

FEDERAL COMMUNICATIONS COMMISSION Washington, D.C. 20554 FCC DIRECTIVE	Title	
	Use of Federal Government Purchase Card	
	Directive Number: FCCINST 1097.3	Effective Date: March 01, 2018

1. **PURPOSE:** This directive establishes the policy for use of the Federal Communications Commission's (FCC or Commission) Government Purchase Card. The purpose of this directive is to ensure that applicable Federal laws, statutes, and regulations pertaining to the use of Government Purchase Cards are followed, and to establish agency-specific policies and procedures pertaining to procurement activities.
2. **CANCELLATION:** This instruction replaces FCCINST 1097.2, dated April 13, 2015.
3. **AUTHORITY:**
 - a. 5 U.S.C. § 301 (Departmental regulations).
 - b. 41 U.S.C. § 1909 (Management of purchase cards).
 - c. 31 U.S.C. §§ 1341, 1342, 1512 (provisions of the Anti-Deficiency Act (ADA)).
 - d. Executive Order 12931 (Federal Procurement Reforms).
 - e. 48 C.F.R. § 13.301 (Governmentwide commercial purchase card) and 48 C.F.R. Chapter 1 (passim) (provisions of the Federal Acquisition Regulation (FAR)).
 - f. OMB Circular A-123, Management's Responsibility for Enterprise Risk Management and Internal Control, Appendices A (Internal Control over Reporting) and B (Improving the Management of Government Charge Card Program).
 - g. Treasury Financial Manual, Vol. I, Pt. 4, Ch. 4500 (Government Purchase Cards).
4. **SCOPE:** This directive applies to all Bureaus and Offices within the FCC that require purchase card procurement actions by the Commission.
5. **DEFINITIONS:**
 - a. **Abuse:** The purchase of authorized supplies or services at terms (e.g., price, quantity) that are excessive or for a questionable government need, or both. Examples: Purchase of a \$300 day planner rather than one that costs \$45; bulk or year-end purchases of items for which there is no known current need.
 - b. **Agency Program Coordinator (APC):** The APC serves as the agency's charge card manager and is responsible for implementation and oversight of the FCC's Purchase Card Program.
 - c. **Anti-Deficiency Act (ADA) Violation:** Very generally, making or authorizing an expenditure from, or creating or authorizing an obligation under, any appropriation or fund for an unauthorized purpose, in excess of the amount available, or in advance of an appropriation,

unless authorized by law.

- d. Approving Official (AO): An individual with oversight and approval responsibility for the purchase card activities of a limited number of cardholders under his or her authority.
- e. Billing Cycle: A recurring monthly period for which Statements of Account (SOA) are processed. The current billing cycle for FCC purchase cards begins on the 10th day of each month and ends on the close of the 9th day of the following month.
- f. Billing Cycle Purchase Limit: The spending limit imposed on a cardholder's cumulative purchase card transactions in a given Billing Cycle.
- g. Cardholder: The individual government employee to whom a government purchase card is issued to purchase goods or services and pay for official expenses in compliance with applicable regulations.
- h. Contracting Officer (CO): A government employee who holds a warrant authorizing him or her to enter into, administer, or terminate contracts and make related determinations and findings.
- i. Fraud: Any act of corruption or attempt to cheat the government or corrupt the government's agents. For the purposes of this directive, use of government charge cards to transact business that is not sanctioned, not authorized, not in one's official government capacity, not for the purpose for which the card was issued, or not as a part of official government business, are examples instances of fraud.
- j. GSA SmartPay®: The Federal Government's charge card program. It provides federal agency cardholders with a means to pay for commercial goods and services, travel and travel-related expenses, and fleet vehicle expenses. Charge cards are issued through contracts with charge card banks that are a part of the SmartPay® program. These contracts, collectively referred to as the "Master Contract," are administered by the U.S. General Services Administration (GSA).
- k. Improper Purchase: Any purchase that should not have been made or that was made in an incorrect amount under statutory, contractual, administrative, or other legally applicable requirements. Incorrect amounts include overcharges and undercharges. An improper purchase can be one of two types: unauthorized or incorrect.
 - Unauthorized purchase: Use of a charge card for other than the official government purpose(s) for which it is intended.
 - Incorrect purchase: A mistake that is the result of an unintentional error during the purchase process. A series of seemingly incorrect purchases may require investigation to determine whether these purchases are actually unauthorized purchases.
- l. Merchant Category Code (MCC): A four-digit number assigned to a merchant by MasterCard or VISA when the merchant starts to accept one of the cards as a form of payment. The MCC is used to classify the merchant by the type of goods or services it provides. The MCC is not necessarily indicative of all the services or types of merchandise a merchant provides.

- m. Micro-Purchase: An acquisition of supplies or services using simplified acquisition procedures, the aggregate amount of which does not exceed the micro-purchase threshold. (Simplified acquisition procedures are set out in FAR Part 13.)
- n. Micro-Purchase Threshold: As of the effective date of this Directive, per FAR 2.101, the threshold is \$3,500, with the following exceptions, for which there are higher and lower thresholds —
 - (1) For acquisitions of construction subject to 40 U.S.C. chapter 31, subchapter IV, Wage Rate Requirements (Construction), \$2,000;
 - (2) For acquisitions of services subject to 41 U.S.C. chapter 67, Service Contract Labor Standards, \$2,500; and
 - (3) For acquisitions of supplies or services that, as determined by the head of the agency, are to be used to support a contingency operation or to facilitate defense against or recovery from nuclear, biological, chemical or radiological attack as described in FAR 13.201(g)(1), except for construction subject to 40 U.S.C. chapter 31, subchapter IV, Wage Rate Requirements (Construction) (41 U.S.C. 1903)—
 - (i) \$20,000 in the case of any contract to be awarded and performed, or purchase to be made, inside the United States; and
 - (ii) \$30,000 in the case of any contract to be awarded and performed, or purchase to be made, outside the United States.
- o. Misuse: Unauthorized or clearly improper use of the government purchase card, including, among other things, intentional use of the card for other than official business.
- p. Purchase Card: A government bank-issued plastic card, similar to a personal credit card, which authorizes a cardholder to purchase goods or services for official government use. The card is specifically designed showing the United States of America seal and imprinted with the words “For Official U.S. Government Purchases Only” to avoid being mistaken for a personal credit card. The card is also imprinted with “U.S. Government Tax Exempt.”
- q. Purchase Card Log: A manual or automated log in which cardholders document their individual transactions when using their purchase card. Entries in the purchase log may be supported by internal agency documentation (e.g., written requests for procurement, forms, email correspondence).
- r. Reconciliation: The process by which the cardholder and the AO review the monthly Statements of Account, reconcile transactions against merchant receipts and purchase card logs/files, and authorize payment of those charges.
- s. Requirement: The description of the customer’s needs that leads to an acquisition.
- t. Separation of Duties: A mandatory management control to prevent key functions from being performed by the same person, which reduces conflicts of interest, errors in judgment, and unintentional error. Duties, such as making purchases, authorizing payments, certifying funding and reviewing/auditing will be assigned to different individuals to the greatest extent possible, in order to minimize the risk of loss to the government.
- u. Split Purchase: A split purchase is one in which a cardholder satisfies a requirement that exceeds the micro-purchase threshold by making several purchases from the same or different merchant(s) that are less than the micro-purchase threshold in an effort to permit use of a purchase card or to avoid FAR requirements that apply to purchases exceeding the micro-purchase threshold. A split purchase is a violation of FAR Part 13.003(c)(2) and could result

in suspension of a cardholder's account. Examples of split purchases include:

- A cardholder with a defined purchase requirement making multiple purchases from the same merchant in a short time period, the total of which exceeds the micro-purchase threshold and the total requirement is known at the time of the first purchase.
- A cardholder purchasing the same/similar item(s) from multiple merchants in a short time period, the total of which exceeds the micro-purchase threshold and the total requirement is known at the time of the first purchase.

If a purchase requirement exceeds the micro-purchase threshold, the cardholder cannot buy the items with the purchase card and must forward the requirement to the FCC's Enterprise Acquisitions Center (EAC).

- v. Statement of Account (SOA): A monthly statement received by the cardholder from the purchase card contractor bank showing purchases, payments and credits for the billing period. It is also known as a billing statement.
- w. Suspension: The process in which a cardholder is prohibited from making purchases with the purchase card. Cards may be suspended as a result of fraudulent purchases, unauthorized use of the card, failure to complete mandatory training, failure to comply with appropriate purchase card procedures or to comply with an audit/review of a card transaction.
- x. Tax Exemption: Government purchase card purchases are exempt from state and local taxes. Tax exemption letters for most states under the GSA Smart Pay program are at <https://smartpay.gsa.gov/about-gsa-smartpay/tax-information/state-response-letter>.

6. PURCHASE CARD SERVICES:

- a. Purchase card services are made available to the FCC by the purchase card contractor bank. The bank issues cards to individual employees appointed as cardholders through FCC procedures; provides cardholders with customer assistance; issues monthly SOAs to cardholders; and assists the APC with program administration tools.
- b. All purchase cards issued to employees shall be authorized by their appropriate Bureau/Office Chief, or their designee. Purchase cards have controls in place to ensure that purchases are for authorized goods/services and that purchases do not exceed approved dollar thresholds.

7. POLICY:

- a. Eligibility to be issued a purchase card is limited to FCC employees categorized as full-time equivalents (FTEs) in the agency's program bureaus and offices. FCC contractor employees, consultants, temporary hires, interns and student aides are not eligible. Employees in the Office of the Chairman and Offices of the Commissioners are also not eligible.
- b. The purchase card shall be used in preference to other methods of procurement for the acquisition of supplies and services that do not exceed the micro-purchase threshold.
- c. The purchase card is not to be used to award contracts in excess of the micro-purchase threshold. The purchase card may only be used to place an order in excess of the micro-

purchase threshold against an existing contract or agreement when expressly permitted by the contract or agreement. However, an order that exceeds the micro-purchase threshold may be placed only by a cardholder who has a contracting officer's warrant, and the amount of the order may not exceed the maximum amount authorized by the contracting officer's warrant.

- d. Cardholders shall not agree to terms and conditions that involve: recurring payments; automatic renewal; provision of services for an unlimited duration; indemnification by the Government or other terms of unlimited or indefinite liability (e.g., reimbursement of attorneys' fees) or any other terms that would be in violation of fiscal law or appropriations statutes applicable to the FCC. Cardholders shall refer all such agreements to EAC *prior to making any commitment on behalf of the Government*. EAC shall consult with OGC regarding such agreements as necessary.

Note on indemnification clauses: Normally, the Government and its officers would object to terms and conditions that oblige the Government to indemnify a vendor because agreeing to an open-ended indemnification would violate the ADA. However, micro-purchases of goods and services by and for the Government are protected by a FAR regulation that automatically applies a clause (FAR 52.232-39, Unenforceability of Unauthorized Obligations) that renders any vendor indemnification provision unenforceable against the Government, thus preventing an ADA violation. See FAR 13.202 For acquisitions of goods and services by and for the use of the FCC above the micro-purchase threshold, which are conducted by contracting officers, the FAR requires such officers to include the FAR 52.232-39 clause in every contract (or equivalent language in commercial item contracts) to render vendor indemnification provisions unenforceable against the Government.

However, the protection offered by the FAR clause does not apply to agreements that are not covered by the FAR, such as online terms of use for a free service (i.e., no expenditure of appropriated funds). Therefore, cardholders must be careful not to agree to indemnification provisions in such agreements. Furthermore, because the FAR clause addresses only vendor indemnification provisions, cardholders must be careful to avoid other vendor provisions that would expose the FCC to an unlimited or indefinite liability.

- e. Cardholders must consider the price of goods or services being purchased and only make a purchase if the price is considered to be reasonable.
- f. Cardholders are strongly discouraged from paying premium shipping charges for expedited shipping or rush delivery of their purchases. Cardholders should plan their purchase needs so that expedited shipping is not necessary. Repeated use of premium shipping or rush delivery may be deemed to be charge card abuse, as determined by the APC, and could lead to administrative action. Cardholders shall justify any use of premium shipping charges on their reconciled SOA.
- g. The single transaction limit for each FCC purchase card shall be set at the micro-purchase threshold, which currently is \$3,500. The only cardholders eligible for a single transaction limit above the micro-purchase threshold are contracting officers in EAC. For these cardholders, their single transaction limit will be determined at the time of their initial purchase card application and may be set at an amount no higher than their warrant authority.
- h. The monthly purchase limit for each FCC purchase card is set at \$10,000 by default. A

cardholder's monthly purchase limit may be increased by the APC upon written request of the cardholder's AO via *FCC Form A-1204 Request for Monthly Credit Limit Increase*. The circumstances for the purchase limit increase and the length of time for which the limit is to be increased (i.e., on a temporary or permanent basis) shall be retained by the APC. The APC will only grant permanent increases to cardholders in the Office of the Managing Director (OMD), as OMD is the FCC's service organization that makes purchases in support of the entire agency.

- i. Permanent monthly purchase limit increases are reviewed by the APC on a periodic basis to determine if the higher limits are required.
- j. No requisition or purchase request shall be required from the Bureaus/Offices for card purchases unless the purchase is made by EAC on behalf of a Bureau/Office.
- k. Cardholders shall adhere to the priorities for use of mandatory Government sources in FAR Part 8, which sets forth requirements to acquire supplies and services from priority sources. Other sources may be considered for use only after the priority sources have been considered for fulfilling requirements.
- l. Purchase card nominees and AO nominees must complete and sign *Form A-498 FCC Purchase Cardholder and Approving Official Nomination Form* prior to issuance of the purchase card or certification as an AO. Purchase card nominees and AO nominees shall certify on *Form A-498* that they have read and understand the policies and procedures contained in this directive, and realize the consequences inappropriate actions.
- m. Purchase card nominees and AO nominees must complete GSA's purchase card web-based training prior to issuance of the purchase card or certification as an AO. Certificates of Completion of the training must be submitted to the APC prior to issuance of the purchase card. All cardholders and AOs are required to take GSA web-based training as refresher training every three (3) years or as directed by the APC, and to provide certification of training to the APC. All cardholders and AOs will adhere to the agency's anti-fraud training requirements set forth in FCC Directive FCCINST 1102.5, "Policy for Detecting and Deterring Fraud and Promoting Ethical Conduct within the Federal Communications Commission."
- n. Coinciding with each agency-wide refresher training initiative, the APC will review purchase card usage and identify accounts that appear to be inactive. Accounts with no activity within the preceding 24-month period are considered inactive. The APC will provide a list of inactive accounts to each Bureau/Office and request justification to retain the accounts. Failure to provide the required justification will result in cancellation of the inactive accounts.
- o. Cardholders shall reconcile their monthly SOA received from the contractor bank within seven (7) workdays after the end of the billing cycle. Upon reconciling the SOA, the cardholder must affix a dated signature and printed name on the reconciled SOA and forward it to his/her AO for review.
- p. AOs shall review each reconciled SOA received from their purchase cardholders within ten (10) workdays after the end of the billing cycle. Upon review, the AO must affix a dated signature and printed name on the reconciled SOA. The AO then must forward the reconciled SOA to Financial Operations, Travel and Operations Group (TOG).

- q. When a cardholder uses his/her card to order or pay for goods or services to be accepted or first used for the Government by another employee, the cardholder may not reconcile his/her SOA until they have obtained the signature and date of that other employee on the invoice. Only then is it proper for the purchase cardholder to present the SOA to his/her AO for reconciliation.
- r. Certification Clause for reconciled SOAs: By affixing the required dated signature and printed name on the reconciled SOA, the cardholder and AO are certifying that the items listed on the SOA:
- (1) Are correct and proper for payment;
 - (2) That funds were available from the appropriate account prior to purchase;
 - (3) The payment was legal, proper and correct including compliance with all agency and government-wide policies and procedures related to purchase card use;
 - (4) All supporting documentation for each purchase will be retained for a period of six years; and,
 - (5) The cardholder and AO understand that transactions on the reconciled SOA may be subject to audit or inspection.

Any exceptions to the Certification Clause must be noted on the SOA by the cardholder or AO, with the remarks being initialed and dated.

- s. Records Retention: Cardholders shall maintain accurate and complete documentation to support their purchase card transactions. This applies whether the cardholder was a direct purchaser (i.e., paid for what he/she ordered) or was an indirect purchaser (i.e., paid for what someone else ordered).

Supporting documentation, at a minimum, must include:

- A reconciled copy of the purchase card SOA, signed and dated by the cardholder and the AO;
- A reference number for the funding document (MOC, TG, etc.);
- A copy of a procurement authorization approved in advance by the AO;
- A copy of any signed agreement or contract involved in the transaction [Note: See section 7.d above regarding terms and conditions that cardholders cannot accept.];
- A copy of any document acknowledging receipt and acceptability of the goods or service(s);
- A copy of the invoice signed and dated by the purchaser (if other than the cardholder).

Note: The invoice must describe the merchandise or scope of service received. If labor charges were involved, the employee name, date and hours worked must be listed.

Cardholders are reminded of the high level of integrity of the FCC's purchase card program and the importance of receiving and maintaining proper documentation as described above. If a cardholder's SOA is missing, or adequate supporting documentation is lacking or has not been provided for an audit or review of selected transactions, the cardholder's standing in the

purchase card program will be subject to review by the APC. Such review may result in temporary suspension of the cardholder's account or expulsion of the cardholder from the program.

The following additional records retention rules apply in the specific circumstances discussed:

(1) Records Retention for Payment of Approved Training: Cardholders paying for approved training shall retain a copy of the trainee's *SF-182 Authorization, Agreement and Certification of Training*, certificate of completion of training, and proof of attendance (if available).

(2) Records Retention for Payment of Conference Registration: Cardholders paying for approved conference registration charges or fees shall retain a copy of the conference attendee's *SF-182 Authorization, Agreement and Certification of Training* (if completed) and proof of attendance (if available).

(3) Records Retention for PayPal Transactions: Cardholders who purchase from a merchant who uses a third-party payment processor (e.g., PayPal, iBill) shall maintain documentation of the merchant, including merchant point of contact and/or telephone number, the name of the third-party payment processor, the amount of the transaction and a brief statement explaining why it was necessary to purchase the product or service from that merchant. It may be difficult to reconcile such purchases because the transaction may appear on the cardholder's SOA under the name of the third-party payment processor instead of the merchant name.

(4) Records Retention for Purchase of IT Hardware: Cardholders shall retain all correspondence with their IT Intrapreneur that shows approval to make the purchase, as well as any forms that the FCC Information Technology Center (ITC) required to be completed for the purchase.

- t. Cardholders shall be subject to periodic and/or random reviews of their purchase card transactions and purchase practices requested by the APC, independent auditors working on behalf of Financial Operations, the FCC Office of Inspector General (OIG), and other federal entities charged with purchase card audits and investigations. Cardholders must fully comply with such reviews, audits and investigations by providing in a timely manner all supporting documentation and record(s) of purchases that are subject to review.
- u. Cardholders are directly responsible for furnishing copies of their reconciled SOAs and all other supporting documentation to auditors and reviewers of the purchase card program. Cardholders should not forward such document requests to a third-party in their organization, nor should they refer the reviewer/auditor to a centralized source. While copies of the cardholder's reconciled SOAs and supporting documentation are permitted to be centralized in any manner suitable to their organization, the cardholder is ultimately responsible for compliance with the reviewer's or auditor's request for documentation.

8. RESPONSIBILITIES:

- a. Managing Director: The Managing Director has agency-level responsibility for the administrative management of the FCC's Purchase Card Program.
- b. Chief Financial Officer (CFO): The CFO is responsible for ensuring timely review of all

SOAs and receipts received from AOs, for distributing charges to correct financial and budgetary accounts, for paying the purchase card contractor bank and for ensuring all reconciled purchase card transaction data is entered into the Commission's core financial accounting system.

- c. Bureau and Office Chiefs: Bureau and Office Chiefs who authorize personnel to receive and use a government purchase are responsible for:
- (1) Nominating cardholders and AOs for their respective organizations;
 - (2) Ensuring cardholders comply with all applicable regulations and procedures by promoting an environment that precludes cardholders from being pressured to make unauthorized purchases or to perform careless transactions, and permitting cardholders and AOs sufficient time to perform their purchase card responsibilities;
 - (3) Ensuring that budget allocations are sufficient to cover purchase card transactions, and instituting and maintaining appropriate procurement controls; assigning responsible, trained employees to procurement-related activities; and ensuring compliance with federal statutes and regulations, including the Anti-Deficiency Act, 31 U.S.C. §§ 1341, 1342, and 1512;
 - (4) Monitoring cardholder and AO performance and periodically reviewing cardholder and AO assignments to verify continued participation of individuals in the program;
 - (5) Ensuring there is an appropriate cardholder/AO relationship to determine independence and separation of responsibilities, that the chain of command is appropriate for the transactions approval process, and that the cardholder and AO are cognizant of their fiduciary responsibilities and potential liability;
 - (6) Ensuring that cardholders reconcile their SOAs and forward them to their AO, and that AOs submit the reconciled SOAs to Financial Operations, TOG, in a timely manner proscribed by agency purchase card policy;
 - (7) Establishing a review process that ensures that procedures are being applied consistently, and following up and bringing to closure all reports of deficiencies in purchase card use within their organizations;
 - (8) Taking appropriate disciplinary or adverse action in conjunction with Human Resources Labor Relations and Performance Management in cases of purchase card fraud/misuse; and
 - (9) Providing changes in cardholder status to the APC, including terminations, changes of cardholders, etc., to ensure accurate and current records.
- d. Agency Program Coordinator (APC): The APC, as the agency's charge card manager, is responsible for oversight of the FCC's Purchase Card Program, including its day-to-day operations. The APC establishes and maintains operational procedures and guidelines; serves as the liaison between the FCC and the contractor bank; serves as the focal point for coordination of purchase card applications; implements and monitors compliance with required training for cardholders, AOs and other entities as required; issues and destroys cards; opens and closes accounts; and generates reports to detect fraud and abuse/misuse within the program. Contractors shall not be appointed as APCs.

- e. Approving Official (AO): The AO is responsible for oversight of the purchase card activity of cardholders under his or her authority. The AO may be the cardholder's immediate supervisor, or a higher-level official in the cardholder's chain of command. A cardholder cannot be their own AO; nor can an AO be a subordinate of a cardholder. Contractors shall not be appointed as AOs.

Each AO shall:

- (1) Submit a certificate of completion of cardholder training (the same training required of purchase cardholder nominees) to the APC;
 - (2) Authorize each purchase card transaction before the purchase is made;
 - (3) Validate the receipt of items purchased, as applicable, prior to the cardholder's receipt and shall affix his/her signature on the receipt or invoice received with the shipment;
 - (4) Review and reconcile the cardholder(s)'s monthly SOAs within ten (10) workdays after the end of the billing cycle to verify that all transactions made with the purchase card were legal, proper, correct and necessary government purchases in accordance with the FAR and all other governing agency policy and procedure. Upon reconciling the SOA, the AO affixes his/her signature and printed name and date as certification that charges are for purchases which have been authorized and made in accordance with the FAR and other agency policy and procedure, and then forwards the reconciled SOA to Financial Operations, TOG;
 - (5) Serve as a liaison with the APC and Financial Operations, TOG;
 - (6) Assist the cardholder in resolving disputed payments;
 - (7) Submit a written request via *FCC Form A-1204 Request for Monthly Credit Limit Increase* to the APC for any monthly purchase limit increase for a cardholder;
 - (8) Direct the APC in writing (may be via email) to cancel the card of a cardholder who is leaving the Commission; and
 - (9) Ensure that each cardholder has a copy of these and other required procedures and that the cardholder uses and demonstrates an understanding of the requirements for use of the government purchase card.
- f. Cardholder: The cardholder has primary responsibility for the card's proper use. The cardholder is responsible for maintaining custody of the purchase card and for making purchases in accordance with procedures contained in this directive. Each cardholder shall:
- (1) Submit a completed bank card application form to Financial Operations, TOG for submission to the contractor bank;
 - (2) Submit a certificate of completion of cardholder training and completed *Form A-498 FCC Purchase Cardholder and Approving Official Nomination Form* signed by their Bureau/Office Chief (or Assistant Bureau Chief (ABC) for Management if applicable) and their AO. The cardholder may not make purchases until completing the required purchase card training under the auspices of the APC;

- (3) Complete all required ongoing cardholder training, including refresher training. Cardholders must ensure all training certificates are available for review as requested by the APC, AO, or auditors;
- (4) Maintain the physical security of the card. If the card is lost or stolen, the cardholder must immediately notify the purchase card contracting bank, the AO and the APC;
- (5) Ensure availability of funds prior to initiating a purchase with the card. Failure to secure adequate funding may result in an Anti-Deficiency Act violation;
- (6) Complete and attach *Section 508 Determination and Findings for Purchase Requests Form* if the item is covered by the accessibility regulations affecting information technology (IT) products and services;
- (7) Complete all other FCC purchase card-related form(s) for each transaction, as instructed by the cardholder's AO. Aside from the *Section 508 Determinations and Findings for Purchase Requests Form* and a reconciled SOA signed and dated by cardholder and AO, the agency does not require any other forms to be completed to support the purchase card transaction. AOs, at their discretion, however, may determine the need for their cardholders to complete form(s) listed in the Purchase Card Forms (Section 17) of this directive. Cardholders may also choose to voluntarily complete any of those forms in order to manage and organize their purchase card activity;
- (8) Reconcile the monthly SOA received from the contractor bank within seven (7) workdays after the end of the billing cycle. Upon reconciling the SOA, the cardholder must affix a dated signature and printed name on the reconciled SOA and forward it to the AO for review;
- (9) Retain copies of each reconciled SOA, as well as all supporting documentation for purchase transactions for a period of six (6) years after final payment;
- (10) Notify the APC prior to reassignment to another FCC organization or leaving the agency;
- (11) Transfer purchase card records and supporting documentation to the AO upon cancellation of the account, or separation from the agency. Purchase card files are to be available for review even after departure of the cardholder or cancellation of account; and
- (12) Adhere to the ethical understanding that the government purchase card bears the cardholder's name and shall only be used by the cardholder for authorized U.S. government purchases or payments. Cardholders who make unauthorized purchases, allow others to use the card, or carelessly use their purchase card may be liable to the government for the total dollar amount of unauthorized purchases made in connection with the misuse or negligence. The cardholder may also be subject to criminal, disciplinary or adverse action under FCC directives or regulations, and other applicable federal law.

9. SPAN OF CONTROL FOR AGENCY PROGRAM COORDINATORS AND APPROVING OFFICIALS:

As an internal management control, APCs and AOs must have spans of control that do not exceed levels that allow them to carry out their duties and responsibilities accurately and completely. Program officials must ensure the proper allocation of resources is committed to effectively manage the program.

- a. An APC shall not manage more than three hundred (300) cardholders and AOs unless a written justification is approved by the Chief Financial Officer. The justification must request a not-to-exceed threshold of cardholder accounts to manage, and justify how the APC can effectively manage and control the requested threshold of accounts.
- b. An AO shall not manage more than eight (8) cardholder accounts unless approved by the APC. The justification must request a not-to-exceed threshold of cardholder accounts to manage, and justify how the AO can effectively manage and control the requested threshold of accounts and properly perform all AO responsibilities.

10. PROHIBITED PRACTICES WITH THE PURCHASE CARD:

- a. Advance Payments: The purchase card may not be used to pay for goods, services or pay a deposit in advance of the actual occurrence. If a facility or merchant is unwilling to accept these terms, the cardholder must contact EAC and receive EAC's written approval before any purchase card transaction is consummated with the facility or merchant. In such cases, EAC may authorize a fixed dollar amount to be charged after the actual occurrence is complete. In cases of dispute with a merchant or facility regarding advance payment terms, EAC has the final decision.
- b. Automatic Payments: Under no circumstances shall a cardholder establish an automatic payment feature with their card in which payments are remitted to a merchant on a pre-scheduled basis.
- c. Splitting Purchase Requirements: Cardholders are not permitted to break down a purchase requirement over the micro-purchase threshold into several purchases that are less than the threshold merely to: (i) permit the use of the purchase card; or (ii) avoid requirements that apply to purchases that exceed the micro-purchase threshold. Faced with a purchase requirement that exceeds the micro-purchase threshold, the cardholder must forward the purchase requirement to EAC. Refer also to the definition of "split purchase" in the Definitions section of this directive.

11. PROHIBITED PURCHASES:

Only the authorized cardholder is permitted to use the card to conduct a purchase card transaction. Abuse of the purchase card may result in suspension or termination of a cardholder's account, and possibly the AO's designation, and notification to the cardholder's supervisor and Bureau/Office Chief. In addition, any purchase card fraud or misuse may result in disciplinary or adverse action.

The purchase card shall not be used for any purchases prohibited by Appropriations Law. Cardholders are strongly encouraged to contact the EAC, the Office of General Counsel (OGC) and the purchase card APC prior to purchasing any items that seem questionable or that may

appear inappropriate. The following categories are non-exhaustive examples of supplies and services that are prohibited or otherwise restricted from purchase with the purchase card.

a. Purchases Prohibited by GSA SmartPay Policy:

- (1) Cash advances.
- (2) Official TDY travel expenses. Government travel charge cards are to be used for these expenses.
- (3) Long-term rental or lease of real property; i.e., land and buildings.

b. Non-Exhaustive list of Purchases Prohibited by Statute, Regulation, or Policy:

- (1) Alcoholic beverages.
- (2) Amazon Prime memberships, buyers club memberships, etc.
- (3) Betting of any nature; casino gaming chips; lottery tickets.
- (4) Child support or alimony.
- (5) Construction services, including new construction, modifications and repairs.
- (6) Court costs, fines or penalties.
- (7) Dating or escort services.
- (8) Day-care services, after-school services and primary school fees and activities.
- (9) Food or beverages (other than for an agency event/function approved in accordance with section 11.c below).
- (10) Gift certificates and gift cards, including gifts or mementos for individuals upon retirement or departure from the agency.
- (11) Local travel expenses, such as metro fare, taxis, highway tolls and garage parking fees. Employees shall use their personal funds to cover local travel expenses and request reimbursement of these expenses on *Form SF-1164*, where authorized.
- (12) Hotel rooms (other than conference/meeting room rentals approved in accordance with section 11.c below).
- (13) Purchase of fuel, supplies, or repairs for agency fleet vehicles. Government Fleet charge cards are to be used for these purchases.
- (14) Payment for telephone calls.
- (15) Payment of salaries and wages.
- (16) Recreational services and entertainment (amusement parks, theme parks, sporting

events, concert and entertainment tickets, etc.).

- (17) Software, software licenses and license renewals. Purchase of all software, licenses and renewals must be coordinated with ITC. Even after successful coordination with ITC, under no circumstances shall a purchase card be used to purchase such items.
 - (18) Tax payments.
 - (19) Transactions with political organizations, including contributions or donations.
 - (20) Recurring purchases. Purchase requirements that would involve recurring purchases should be submitted to EAC so that a contract can be awarded. Contract payments can be made by purchase card once a contract is awarded by EAC *provided that* the contract stipulates that the purchase card is an acceptable form of payment. Such payments shall be made *manually* by the cardholder; under no circumstances shall the cardholder establish an automatic payment feature with their purchase card.
 - (21) Professional services (e.g., Equal Employee Opportunity (EEO) counseling, language interpretation). Requirements for these services should be submitted to EAC so that a contract can be awarded. Contract payments can be made by purchase card once a contract is awarded by EAC *provided that* the contract stipulates that the purchase card is an acceptable form of payment.
- c. Purchases Restricted by Statute or FCC Policy. The following categories of purchases are permitted only in accordance with the stated conditions:
- (1) Information Technology (IT) hardware. IT hardware includes computers and peripheral equipment, storage devices, laptop computers, notebooks, electronic tablets, electronic book readers, smartphones, thumb drives, modems and routers. Cardholders shall coordinate the purchase of all IT hardware with their respective Bureau/Office IT Intrapreneur in ITC *prior to making the purchase*. This requirement applies to any purchase of IT hardware at any dollar value within the single transaction limit for the FCC purchase card holder.
 - (2) Merchants that only accept payment via third-party payment processors (e.g., PayPal, iBill). Cardholders should consult with EAC *prior to making purchases from such merchants*. To speed review of the matter with EAC, cardholders should document the anticipated terms of service with respect to the particular third-party payment processor and also document efforts to determine whether other merchants (who do not require use of a third-party payment processor) can supply the product or service or meet delivery, quantity or quality requirements. After consulting with EAC, if the cardholder ultimately needs to purchase from a merchant that only accepts payment via a third-party processor, the cardholder is required to maintain the merchant's business name with a point of contact and/or telephone number and merchant's email address in their supporting documentation for the purchase.

Note: Transactions with such merchants are considered high risk because of the potential for abuse, the government's limited rights involving disputed transactions, and the difficulty identifying and reconciling transactions. Therefore, cardholders should only purchase from these merchants when no other merchants can supply the product or service or meet delivery, quantity or quality requirements and the merchant

in question will accept payment only through the third-party payment processor; or the cardholder used the card to purchase from a merchant, but was unaware that the merchant was using a third-party payment processor. Cardholders should make every effort to ensure that a third-party processor is not being used by the merchant.

- (3) Medical services and pharmaceuticals. These purchases may be made only by cardholders in OMD's Administrative Operations who are purchasing these items in support of agency-wide operations.
- (4) Rental of conference/meeting rooms at hotels is permitted only after the purchase terms are reviewed and approved by EAC. Also note that the government cannot purchase food or beverages for conference attendees. Food or beverages may, however, be furnished as an incidental, non-segregable feature of the room rental. In such cases, the cardholder must document that the food or beverage is being provided as a consequence of the room rental, and the room is not offered without the incidental food or beverage.
- (5) Rental or lease of motor vehicles, land, or buildings is prohibited, except when (a) the rental or lease of a vehicle is necessary to transport government-owned or seized equipment of large or irregular size, or (b) the rental of secure storage is necessary for such items.
- (6) Payment of parking fees is prohibited except when necessary to secure vehicles carrying government-owned or government-seized equipment.
- (7) Purchase of personal clothing or footwear is prohibited except in emergency situations when required for safety.
- (8) Payment for individual memberships in private organizations is prohibited except when the membership is with a professional organization that the Commission would otherwise fund on behalf of the cardholder. Cardholders shall coordinate purchases of this nature with OGC's Administrative Law Division *prior to making the purchase*.
- (9) Purchase of food or beverages for an agency event/function is permitted only when OGC has reviewed the circumstances for the purchase and has provided an opinion in advance that finds that the purchase will be in line with the narrow exceptions allowed by law.

12. PENALTIES:

Cardholders and AOs must adhere to the government purchase card policies contained in this directive, Federal statutes and regulations, and all other purchase card policies and procedures of the FCC.

Administrative Actions Relating to Continued Card Use: Purchase card abuse or misuse (as defined in this directive) and non-compliance with policies and procedures in this directive (for example, being non-responsive to a transaction review, splitting a purchase requirement, or being untimely with statement reconciliations) may result in temporary suspension of card privileges or revocation of AO authority by the APC until compliance is observed. The APC may also require the cardholder or AO to complete refresher training before restoring card privileges or AO authority. The APC will report purchase card abuse, misuse, and non-compliance to the cardholder's AO or to the AO's immediate supervisor. Repeated instances of abuse, misuse, or

non-compliance will result in permanent closure of purchase card privileges or revocation of AO authority, as determined by the APC.

Criminal, Disciplinary, and Adverse Actions: Intentional misuse of the purchase card will be considered an attempt to commit fraud against the U.S. Government. Purchase card misuse (as defined in this directive) or fraud will result in permanent closure of purchase card privileges or revocation of AO authority, and may result in one or more of the additional following consequences: notation in the employee's personnel file and/or performance evaluation; counseling; reprimand; suspension of employment; termination of employment; or criminal prosecution. For example, the individual may be subject to prosecution for a felony under 18 U.S.C. § 287, and subject to imprisonment of not more than 5 years, or a criminal fine under 18 U.S.C. § 3571 (usually not more than \$250,000), or both.

Cardholders who intentionally misuse their purchase cards may be held personally liable to the Government for the amount of any unauthorized transactions, plus interest and debt collection fees (through salary offset or otherwise) and may, under certain provisions of criminal law, be required to pay a fine that is twice as much as the loss, in addition to other administrative, civil, and criminal liability or penalties. AOs or others who collude with cardholders to misuse the card or to commit fraud, or who use their position or authority to cause misuse of the card, may also be subject to the criminal, disciplinary, and adverse actions above.

The APC will report purchase card misuse or fraud to the cardholder's or AO's immediate supervisor, (or ABC if applicable), the Chief of HRM Labor Relations and Performance Management, and the FCC Office of Inspector General for investigation and appropriate actions. If disciplinary or adverse actions are proposed, these actions will follow the normal progression through Human Resources as stated in the Basic Negotiated Agreement (for bargaining unit employees), Article 35 (Disciplinary Actions) and Article 36 (Adverse Actions) and the FCC Personnel Manual (for non-bargaining unit employees), Chapter 751 (Disciplinary Actions) and Chapter 752 (Adverse Actions), which may in appropriate cases include dismissal.

13. DISPUTING A CHARGE:

- a. A transaction dispute is a disagreement between the cardholder and the merchant with respect to a transaction. The most prevalent dispute is an unauthorized order, but other examples include credit not received, alteration of amount charged, duplicate processing, and charges for orders that were cancelled.

Cardholders should first attempt to resolve the disputed transaction directly with the merchant. If unable to resolve the dispute with the merchant, the cardholder shall initiate a dispute with the purchase card contractor bank, in the manner and within the time prescribed in the applicable Government-wide purchase card contract, but in any event within 90-calendar days from the date that the charge first appeared on the cardholder's SOA. Failure to protect the government's interest by timely initiating disputes can result in administrative and/or disciplinary or adverse action. Cardholders shall track disputes to completion.

Before disputing a charge:

- (1) Review the receipts. For example, the transaction in question may have posted to the SOA with a different merchant name.
- (2) If the cardholder's research confirms this is a dispute, the cardholder shall contact

the merchant in an attempt to resolve the disputed charge. Cardholders shall document the actions taken to resolve the issue.

- (3) If unable to resolve the dispute with the merchant, the cardholder shall immediately proceed with a dispute request with the purchase card contractor bank.

- b. Disputes regarding shipping charges and taxes can only be resolved with the merchant. If these charges are disputed, or should not have occurred, the cardholder is responsible for obtaining a credit from the merchant. Shipping and tax charges are not disputable with the purchase card contractor bank.

14. CARD SECURITY:

Cardholders are responsible for safeguarding their purchase card and account number at all times. When not in use, the card should be kept in a locked file cabinet, safe, or other securely locked area. The Commission is not liable for any purchase card transaction made by a person other than the designated user for that card. The cardholder shall immediately report lost or stolen purchase cards to the purchase card contractor bank, and notify both the AO and the APC.

15. SEPARATION OR TRANSFER OF CARDHOLDER OR APPROVING OFFICIAL:

- a. Cardholder: If the cardholder transfers within the agency or separates from the agency, prior notice shall be given to the APC by the cardholder's AO or Bureau/Office Chief (or ABC if applicable). The cardholder shall promptly (and before separation or transfer) provide all of their purchase card records and supporting documentation to their AO, and surrender their purchase card to their AO or the APC.

When a cardholder transfers or separates prior to the availability of their final SOA—and the cardholder is hence unable to sign and date the reconciled SOA—the AO shall note this on the cardholder's final reconciled SOA.

Cancellation of a cardholder's account results in the cancellation of the cardholder's delegation of procurement authority. No one other than the individual whose name is printed on the card is authorized to use the card.

- b. AO: Upon the separation or transfer of an AO, a new AO will be designated by the appropriate Bureau/Office Chief (or ABC if applicable) to assume the duties of the previous AO. This change in official designation shall be sent in writing to the APC.
- c. APC: Upon being notified about a cardholder's transfer or separation from the agency, the APC shall close the cardholder's account.

16. ETHICAL CONDUCT:

To ensure confidence in the integrity of the Commission, each Commission employee shall adhere to the Commission's Employee Code of Conduct (Code of Conduct) set forth in FCC Directive FCCINST 1102.5 "Policy for Detecting and Deterring Fraud and Promoting Ethical Conduct within the Federal Communications Commission" with regard to activities conducted using a purchase card. The Code of Conduct in FCC Directive FCCINST 1102.5 summarizes for convenience the general principles of ethical conduct set forth in the Uniform Standards of Ethical Conduct for Employees of the Executive Branch at 5 C.F.R. § 2635.101(b)(1)-(14) (to which Commission employees are already subject in full). The Code of Conduct does not replace other laws,

regulations, directives, or Commission rules that establish ethical responsibilities for Commission employees. The Code of Conduct is designed to deter wrongdoing and promote (1) full, fair, accurate, timely, and understandable disclosure in reports and documents; (2) compliance with applicable governmental laws, rules, and regulations; and (3) the prompt internal reporting of violations of the Code of Conduct to an appropriate person or persons. All employees shall report instances of suspected fraud or illegal acts directly to the Commission's Office of Inspector General, their supervisor or manager, and other appropriate officials, including those in OGC, in accordance with FCC Directive FCCINST 1102.5.

17. PURCHASE CARD FORMS:

The following purchase card forms are available at <http://intranet.fcc.gov/omd/hrm/fccforms.html>

- *Form A-496 Record of Credit Card Orders Placed by Telephone;*
- *Form A-498 FCC Purchase Cardholder and Approving Official Nomination Form;*
- *Form A-521 Notice of Credit Card Purchase;*
- *Form A-526 Purchase Card Checklist;*
- *Form A-527 Record of Competition in Purchase Card Acquisitions;*
- *Form A-1204 Request for Purchase Card Monthly Credit Limit Increase;*
- *Section 508 Determination and Findings for Purchase Requests.*

18. FOR ADDITIONAL INFORMATION:

For additional information concerning the FCC's Purchase Card Program, contact Rob Fream, Agency Program Coordinator, at (202) 418-0408, or rob.fream@fcc.gov.



Mark Stephens
Managing Director