the payment system.

23. Receiving and Reconciling Bank Card Statements

The Bank provides an electronic statement of account to the cardholder at the end of each monthly billing cycle. Convenience check activity if applicable is included as charges on the cardholder statement. The cardholder must review the statement to ensure all charges are accurate and valid. This process complements the review and approve process the cardholder should have already completed. The billing cycle closing date for DHS cardholders is the 12th day of each month. The card statement lists purchases and transactions made in the previous billing cycle. The Bank also sends the payment center a daily invoice that lists all DHS account transactions.

24. Maintaining the Purchase Card

- a. *Account security.* The cardholder must exercise the greatest care to safeguard the assigned purchase card. The cardholder is accountable for the proper use and safeguarding of the assigned purchase card. The card will be kept in a secure location at the cardholder's place of work. The cardholder will not allow anyone else to use his/her purchase card. The same care is required for convenience checks and the cardholder will store all convenience checks securely.
- b. *Lost or stolen cards or convenience checks.* If a purchase card or convenience check(s) are lost or stolen, the cardholder will immediately report the lost or stolen cards or checks to the appropriate CPOPC/OPCs and to the Bank. Lost and stolen cards or checks can be reported to the Bank 24 hours a day, 7 days a week. If unauthorized charges appear on the statement for a card that has been reported as lost or stolen, the cardholder and the CPOPCs will immediately dispute the charges, track

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the actions related to the disputed charges, and actively resolve them through the dispute process.

25. Separation and Account Closure

- a. Cardholders who have separated from or transferred within their organization hierarchy or Component will notify the CPOPC within two weeks of departure so that the purchase card account can be properly closed and the card destroyed. This is a required action as part of the checkout/exiting process.
- b. Cardholders must review all transactions prior to leaving the agency.
- c. Convenience checks will be destroyed for separated employees.
- d. CPOPCs will work with Component Human Resources to receive a listing of separated employees on a monthly basis to ensure cardholder's accounts are properly closed out.
- e. Approving officials who are separating or no longer performing the approving process must notify their CPOPC of their replacement as soon as possible to ensure cardholders are assigned to a new approving official.
- f. Approving officials must approve, or if warranted, reject all pending transactions prior to leaving DHS.

26. Purchase Card Accounting Requirements

Each Component's purchase card program must provide suitable lines of accounting to activate the cardholder accounts in compliance with the Bank's data entry and payment processing to meet DHS daily payment requirements.

27. Payment Process

- a. On a daily basis, the Bank will transmit to the payment center an invoice file that will contain all purchase card transactions processed by the Bank for all Components.
- b. The payment center will make a separate payment daily to the Bank for each DHS Component after receipt of the invoice file. Each payment will be made by using the agency location code assigned to the Component.

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- c. The payment center will send a daily email containing daily payment information to each Component's accounting office and CPOPC.

- d. In order to provide assurance to its certifying official of the validity of each payment to the Bank, the payment center will have the ability to download purchase card transaction reports for all Components after each billing cycle.

28. Dispute Process

A disputed charge is a transaction that is either pending credit, unauthorized, or questionable by the cardholder. It is the responsibility of the cardholder to contact the Bank within 90 days of the date the transaction posted to dispute the transaction.

The cardholder must initiate the dispute process within 90 days either in the EAS system or by completing and sending in the dispute form available at the Bank's communication website. After 90 days, the right to dispute the charge is lost. The cardholder should follow up with the Bank while the dispute is active to ensure the Bank does not need additional information. The cardholder should inform the approving official and CPOPC of the disputed transaction. If the dispute resolution is not in the Component's favor, the Component is responsible for the payment.

29. Refund Management

Proper management of refunds is critical to ensuring that cost-effective purchase card programs have internal controls in place to identify and collect refunds. Refunds will be managed in accordance with the [Treasury Financial Manual \(TFM 4500\)](#).

The GSA Master Contract requires the Bank to pay quarterly refunds based on the purchase card charge volume and frequency of payment. Component finance offices reconcile the projected refund amount based on the amount negotiated in the task order and total quarterly spend.

- a. Refunds received from the Bank.
 - 1) Components must return refunds to the appropriation from which the charges were made in accordance with [OMB Circular A-123, Appendix B, Chapter 7](#), unless express statutory authority authorizes a Component to credit a different appropriation.

- 2) The quarterly refund may be used for the same purposes allowed under the appropriation account to which the refund is credited. Refunds credited to an expired account may not be used for new obligations. Consult Legal Counsel for advice on proper expenditures.
- b. Refunds received from a merchant.
- 1) The preferred and recommended method to receive refunds from a merchant is for the merchant to credit the cardholder's purchase card account. If a merchant is not able to credit a cardholder's account, the merchant may issue a refund check payable to the Department of Homeland Security/Component.
 - 2) Any refunds must be returned to the appropriation from which the charge was made in accordance with [OMB Circular A-123, Appendix B, Chapter 7](#), unless express statutory authority authorizes a Component to credit a different appropriation.
 - 3) When obtaining merchant-offered refunds/coupons or additional items offered as a result of purchase, items must be inventoried and logged as DHS property. Refunds/coupons must be mailed to the Component's appropriate financial manager (i.e., the Component-level finance manager). The cardholder must supply the DHS address to obtain these offers.

30. Organizational Reviews

At least monthly, or more frequently as deemed necessary by the CPOPC, the CPOPC or designee generates reports to review and monitor the transactions made by cardholders including convenience checks under their purview for compliance. The CPOPC may determine the need to ask questions or review receipts, source documents, or to see the purchased item. The CPOPC or designee is encouraged to conduct quarterly spend analysis to identify strategic sourcing opportunities.

Procedures

Within six months of publication, DHS's seven operational Components will develop and implement procedures and internal controls to comply with this policy.

Authorities and References

Authorities

[Federal Acquisition Regulation \(FAR\)](#) Parts 2, 3, 4, 8, 13, 22, 32 and 36)

OMB Circular A-123, Appendix B. [Improving the Management of Government Charge Card Programs](#).

[Title 48, Chapter 1, Code of Federal Regulations](#) (CFR)

References

[4 CFR Part 83, Privacy Procedures for Personnel Records](#)

[41 CFR Chapter 300–301, Federal Travel Regulation \(FTR\)](#)

[5 U.S.C. Chapter 57, Travel, Transportation, and Subsistence](#)

[5 U.S.C. 552a, Privacy Act of 1974](#)

[Davis Bacon Act](#)

[DHS Post-payment Audit Standard Operating Procedures](#)

Executive Order 13101, [Greening the Government through Waste Prevention, Recycling, and Federal Acquisition](#)

Executive Order 13423, [Strengthening Federal Environmental Energy & Transportation Management](#)

Executive Order 13514, [Federal Leadership in Environmental, Energy and Economic Performance](#)

Financial Management Policy Manual, [Section 3.8, Budgetary Accounting](#)

Financial Management Policy Manual, [Section 7.10, Conferences](#)

Financial Management Policy Manual, [FMPM Section 3.2, Part 3.2.1., Travel Card Manual](#)

Federal Accounting Standard Advisory Board, [Statement of Federal Financial Accounting Standards No. 6, Accounting for Property, Plant and Equipment](#)

Federal Management Regulation ([41 CFR 101-26.103-2](#))

Part 3.2.2 – Purchase Card Manual

Government Accountability Office (GAO) [Principles of Federal Appropriations Law](#)

GAO decision ([B-147622 December 7, 1961](#))

[The Resource Conservation and Recovery Act;](#)

[Joint Federal Travel Regulations \(JFTR\)](#)

[Homeland Security Act of 2002, Sec 833 b \(1\).](#)

[Management Directive 119-03, Personal Property Management Directive](#)

[Management Directive 1120, Capitalization and Inventory of Personal Property](#)

[Management Directive 064-04-01, Contracting Officer Warrant Program](#)

[Management Directive 0783, Ordering Official Certification](#)

[National Archives and Records Administration \(NARA\), \(General Records Schedules \(GRS\) 1.0.](#)

[Public Law 93-288, Robert T. Stafford Disaster Relief and Emergency Assistance Act. \(Stafford Act\) as amended, and Related Authorities as of June 2007.](#)

[Public Law 104-134, Debt Collection Improvement Act of 1996](#)

[Public Law 112-94, Government Charge Card Abuse Prevention Act](#)

[Service Contract Act, Subpart 22.4—Labor Standards for Contracts Involving Construction](#)

[Treasury Financial Manual \(TFM 4500\)](#)

Appendix A. Purchase Card Ordering Log

PURCHASE CARD ORDERING LOG — SAMPLE (Use only if electronic version is unavailable)									
Name			Office						
Log #	Order date	Date received	Description	Merchant Name	Accounting Code	Order total \$	Cumulative Order Totals for Cycle (NTE cycle limit)	Object Class	Property ID Number

I certify that I have purchased the above supplies or services in accordance with DHS purchase card procedures. I certify that, to the best of my knowledge and belief, all of my statements are true, correct, and complete, made in good faith, and are subject to Title 18, U.S. Code, Section 1001.

Cardholder signature

Date

Appendix B. Government Required Sources of Supply

Cardholders should adhere to the requirements of federal regulations and statutes, which require agencies to acquire supplies and services from designated sources if they are capable of providing them at a competitive cost and in the time required. Cardholders must review the required sources of supply below before placing an order with a commercial merchant. Cardholders and approving officials should contact the DHS Office of Procurement if they need assistance in determining whether their requirements can be satisfied by a government source of supply.

1. Supplies and Services

[See FAR, Part 8, 8.002 - Priorities For Use Of Mandatory Government Sources](#)

[See FAR, Part 8, 8.004 – Use Of Other Sources](#)

[See FAR, Part 22.10 – Service Contract Labor Standards](#)

2. Environmental Contracting

[See FAR, Part 23 - Environment, Energy and Water Efficiency, Renewable Energy Technologies, Occupational Safety, and Drug-Free Workplace](#)

Appendix C. Cardholder Agreement

1. As a purchase cardholder, I am cognizant that the card is to be used for official purchases only. Use of the card for other than official government business is improper and may be subject to disciplinary action to include removal from government service.
2. I understand that I will complete initial and biannual refresher training to keep the card active.
3. I understand that I may not exceed my single purchase and monthly spending limits.
4. I understand that I may not “split” purchases into smaller amounts to avoid the single purchase limit associated with the card.
5. I will validate purchases within seven days to allow my approving official to complete the review and approval process within fourteen days in accordance with DHS policy.
6. I understand to the maximum extent practicable, purchases at or below the micro purchase limit shall be distributed equitably among qualified suppliers.
7. I understand that I must safeguard the card and report to the issuing Bank and my CPOPC immediately if the card is lost or stolen.
8. I will obtain written approval from my approving and funding official prior to making each purchase (email approval is acceptable).
9. I understand that purchases at or below the micro purchase limit may be made without soliciting competitive quotations if the price is reasonable. If not reasonable, I will obtain competitive quotations.
10. I will dispute inaccurate charges with the Bank within 90 days of the transaction postdate.

I hereby acknowledge that I have read and understand the above and agree to the terms of the Cardholder Agreement and to abide by DHS policy.

Cardholder Signature

Date

This purchase card application is approved for processing.

Immediate Supervisor Signature

Date

Appendix D. Approving Official Agreement

1. As an approving official, I am cognizant that the card is to be used for official purchases only. Approving use of the card for other than official government business is improper and may be subject to disciplinary action to include removal from government service.
2. As an approving official, I will be held accountable, for failing to monitor purchase card usage consistent with applicable laws, rules, and procedures.
3. I understand that I will successfully complete initial and refresher training every two years.
4. I will ensure cardholders maintain complete and accurate purchase card records and logs.
5. I will approve cardholder purchases within fourteen days after cycle close in accordance with DHS policy.
6. I will ensure that the goods or services charged to the account were received and accepted by an independent third party.
7. If the cardholder is unavailable, I will perform the review and approval of the cardholder transactions.
8. I will assist cardholders as needed to ensure that personal property acquired using the purchase card is recorded into an appropriate asset control (or comparable) system.
9. I will monitor resolution of disputes and work with Procurement, Budget, and other administrative offices, as appropriate, to ensure that end-of-fiscal-year accruals related to open purchase card obligations are completed in order to account for unexpended funds in a timely manner.
10. I will ensure each purchase is supported by the appropriate documentation as required by the FAR and DHS policy.
11. I will maintain the approved portion of the review and approve process in a current status.

I hereby acknowledge that I have read and understand the above and agree to the terms of the approving official agreement and to abide by DHS policy.

Approving Official Signature

Date

This delegation for the above to become an approving official for the Purchase Card Program is approved for processing.

Immediate Supervisor

Date

Appendix E. Purchase Card Transaction Worksheet

DEPARTMENT OF HOMELAND SECURITY

PURCHASE CARD TRANSACTION WORKSHEET

1. Name of Cardholder:		2. Cardholder Telephone Number:		3. Cardholder Email Address:		4. Component:		5. Program/Office:	
6. Requestor Name:		7. Requestor Phone Number:		8. Date of Request:		9. Document ID Number:			
10. Ship To Address:				11. City:		12. State:		13. Zip Code:	
14. Vendor Name:				15. Vendor POC:		16. Vendor Phone Number:			
17. Vendor Address:				18. City:		19. State:		20. Zip Code:	
21. Detailed Justification for Purchase:									
22. Item #	23. Item Description	24. Stock Number	25. Quantity	26. Unit of Issue	27. Unit Price	28. Subtotals	29. Date Received		
1									
2									
3									
4									
5									
6									
7									
8									
9									
10									
Add Item		X							
ACCS 30. Accounting Data:									
31. Purchase Log ID:					32. ESTIMATED ORDER TOTAL:				
33. TO REQUIRED SOURCES for SUPPLIES				TO REQUIRED SOURCES for SERVICES			TO SPECIAL APPROVALS NEEDED		
<input type="checkbox"/> 1. Agency Inventories		<input type="checkbox"/> 5. Wholesale Supply Sources		<input type="checkbox"/> 1. ABILITY ONE		<input type="checkbox"/> 1. IT Request		<input type="checkbox"/> 5. OGC-Awards	
<input type="checkbox"/> 2. Excess from other Agencies		<input type="checkbox"/> 6. Optional Use GSA/FSS or DHS BPAs		<input type="checkbox"/> 2. Optional Use Unicor		<input type="checkbox"/> 2. Printing		<input type="checkbox"/> 6. Accountable Property	
<input type="checkbox"/> 3. UNICOR		<input type="checkbox"/> 7. Optional Use Federal Supply Schedules		<input type="checkbox"/> 3. Optional Use GSA/FSS or DHS BPAs		<input type="checkbox"/> 3. Branding		<input type="checkbox"/> 7. Other	
<input type="checkbox"/> 4. Ability One		<input type="checkbox"/> 8. Commercial		<input type="checkbox"/> 4. Optional Use of Federal Supply Schedules		<input type="checkbox"/> 4. Legal			
				<input type="checkbox"/> 5. Commercial					
Note: Attach all documents BEFORE signing									
34. FUNDS VERIFICATION OFFICIAL INFORMATION									
Printed Funding Official Name and Title:			Phone Number:		Date:		SIGNATURE:		
35. APPROVING OFFICIAL/ALTERNATE APPROVING OFFICIAL INFORMATION									
Printed Approving Official Name and Title:			Phone Number:		Date:		SIGNATURE:		
36. PURCHASE CARD HOLDER INFORMATION									
Card Holder Signature:				Date of Purchase:		AMOUNT PAID:			
37. ALL THE ABOVE ITEMS HAVE BEEN RECEIVED AND ACCEPTED (Third Party- Cannot be the cardholder or the approving official)									
Printed Name and Title:			Phone Number:		Date:		SIGNATURE:		
38. PROPERTY CUSTODIAN INFORMATION (Property Accountability)									
Printed Name and Title:			Phone Number:		Date:		SIGNATURE:		
39. LOCAL USE SIGNATURES (if needed)									
Printed Name and Title:			Phone Number:		Date:		SIGNATURE:		
Printed Name and Title:			Phone Number:		Date:		SIGNATURE:		
					<input type="button" value="Add Attachments"/>		<input type="button" value="Submit by Email"/>		

Appendix E. Purchase Card Transaction Worksheet (continued)

Purchase Card Worksheet Guidance

The following guidance should be used to complete the Purchase Card Worksheet. This worksheet provides a consolidated source for documenting and tracking purchase card requirements as established by applicable laws, regulations, and guidance. You must retain this form and all supporting documents in a central location for auditing purposes. This worksheet, along with the applicable documentation, should be submitted to the Component's Organization Program Coordinator for review during the Post Payment Audit process. Please contact the Component's primary organization program coordinator for any questions.	
Field	Guidance
1. Cardholder Name	Name of the actual cardholder making the purchase.
2. Cardholder Telephone Number	Phone number of the cardholder.
3. Cardholder Email Address	Email address of the cardholder.
4. Component	Component where the cardholder works.
5. Program/Office	Physical location where the cardholder works.
6. Requestor Name	Name of person requesting the supplies/services.
7. Requestor Phone Number	Phone number of person requesting the supplies/services.
8. Date of Request	Date the requestor submits the request.
9. Document ID Number	Unique number to identify the transaction. Determined by component.
10. Ship to Address	
11. City	Address supplies/services are to be delivered or consumed. Use the address where the goods are consumed for in-store purchases.
12. State	
13. Zip Code	
14. Vendor Name	Information of the vendor that the requestor got the initial quote for supplies/services from. This may or may not be the actual vendor the items are purchased from based on the Required Sources of Supplies/Services. If the vendor changes at the time the order is placed based on mandatory sources or pricing the cardholder will annotate the vendor the items were actually purchased from in these blocks by lining through the information and writing in the actual.
15. Vendor POC	
16. Vendor Phone Number	
17. Vendor Address	
18. City	
19. State	
20. Zip Code	
21. Detailed Justification for Purchase	Provide a 2-3 sentence narrative of why the supplies/services are needed for. Use the justification stated on the SF-182 for training request use the information.
22. Item #	N/A - Count function only.
23. Item Description	Requestor needs to give enough information in the item description to make sure the correct items are purchased. You can insert more lines if necessary or you may indicate "See Attached Sheet" if items are listed on another document.
25. Quantity	Number of items requested.
26. Unit Issue	List the unit issue stated price listing (EA, BX, PG, RO, etc.). ³⁰ Unit Price List the price of the requested item. The sum of unit pricing should tie to the estimated total.
28. Subtotals	
29. Date Received	The date the item was actually received.
30. Accounting Data	Funding source for purchase. Attached a copy of the BPA if using as funding source for requested purchase. Example: A BPA is used for shipping items via FedEx.
31. Purchase Log ID Number	Purchase Log ID Number or the Document ID number, if the bank system does not generate a Purchase Log ID Number.
32. Estimated Total	Calculated field no input required if filling out in excel. If written then the unit price times the quantity.
33. Required Sources of Supplies	Use as a check list to make sure you are looking at required sources in the proper sequence. If you are unable to satisfy requirements for supplies and services from the required sources listing then you are encouraged to consider satisfying requirements through other sources which have been identified as Optional Use. Please note: Optional use sources of supplies and services are not listed in any order of priority.
34. Funds Verification	Signature and date of person authorized to validate funds availability. Date must be PRIOR to the purchase being made. Can be an email if official is not physically available to sign prior to the purchase.
35. Approving Official	The card holders approving official (that is set up in the bank system) signs and dates PRIOR to the purchase being made. Typed name may be prepopulated by the card holder. It can be an email from the approving official if they are not physically available to sign prior to the purchase.
36. Purchase Card Holder	Card holder signs, puts date purchase was actually made and the actual amount paid.
37. Third Party Receipt	This signature indicates the items purchased were received by the government. Normally the person that requested the items would sign indicating receipt of the requested items. If items were delivered to a remote location an email from the person receiving the items can be used. Packing lists from the shipments with "Received By:" and the persons printed name, date and signature is acceptable. This signature can not be the card holder, approving official, or alternate approving official of the card holder making the purchase. The signature must be made by a government employee.
38. Property Accountability	Required for all items that require accountability.
39. Local Use Signature	These blocks can be used to put in any locally required approvals if needed. Some offices require some internal approvals based on total cost, prior to the purchase being made. If none are required for your office, you can remove them from the PCTW.
NOTES: * Invoice or confirmation of delivery must be attached. * Special approval is required for all computer related purchases (Hardware, Software, Services). Attach Approved ITS. * OMB A-123 requires that duties of approver, purchaser, and receiver be separate. * Copy of SF-182 required for all training classes. * Shipping charges \$100 or more requires a separate invoice. * If AO gives email approval for purchase a copy of an email indicating this must be attached.	

Appendix F. Mandatory MCC Blocks unless approved by DHS HQ Bankcard member

Code	Description
4829	Wire Transfers – Money Orders
5499	Miscellaneous Food Store
5681	Furriers and Fur Shops
5814	Fast Food Restaurants
5921	Package Liquor Stores
5932	Antique Shops
5933	Pawn Shops
5937	Antique Reproductions
5944	Jewelry Stores
5960	Direct Market Insurance
6010	Financial Institutions Manual Cash Advance
6011	Financial Institutions Automated Cash Advance
6051	Nonfinancial Institutions – Foreign Currency, Money Orders, Travelers Checks
6211	Security Brokers/Dealers
6760	Savings Bonds
7012	Timeshares
7273	Dating and Escort Services
7297	Massage Parlors
7995	Betting Casino Gaming Chips, Off-Track Betting
8651	Political Organizations
9211	Court Costs, Alimony, Child Support
9222	Fines
9223	Bail and Bond Payments
9311	Tax Payments
9700	Automated Referral Services

Appendix G. Recommended MCC Blocks

RECOMMENDED MERCHANT CATEGORY CODE (MCC) BLOCKS			
Name	Description	Code	Description
MCCG6	Other Travel I	4723	GERMANY ONLY
		4411	STEAMSHIP/CRUISE LINES
		4457	BOAT RENTALS & LEASES
		5541	SERVICE STATIONS
MCCG08		5542	AUTOMATED GAS DISPENSERS
		5531	AUTO/HOME SUPPLY STORES
		5532	AUTOMOTIVE TIRE STORES
		5533	AUTOMOTIVE PARTS STORES
		7519	MOTOR HOME/RV RENTALS
		7535	AUTO PAINT SHOPS
		8011	DOCTORS
		8021	DENTISTS/ORTHODONTIST
		8031	OSTEOPATHS
		8041	CHIROPRACTORS
		8042	OPTOMETRISTS/OPHTHALMOLOGIST
		8043	OPTICIANS
		8044	OPTICAL GOODS & GLASSES
		8049	CHIROPODISTS / PODIATRISTS
		8050	NURSING/PERSONAL CARE FAC
		8062	HOSPITALS
	8071	MEDICAL/DENTAL LABS	
	8099	MED/HEALTH SERVICES	

RECOMMENDED MERCHANT CATEGORY CODE (MCC) BLOCKS			
Name	Description	Code	Description
MCCG14	Misc. Services	5698	WIG AND TOUPEE STORES
		7230	BARBER/BEAUTY SHOPS
		7296	CLOTHING/RENT/COSTUME/UNIFORM
MCCG15	Entertainment	4468	MARINAS, SERVICE & SUPPLY
		7832	MOTION PICTURE THEATRES
		7841	VIDEO TAPE RENTAL STORES
		7911	DANCE HALLS/STUDIOS/SCHOOLS
		7922	THEATRICAL PRODUCERS
		7929	BANDS/ORCHESTRAS/ENTERTAIN
		7932	BILLIARD/POOL ESTABLISHMENT
		7933	BOWLING ALLEYS
		7941	COMMERCIAL/PRO SPORTS
		7991	TOURIST ATTRACTIONS AND XHB
		7992	PUBLIC GOLF COURSES
		7993	VIDEO AMUSEMENT GAME SUPPLY
		7994	VIDEO GAME ARCADES/ESTABLIS
		7996	AMUSEMENT PARKS/CIRCUS
7998	AQUARIUMS/REC SERV		
7999	AMUSEMENT/REC SERV		
MCCG16	Florists & Greeting Cards	5193	FLORIST & NURSERY SUPPLIES
		5977	COSMETIC STORES
		9402	POSTAGE STAMPS
MCCG18	Charitable Orgs, Schools	8211	ELEMENTARY/SECONDARY SCHOOLS
		8220	COLLEGES/UNIV/JC/PROFESSION
		8241	CORRESPONDENCE SCHOOLS

RECOMMENDED MERCHANT CATEGORY CODE (MCC) BLOCKS			
Name	Description	Code	Description
MCCG18	Charitable Orgs, Schools (cont.)	8299	SCHOOLS – DEFAULT
		8699	MEMBER ORGANIZATIONS
MCCG21	Auto Dealers, Parts, and Service Stations	5511	AUTO DEALERS/NEW AND USED
		5521	AUTO DEALERS USED ONLY
MCCG22	Other Transportation Dealers	5551	BOAT DEALERS
		5561	TRAILER CAMPER DEALERS
		5571	MOTORCYCLE DEALERS
		5592	MOTOR HOME DEALERS
		5598	SNOWMOBILE DEALERS
		5599	MISC AUTO DEALERS
MCCG24	Telecom Services and Utilities	4899	CABLE TV SERVICES
		4900	UTILITIES/ELEC/GAS/H2O/SANITATION
		6300	INSURANCE SALES/UNDERWRITE
MCCG25	Misc. Financial Services	7032	SPORT/RECREATIONAL CAMPS
		7033	TRAILER PARKS/CAMP SITES
		7261	FUNERAL SERVICE/CREMATORIES
		7276	TAX PREPARATION SERVICE
		7277	COUNSELING SERVICE – ALL
		8351	CHILD DAY CARE SERVICES
		7321	CONSUMER CR REPORTING AGENCY
7393	DETECTIVE/PROTECTIVE AGENCY		

RECOMMENDED MERCHANT CATEGORY CODE (MCC) BLOCKS			
Name	Description	Code	Description
MCCG29	Professional Services	8111	LEGAL SERVICES ATTORNEYS
		8911	ARCHITECTURAL/ENG/SURVEY
		8931	ACCOUNTANTS/AUDITORS/BOOKPR
MCCG31	Home Furnishings and Improvements	5211	LUMBER/BUILD SUPPLY STORES
		5271	MOBILE HOME DEALERS
		5713	FLOOR COVERING STORES
		5718	FIREPLACES & ACCESSORIES
		5719	MISC HOME FURNISHING
MCCG32	Household Appliances	5722	HOUSEHOLD APPLIANCE STORES
		5963	DIRECT SELL/DOOR-TO-DOOR
MCCG33	Mail Order, Catalog Order, Telemarketing	5912	DRUG STORES & PHARMACIES
		5945	HOBBY, TOY & GAME SHOPS
MCCG35	Grocery and Convenience Stores	5422	FREEZER/MEAT LOCKERS
MCCG36	Misc. & Specialty Retail I	5948	LUGGAGE/LEATHER STORES
		5950	GLASSWARE/CRYSTAL STORES
MCCG37	Misc. & Specialty Retail II	5973	RELIGIOUS GOODS STORES
		5975	HEARING AID/SALES/SERVICE
		5976	ORTHOPEDIC GOODS
		5993	CIGAR STORES/STANDS
		5995	PET STORES/FOOD & SUPPLY
		5996	SWIMMING POOLS/SALES/SERVICES
		5122	DRUGS, DRUGGIST SUNDRIES

RECOMMENDED MERCHANT CATEGORY CODE (MCC) BLOCKS			
Name	Description	Code	Description
MCCG38	Wholesale Trade	5137	COMMERCIAL CLOTHING
		5139	COMMERCIAL FOOTWEAR
		5094	PRECIOUS STONES & METALS
		5310	DISCOUNT STORES
		5411	GROCERY STORES
		5732	ELECTRONICS STORES
		5734	COMPUTER SOFTWARE STORES
		5735	RECORD STORES
		5946	CAMERA & PHOTO SUPPLY STORE
		5964	CATALOG MERCHANT
		5965	COMBINATION MAIL/RETAIL
		5969	OTHER DIRECT MARKETERS
MCCG39	High Risk I	7298	HEALTH & BEAUTY SPAS
		7622	RADIO/TV/STEREO REPAIR SHOP
		7629	SMALL APPLIANCE REPAIR
		7631	WATCH/CLOCK/JEWELRY REPAIR
MCCG40	High Risk II	5311	DEPARTMENT STORES
		5611	MEN/BOYS CLOTHING/ACC STORE
		5621	WOMENS READY TO WEAR STORES
		5631	WOMENS ACCESS/SPECIALTY
		5641	CHILDREN/INFANTS WEAR STORE
		5651	FAMILY CLOTHING STORES
		5655	SPORTS/RIDING APPAREL STORE
		5661	SHOE STORES
		5691	MENS/WOMENS CLOTHING STORES

Appendix H. Statement of Missing Receipt

This document is to be used if a receipt is lost or stolen. Please print or type all information.

STATEMENT OF MISSING RECEIPT

1. Name of merchant—

2. Merchant address—

3. Purchase card number— _____
4. Date of charge(s)— _____
5. Purchase card charges—

TRANS DATE	TYPE OF MERCHANT	TRANS AMOUNT	STATEMENT DATE

6. Reason why the above transaction(s) does not have a receipt—

Cardholder's Signature

Date

Approving Official's Signature

Date

Appendix I. Review and Approve Actions

Cardholders and/or approving officials. To review and approve the transactions made using the purchase card, the cardholder and/or approving official must—

- a. Log onto the Bank's EAS within 14 days of cycle close to review the transactions shown. Complete instructions for accessing and working in the EAS are provided to cardholders and approval officials when the purchase card is issued.
- b. Review all information for accuracy, ensuring there are no additional charges.
- c. Verify that expenses are correct.
- d. For any disputed charges, contact the merchant and attempt to resolve the questionable transactions.
- e. Attest that each transaction is valid and was for official DHS business (unless there are disputed items). If a dispute has been filed, note the disputed transaction and attach a copy of the dispute form with the transaction documentation provided to the approving official.

Approving official actions. Approving officials will—

- a. Once the transactions have been reviewed and checked off by the cardholder, the transaction is available for the approving official to approve.
- b. Ensure the review and approval process is completed within 14 days after the cycle close date.
- c. Approve cardholder transactions to ensure all charges were allowable, conducted within acquisition guidelines and documentation is complete. The approving official will follow up with the cardholder regarding any questionable items.
- d. Ensure cardholders follow through in resolving disputed items with the merchant and the Bank.
- e. Access the EAS to ensure all accounts within their purview are approved and charges have been allocated within 14 days of the cycle close date.

Use of the EAS. Cardholders and approving officials will use the EAS to conduct review and approve activities. The system may be accessed from any Internet browser with a direct connection to the Bank.

Reallocation to accounting codes. Cardholders are responsible for reallocating all card purchases to the proper accounting codes within the constraints established by the CFO. This reallocation should be conducted as specified in FMPM Section 3.8, Budgetary Accounting during the review and approve process.

Activity reporting of compliance with Risk Management and Assurance policies. All transactions placed on the purchase card are processed in the Bank system. After 14 days following the close of the billing cycle, the Bank reporting team generates a report from the Bank system that compares the total transactions for a card with those the cardholder has reviewed and the approver approved. This information is presented to DHS senior management in a report format indicating the percentage of each Component's review and approve success for the cycle.

Administrative actions. The CPOPC will take administrative actions on cardholders and approving officials that have not completed the review and approve process. An account that has not completed the review and approve process within 60 days of cycle close must be suspended and remain suspended until transactions have been reviewed and approved. The CPOPC will explain that actions were taken as described in this section and submit explanation along with their quarterly report on dollar value of refunds, amount spent using the purchase cards, and number of transactions.

Review and reports. Purchase Card Program managers, auditors and DHS Risk Management and Assurance Division personnel within DHS CFO will use the EAS for financial reviews and audits of the purchase card program and for ad hoc reports on identifiable expenditures.

Glossary

The following tables contain definitions of the acronyms and terms used in this policy.

Acronym	Definition
APC	Agency Program Coordinator
CFO	Chief Financial Officer
CFR	Code of Federal Regulations
CHCO	Chief Human Capital Officer
CPO	Chief Procurement Officer
CPOPC	Component Primary Organization Program Coordinator
DHS	Department of Homeland Security
EAS	Electronic Access System
FAR	Federal Acquisition Regulation
GAO	Government Accountability Office
GSA	General Services Administration
HCA	Head of the Contracting Activity
IT	Information Technology
LPO	local property officer
MCC	merchant category code
NARA	National Archives and Records Administration

Acronym	Definition
OIG	Office of Inspector General
OPC	Organization Program Coordinator
U.S.C.	United States Code

Term	Definition
accountable property	The formal records of personal property which assign specific responsibility for control to an individual. Such records may control single items or aggregates of similar property.
agency program coordinator	DHS HQ employee assigned by the CFO to have overall responsibility for the DHS-wide Purchase Card Program.
approving official	A DHS government employee who has a number of cardholders under his/her purview and who verifies that cardholder's purchases were made in accordance with applicable regulations, policies and procedures.
card account	Documentation sent to the cardholder from the Bank on a monthly basis showing purchases, payments, and/or credits for a specific cycle.
cardholder	A DHS government employee to whom purchase authority has been delegated or who is a warranted contracting officer and has been given a purchase card.
cardholder account	An account established by the Bank for an authorized employee to which official government charges can be made.
convenience check	A contractor provided product and service which allows checks to be written on a purchase card account within established dollar limits.
CPOPC	DHS employee assigned at the Component level to oversee and manage the Purchase Card Program.

Term	Definition
declined transaction	A transaction that has been refused by the Bank's transaction authorization system.
disputed charge	A disagreement between the cardholder and merchant regarding a transaction on the cardholder's statement of account.
EAS	The Bank's electronic access system or a DHS-approved system to obtain cardholder information/reporting to comply with DHS policies and procedures.
Federal Acquisition Regulation	The primary federal regulation established to provide uniform acquisition policies and procedures for acquisition for most executive agencies.
funding official	A DHS government employee who verifies adequate funding is available prior to cardholder's purchase.
Head of the Contracting Activity	Certain individuals with procurement authority appointed by the Chief Procurement Officer.
Invoice	Contains detailed information (units, price per units, item description) of the amount owed for goods or services provided.
merchant category code	A categorization of the type of business the merchant is engaged in and the kinds of goods and services provided.
micro-purchase	An acquisition of supplies or services using simplified acquisition procedures, the aggregate amount of which does not exceed the micro-purchase threshold.
order confirmation	Contains details for an online order of what was purchased.
ordering official	DHS employee (non-warranted) authorized to purchase supplies against pre-established mechanisms over the micro purchase threshold

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Term	Definition
organization program coordinator	DHS employee assigned at the Component level to assist the CPOPC with the management of the purchase card program.
personal property	Any property except real property. Personal property includes equipment, machine tools, test equipment, and vehicles. Personal property also includes temporary improvements to land such as trailers, garages, modular buildings, and generators. Also, non-consumable goods purchased for official use that meet or exceed the dollar threshold for reporting to an inventory control system.
purchase card	Card issued to authorized cardholders to make and/or pay for official government purchases.
purchase limits	Limits systemically assigned to the specific cardholder's account to govern the use of the account.
receipt	Proof of payment that contains details of what was purchased such as units, unit price, item description, total price, taxes, etc.
senior financial officer	Individual delegated authority to by the CFO to implement and comply with DHS financial management policies and procedures.
simplified acquisition	An acquisition of supplies or services conducted using simplified procurement procedures.
split purchase	Intentional breakdown of a known requirement into two or more purchases to avoid exceeding the cardholder single purchase limit.

Summary of Changes

- Added clarifying language to the responsibilities of the DHS Chief Human Capital Officer (CHCO) to establish and implement procedures, guidelines, and disciplinary action for misuse/abuse of the purchase card. (page 3)
- Added clarifying language to the responsibilities of the Director of Financial Management to approve any deviation from the purchase card policy. (page 3)
- Corrected the title of the Component CFO to Component Senior Financial Officer. (page 5)
- Added clarifying language to the responsibilities of the Agency Program Coordinator to confirm the completion of all necessary training for the Component Primary Organization Program Coordinator. (page 5)
- Added guidance on the completion of DHS Form 1501 to include a timeframe of no more than five business days for completion of the DHS form 1501 and the purchase of goods or services. (page 9)
- Increased the micro-purchase limit from \$3,000 to \$3,500. (page 11)
- Updated documentation retention to six years based on the US National Archives and Records Administration (NARA) requirements. The previous requirement was six years and three months. (page 14)
- Added clarifying language to the responsibilities of the Cardholders and approving officials to implement controls to address the physical security and identification of users for purchase cards that are assigned to an office. (page 15)
- Added language to limit the use of convenience checks. Only two convenience checks may be issued to the same vendor in any given year. (page 17)
- Added guidance on the use of third party processors. In accordance with the [Annual Fiscal Services Innovations](#) Memo dated April 21, 2016; the Department now considers the use of third party payment processors (e.g., Square, Square Cash, PayPal, Google Wallet, Skrill, etc.) to be an accepted method of payment when using the purchase card. (Page 17)

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- Updated the language for the authorized use and procedures for use of the purchase card to increase the threshold for allowable purchases that exceed the approved amount from \$10 to \$100. (page 22)
- Updated the language for the authorized use and procedures for use of the purchase card to require cardholders to take special care to avoid anti-deficiency violations and ensure the availability of funding prior to purchase. (page 22)
- Updated the language for the authorized use and procedures for use of the purchase card to remove the requirement for cardholders to notify the organization program coordinator of purchases made through merchants that do not grant tax exemptions. (page 22)
- Defined the timeframe of a leased vehicle as one year or more. (page 24)
- Removed the requirement to obtain special approval to use the purchase card to rent space (e.g. meeting and conference). (page 25)
- Clarified language on Awards/Recognition. The purchase card may be used to purchase individual award item of no more than \$100 (including shipping, etc.). Individual award item in excess of \$100 or any award to a non-federal award recipient (including contractors) requires a written justification and approval from Legal Counsel. (page 26)
- Added language to clarify the restrictions on the use of funds for bottled water, food, and beverages which require written justification and approval from legal counsel prior to purchase. (page 27)
- Added clarifying language to further define the cardholder/approving official Tier I, II, and III violations. Officials are required to consult with Component Human Resources and Legal Counsel prior to taking action. (page 30-32)
- Added language to provide guidance on the use of quarterly refunds. Funds may be used for purposes allowed under the appropriation account for which the refund is credited. Refunds credit to expired accounts may not be used for new obligations. (page 38)
- Added guidance to require, within six months of publication, the seven operational DHS Components to develop and implement procedures and internal controls to comply with policies within this manual. (Page 39)

Summary of Changes

Revision Type: Moderate Revisions

Changes: Moderate changes effective July 27, 2017

- Updated hyperlink to the DHS Post Payment Audit Standard Operating Procedures (page 6 & 40)
- Added clarifying language to the responsibilities of the Component Primary Organization Program Coordinator to obtain a detailed justification for cardholder inactivity. (page 7)
- Added clarifying language to the role of the Approving Official and the Cardholder profile to further define an independent third party as another government employee and not a cardholder or an approving official. (page 8 & 10)
- Added clarifying language to the role of the Cardholder and corrected a typo which previously noted an allowable threshold of \$25 for receipts that exceed the DHS form 1501. The corrected amount is \$100, however the supporting documentation must indicate that the additional funds were available and approved prior to the purchase. (page 9 & 26)
- Added clarifying language to correct a typo related to the role of the Cardholders to notify a local property officer with three days after acquiring accountable, sensitive, and/or hazardous personal property. The correct allowable time period is five days. (Page 10 & 34)
- Added clarifying language to further explain the justifications required to support the authorization for a temporary override of a blocked merchant category code. (Page 15)
- Added clarifying language to further explain the application process and requirements needed to obtain a purchase card. (Page 15)
- Added language to further clarify the authority of the Assistant Director of Financial Management Division, Bankcard and Review Branch to approve the use of additional convenience check. (Page 16&21)
- Added clarifying language on the use of third party payment processor to limit cardholder's use of third party payment processor to cases in which the merchant will not accept the purchase card. (Page 18&21)
- Added clarifying language to Use of Funds Issues to define general-use areas as corridors, lobbies, restrooms, meeting spaces, etc. (Page 27)

- Added clarifying language to address Cardholder responsibility to resolve partial delivery of supplies or services which take more than 30 days for delivery. Cardholder must ask the merchant to credit the account and following the standard procedures as outline within this policy. (Page 35)
- Reformatted and rephrased text to provide clarity throughout the document.