



SmartPay 3 Program Management Office

Government Purchase Card FAQs

1. What is a Government purchase card?

The Government purchase card is the preferred procurement and payment method for micro-purchases (purchases \$10,000 and below) of goods and services. It streamlines the purchasing process by eliminating the need for numerous purchase orders and payments. The issuing bank provides payment to the vendor within 24-48 hours, and issues the Government a monthly statement.

2. Who may use a Government purchase card?

DHS employees who have completed DHS purchase card training may, after obtaining written approval from a supervisor, use an assigned government purchase card to purchase supplies, services, and construction.

3. How do I get a Government purchase card?

An employee must first be nominated by their first level supervisor or appropriate senior official to become a purchase card cardholder. Upon nomination, the employee must complete the DHS online purchase card training before they receive final cardholder approval. Cardholders must retake this training every two years to maintain certification to use a purchase card.

4. Which goods or services CAN be purchased with a Government purchase card?

The purchase card can be used to purchase many commercial supplies and services, including, but not limited to: office supplies and equipment; local public transportation fare for staff; office supply repair service; local conference registration fees; and short-term (less than 60 days) rent for meeting and conference rooms. The cardholder should check with their Component primary organization program coordinator (CPOPC) to know the single purchase and monthly limits established on the card. Most cardholders cannot exceed the micro purchase threshold of \$10,000.

5. Which goods and services CANNOT be purchased with a Government purchase card?

Per GSA restrictions, the purchase card cannot be used to purchase the following: long-term rental or lease of land or buildings; telephone services under GSA authority (not including cell phones or pagers); cash advances, unless specifically allowed by the Component; and meals, beverages, lodging, vehicle



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rentals/leases, airline/bus/train/boat tickets or other travel expenses while traveling under official government orders. DHS restrictions further limit the purchase card from being used to purchase the following: ammunition and weapons; gasoline and vehicle maintenance; legal services; contractors; real estate services; prepaid phone cards; personal convenience items; lodging; and postage stamps.

6. How do I use a Government purchase card?

Cardholders **must** send a written request to, and receive in return a written approval from their immediate supervisor and their approving official prior to making any purchase. The approving official must ensure that the purchase is valid, and that the transaction falls within the cardholder delegation of authority. Once obtaining this approval, cardholders must verify that funding is available and then may make the purchase. The local property officer must be notified when accountable, sensitive and/or hazardous property is received.

7. Which receipts must be kept and processes followed after using a Government Purchase Card?

Cardholders must keep a log of all transactions and retain all receipts. Within 14 days of receiving their monthly billing statement, cardholders must certify receipts by obtaining third-party approval, annotating account codes, identifying and formally disputing with the bank any disputed items, and completing all documentation needed for processing before forwarding this material to their approving official for review. **Cardholders are encouraged to complete these processes electronically in PaymentNet well in advance of the 14-day deadline.**

8. Are there any special precautions that I need to take when ordering accountable, sensitive and/or hazardous material?

Yes. You must notify a local property officer before or within a reasonable time 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.

9. What penalties are there for misuse of the card?

Intentional use of the purchase card for other than official government business constitutes misuse, and depending on the facts, may constitute fraud. In the case of card misuse, the employee will be held personally liable to the Government for any unauthorized (non-Government) transaction. Purchase card fraud or misuse may have the following consequences: counseling, canceling of the card, notation in employee's record, and/or reprimand. Depending on the facts



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involved, an employee may be subject to fine or imprisonment for action relating to purchase card misuse and fraud.

10. What should I do if I suspect purchase card misuse?

All DHS employees must report suspected purchase card fraud or misuse to the Office of Inspector General by telephone at 800-323-8603 or through the following website: http://www.dhs.gov/xoig/about/gc_1163703329805.shtm.

11. What should I do when a transaction is declined?

Contact your CPOPC.

12. Is the use of the Purchase Card Transaction Worksheet (PCTW), DHS Form 1501 mandatory?

Yes. Section 11.C. of the Purchase Card Manual requires its use unless the card is used as a payment mechanism against an existing contract. The policy states:

“The cardholder must use the following procedures when placing an order:

Fill out the Purchase Card Transaction Worksheet (DHS Form 1501). This form must be completed whenever the purchase card is used. Contracting officers and ordering officials using the purchase card as a payment mechanism against an already existing contract do not have to complete the DHS Form 1501. However, the same DHS policies apply to keep and provide supporting documentation as needed for audit purposes and the review and approval process.”

13. Once all approvals have been received as required by the PCTW, for how long is the authorization valid?

A product or service order must be completed within five business days following the completion of the DHS Form 1501.

14. Can the PCTW be prepopulated for dates?

No. The form cannot contain pre-filled dates.

15. What is the difference between (1) an incidental and recurring purchase and (2) an in-store or online purchase.

Incidental purchases are ones where there is not an existing contract or recurring order established. All post-payment audit (PPA) attributes apply to incidental purchases.

A recurring order is one where an initial and continuing portion of the order was approved and continuing, periodic services/supplies will be made against the order on an agreed upon frequency. However, this is not a contract as the order



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can be cancelled at any time without a cost to DHS. A good example would be a subscription to a magazine or newspaper where the order is renewed at the end of the period unless cancelled. All PPA attributes are applicable except the original PCTW for the first order is used to demonstrate the approval except for funds obligation as this must be in place at the automatic reorder point. A new proof of funds obligation is required for each recurring order.

In-store purchase is where the cardholder has a properly completed PCTW for an item or service and goes to the real property store to acquire these items. An example would be buying a toner package directly from the office supply store that is part of our strategic sourcing requirement. All PPA attributes apply.

Online purchase is when an item is ordered over the internet. The only difference between this order and an in-store purchase is that the cardholder will receive an e-mail order confirmation instead of an invoice with receipt.

16. Is there a dollar amount that an order can exceed the PCTW?

Provided documentation indicates that sufficient funds were obligated upon the ordering of the goods or services, a threshold of \$10.00 is allowed if the actual receipt indicates an amount over the amount ordered. However, the cardholder must justify this difference when documenting the purchase receipt and provide this documentation if the transaction is selected for PPA review.

17. What are the approval process and documentation requirements for disaster-related purchases?

The FEMA SOP Disaster Plan for Purchase Card Usage pages 8 – 12 defines the requirements for using a FEMA Disaster Purchase Card.

Cardholders not using the FEMA Disaster Purchase Card must follow standard DHS/Component procedures.

Sometimes, for extreme emergencies, the micro-purchase limit for purchase cards will be raised. These increased limits are only applicable to specific disaster cost, for specific cards whose single purchase limit has been increased. This increase cannot occur until such time as the DHS CFO and CPO have jointly signed a letter authorizing such increase. This increase in micro-purchase limits does not change the documentation and approval process for the card use.



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18. What is the approval process to pay for meals, refreshment, and/or lodging for mission critical employees?

Meals, light refreshments, and lodging for any DHS employee not on travel status is prohibited for all Components, except FEMA, unless payment for such has been specifically authorized in writing by the OGC. Since FEMA has special authorization for approvals, FEMA employees must follow FEMA policies.

19. Establish guidelines in regards to segregation of duties between cardholder, funding official, and approving official for Components based on size and operation of Components.

Section 4 of the *Purchase Card Manual* part a. stipulates a separation of duty related to the program. The cardholder, approving official, and funds approving official must be three separate people. However, recognizing that DHS has some small office operations where this separation of duties may not be possible, part b. provides that a Component may request a waiver of the three different people requirement from the DHS Purchase Card APC. Only with this approval in writing may the three separate person requirement be altered.

20. What is accountable property and what documentation is required for appropriate review and validation.

The current MD 1120 section VI.2 indicates that accountable personal property would include:

- a. Telephones and electronic equipment, including Blackberry devices and cell phones: \$1,000 and over.
- b. Information technology components having memory and software license: any price.
- c. Vehicles: any price.
- d. Weapons: any price.
- e. Other personal property: \$5,000 and over.

21. What is the difference between an invoice, bill, order confirmation and a receipt?

An invoice or a bill is detailed documentation (units, price per unit, taxes, shipping, etc.) of what is to be paid, usually at a later time. An invoice or bill specifies terms and conditions of payment as well as the due date. It indicates the amount owed to the vendor for goods or services provided.



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Receipt is proof of payment and contains details of the purchase such as units, price per unit, taxes, etc.

Order confirmation is received for an on-line order and, if it contains the details of what was ordered such quantity, unit price, last four digits of the bank card used to make payment, etc., is a receipt for the on-line purchase where the bank card was used for payment.

Examples:

- A. When a repair facility completes their work, a work order is finalized indicating details of the work performed and the total price. This is the invoice/bill for the work. If it was sent to DHS processing, it would be paid as with other bills.
- B. If an automotive work order is to be paid when the asset is picked up from the vendor, the bank card is used, but the slip that is signed usually only shows the total dollar amount without the breakout for work performed. It is only when the charge slip is attached to the work order that there is a complete receipt as a receipt must indicate the detail of what is being paid.
- C. When fuel is put in a vehicle at a retail at-the-pump location and a fleet card is used to pay for that purchase, the resulting document indicates the gallons purchased, the cost per gallon, the total cost, location of purchase, last four digits of the bank card, and the date. This is a receipt.

22. Is the PPA Checklist required for Post Payment Audits?

Yes. The checklist must be completed for each PPA sample and all supporting documentation for all passed attributes must be kept in a central location. When a particular PPA sample is selected for the Quality Assurance Review by DHS CFO, Risk Management and Assurance (RM&A), the checklist and attached support must be provided to RM&A.