

Chapter 13 - Simplified Acquisition Procedures (04/10/2008)

Section 13.1 Blanket Purchase Agreements 13.1.1

APPLICABILITY

A blanket purchase agreement (BPA) is used to purchase commercial services or supplies within a specific class, when it is not possible to determine with certainty the quantity needed or the desired delivery date. The quantity and or delivery date may vary for BPA orders.

13.1.2 PURPOSE

This section establishes policies and procedures for the use of a BPA.

13.1.3 AUTHORITY

Part 13.303 of the Federal Acquisition Regulation (FAR) provides Federal authority for establishing BPA (s).

13.1.4 DEFINITIONS

A BPA is defined in FAR Subpart 13.303-1(a) as a simplified method of filling anticipated repetitive needs for supplies or services by establishing “charge accounts” with qualified sources of supply.

13.1.5 POLICY

13.1.5.1 Conditions for Use

- A) A contracting officer may establish a BPA if one or more of the circumstances in FAR 13.303-2 (a) exist. Individual orders placed under a BPA shall not exceed the simplified acquisition threshold , unless authorized in an EPA acquisition regulation and permissible under Subpart 13.303-5 (b).
- B) Orders placed under a BPA shall not exceed a contracting officer’s warrant authority or the ordering ceiling cited in the BPA.
- C) BPA (s) should be processed in the Small Purchase Electronic Data Interchange or the Integrated Contracts Management System, depending on the anticipated type and value of individual orders placed under the BPA.

13.1.5.2 Format for BPA

The contracting officer shall determine a format for each BPA. The format shall include the mandatory terms and conditions as specified in FAR 13.303-3(a).

13.1.5.3 Authorized BPA Ordering Officers and Orders

A) Only the persons identified by name or title of position in the BPA are authorized to place orders. Such persons are known as call ordering officers.

- 1) BPA call ordering officers have authority to place calls or orders under the designated BPA.
- 2) Authority to place orders up to the micro-purchase threshold on a specific BPA is delegated in writing by the cognizant contracting officer. Authority to place orders above the micro-purchase threshold shall be delegated by the appropriate appointing official as specified in section 1.2.5.9.
- 3) Ordering officer(s) will receive an appointment memorandum that identifies the specific BPA for which authority is granted; and outlines the duties and responsibilities of the call ordering officer, from the cognizant CO or appointing official. The appointment memorandum is processed through OAM's Federal Acquisition Certification, Warrants, and BPA Database. A sample appointment memorandum is provided as Appendix 1.2A. The sample memorandum may be modified or tailored to meet each specific situation. The call ordering officer(s) should also be listed in the BPA itself.
- 4) The cognizant CO is responsible for reviewing this memorandum in detail with the Ordering Officer. A thorough review includes the ordering officer's and CO's responsibilities and ordering procedures. This briefing must take place before the call ordering officer issues any orders.
- 5) The combination of the appointment memorandum and the briefing provided by the CO fulfills the training requirement for call ordering officers.

B) All orders placed under a BPA must be numbered sequentially (e.g., BPA number followed by 01 for the first call placed). When placing an order, the BPA number, items needed, unit price and total price, and time and place of delivery should be specified.

13.1.5.4 Price Reasonableness

Reasonableness of the price for each item is determined by the ordering official prior to placing the order. The ordering official shall verify that mandatory sources are not available for a particular item prior to placing a BPA order. Reference FAR 13.303-5 (d) for individual orders greater than the micro-purchase threshold.

13.1.6 PROCEDURES

A) BPA obligations are incurred upon placing a BPA order in a specified amount. The ordering official shall use EPA Form 1900-63, Monthly Requisition and/or Receiving Report for Blanket Purchase Order Calls to record all BPA orders. The ordering official shall record orders through the 24th day of each month. If orders are placed between September 25th and September 30th, a separate EPA Form 1900-63 must be prepared for this 6-day period to ensure that all obligations for the entire fiscal year are recorded. The ordering official and the receiving official must sign EPA Form 1900-63. One person shall not sign in both capacities.

B) Ordering officials must ensure that sufficient funding commitments are made to cover BPA orders. Orders shall not be placed which exceed committed funds. The ordering official shall cite appropriate accounting and appropriation data for the obligations reported on EPA Form 1900-63. The monthly obligations reported must equal the total value of all orders reported in the particular month, inclusive of any adjustments. The ordering official should maintain an informal log to ensure that the BPA does not exceed its value. This informal log may include a cumulative list of order numbers, the date of the orders, and the amount obligated for each BPA.

C) Adjustments (such as cancellation of orders) shall be processed as a credit item in the next monthly reporting of EPA Form 1900-63. Items to be credited or adjusted must include complete accounting data, the date of the EPA Form 1900-63 in which the item was previously reported, and any other descriptive information to clearly verify the item being adjusted.

D) Between the 25th and the 30th of each month, the ordering official must forward the completed EPA Form 1900-63 to the servicing finance office. The servicing finance office processes BPA obligations and adjustments based on the orders identified in the monthly EPA Form 1900-63. The servicing finance office will also use the EPA Form 1900-63 to audit vouchers.

13.1.6.1 BPA Review

An annual review of BPA(s) shall be conducted by the contracting officer. The annual review should note any changes in market conditions, sources of supply, and other factors which may warrant obtaining a new agreement with different suppliers or modifying existing agreements. The annual review should also determine if authorized procedures have been followed (reference FAR 13.303-6).

Section 13.2 Procurement of Novelty Items for Distribution to the Public and/or to Federal Employees

January 28, 2009

13.2.1 PURPOSE

This policy provides guidance and frequently asked questions regarding novelty item purchases. Additionally, this policy assists those engaged in contracting activities in the proper documentation of procurement requests for novelty items.

13.2.2 BACKGROUND

Questions frequently arise concerning the procurement of small objects and souvenirs (collectively referred to as “novelty items”) for distribution to the general public and/or to federal employees. The purchase of novelty items must be based on the “necessary expense” rule. This is a rule of appropriations law which states that an expenditure not specifically provided for in an agency’s appropriation is permissible only if it is reasonably necessary to carry out an authorized function of an agency, or will contribute materially to the effective accomplishment of an agency’s function, and is not otherwise prohibited by law.

Under the “necessary expense” rule, EPA may not purchase novelty items unless the Agency program office documents that the distribution of novelty items will directly further the program office’s mission. To establish a direct link to the Agency’s mission, a novelty item must be imprinted with Agency information. Agency information is typically an environmental message, the Agency program office’s URL (or informational telephone number), or both. Imprinting a novelty item with only the EPA seal or Agency Identifier without additional Agency information is insufficient.

Even if a novelty item has Agency information imprinted on it, the program office must document that the Agency information contained on the novelty item outweighs the item’s relatively insignificant utility and cost. Generally, the higher the cost of an item and/or the greater its utility, apart from any message or information contained on the item, the more likely the impropriety of the expenditure. Please note that items with a unit acquisition cost of \$2.00 or less are considered inexpensive and are presumed to have insignificant utility unless the item is on the list of prohibited novelty items.

EPA has determined, as a matter of policy, that novelty items with a unit acquisition cost of \$2.00 or less have minimal utility and, therefore, meet the “necessary expense” test, if imprinted with Agency information and are not on the list of prohibited novelty items specified in 13.2.5.3 or as otherwise prohibited by law.

This policy was originally issued as Procurement Policy Notice (PPN) 95-01 dated April 10, 1995, from Betty L. Bailey, Director of the Office of Acquisition Management, to OAM Division Directors, Regional Contracting Officer Supervisors, and Ray Spears, OGC.

13.2.3 AUTHORITY/APPLICABILITY

This policy addresses the purchase of novelty items to be distributed to the general public and/or to federal employees. It applies to contracting officers and purchase card holders.

The authority for this policy is 31 U.S.C. 1301(a) and the “necessary expense” rule of appropriations law. Among others, Section 6604(b) of the Pollution Prevention Act, 42 U.S.C. 13103(b), Sections 6002 and 8001 of the Solid Waste Disposal Act, 42 U.S.C. 6962 and 6981, respectively, and the National Environmental Policy Act, 42 U.S.C. 4332(2)(G), authorize EPA to use appropriated funds to provide useful environmental information to the public and federal employees in a manner that reduces sources of pollution and minimizes waste.

Appropriated funds may be used to purchase items (such as T-shirts, plaques, and portfolios with the EPA logo) for use as informal non-monetary awards for federal employees under the Government Employees Incentive Awards Act. However, those purchases are outside the scope of this policy. Please consult EPA's Recognition Policy and Procedures Manual (<http://intranet.epa.gov/rmpolicy/ads/manuals/3130A2.pdf>) for information on non-monetary awards.

Similarly, the Agency has explicit or implicit authority under several statutes to promote environmental protection and use appropriated funds to purchase award items that recognize the stewardship achievements of non-federal entities. Those purchases are also outside the scope of this policy. Please consult with the Office of General Counsel on questions relating to EPA's environmental award statutes.

13.2.4 DEFINITIONS

Green Novelty Item- A novelty item produced, distributed or used in an environmentally and ecologically friendly way (e.g., by using renewable resources or minimizing discarded waste).

Insignificant Utility - A novelty item having minimal or no personal usefulness.

Necessary Expense Rule – A rule of appropriations law which states that an expenditure not specifically provided for in an agency's appropriation is permissible only if it is reasonably necessary to carry out an authorized function of the agency, or will contribute materially to the effective accomplishment of an agency's function, and is not otherwise prohibited by law.

Novelty Item - A small, mass-produced object or souvenir of nominal value that is primarily used for outreach and educational purposes.

13.2.5 POLICY

13.2.5.1 General Policy

Contracting officers (COs) or any other authorized purchasers may, under certain circumstances, purchase novelty items for distribution to the public and/or to federal employees. The novelty item must convey an environmental message consistent with an environmental statute. To do this, a novelty item must be imprinted with Agency information, typically an environmental message and/or a program office's URL (or information telephone number). Imprinting a novelty item with only the EPA seal or Agency Identifier without additional Agency information is insufficient. The purchase must be supported by the "necessary expense" rule.

The novelty item must be relatively inexpensive and have insignificant utility. Items with a unit acquisition cost of \$2.00 or less (including the pro-rated shipping cost and the production/printing cost) are presumed to have insignificant utility and cost. Novelty items with a unit acquisition cost of \$2.00 or less, however, must not be on the list of prohibited items. For a list of prohibited novelty items, see Section 13.2.5.3.

13.2.5.2 "Green" Novelty items

If an item's cost is more than \$2.00, but less than \$6.00, and an item has some utility, a program office may be able to demonstrate that tangible benefits for source reduction under the Pollution Prevention Act or RCRA 8001 if waste minimization or preference for recovered materials will be achieved through the purchase of the particular items. A program office may also be able to demonstrate that a novelty item is a component of a broader effort to promote source reduction practices by businesses or other federal agencies. These environmental considerations may overcome what otherwise may be an item's relatively high cost and utility. Under these circumstances, the \$2.00 per item limitation on novelty items can be waived unless the item is on the prohibited items list.

13.2.5.3 Prohibited Items

The list below provides examples of items which EPA finds possess a high cost and/or significant utility, apart from any message or information conveyed or are prohibited by statute (i.e., food). Purchase of the items listed below for distribution to the general public or federal employees is prohibited.

Examples include, but are not limited to the following:

- Toys (e.g. Frisbees, hacky sacs), unless the toy primarily functions as an educational/experimental tool (see 13.2.5.6 (1)(C)).
- Wearing Apparel (T-shirts, Scarves, Caps, Jackets, etc.)
- Umbrellas
- Golf Balls
- Candy and other food items
- Tote Bags *

* See the discussion at 13.2.5.5

In the absence of statutory authority to promote products such as Energy Star Legislation, EPA may not distribute novelty items that endorse the purchase or sale of commercial products.

13.2.5.4 Items Which May Be Appropriate

The list below provides examples of novelty items which may be purchased and distributed to the general public and to federal employees. A novelty item must be imprinted with Agency information, typically an environmental message, the Agency program office's URL (or information telephone number), or both. Imprinting a novelty item with only the EPA seal or Agency Identifier without additional Agency information is insufficient. If the unit acquisition cost of the item is \$2.00 or less, or \$6.00 or less for a green item (see 13.2.5.2) the item is presumed to meet the "necessary expense" test, unless it is a prohibited item (see 13.2.5.3).

Examples of items which may be appropriate include, but are not limited to, the following:

Pens	Pins
Pencils	Magnets
Posters	Buttons
Signs	Bumper Stickers
Key Chains Plastic	Water Bottles
Cups Drinking	Ceramic or Glass Coffee Mugs
Glasses	

13.2.5.5 Exceptions

The Agency can purchase an item if authorized by statute. For example, the Government Employees' Training Act (GETA) authorizes the use of appropriated funds "for the necessary expenses of the training." EPA also has authority under section 103 of the Clean Air Act, section 104 of the Clean Water Act, section 8001 of the Solid Waste Disposal Act and section 104(k)(6) of the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) to provide training to the public. Therefore, GETA or an environmental statute authorizing training could serve as authority to purchase inexpensive or moderately priced tote bags. **The price of a tote bag must not exceed \$10.00 per bag and the tote bags must be needed to carry cumbersome or heavy conference training materials to, from, and at the training session(s) locations(s).** The acquisition procedures at 13.2.5.6 must also be met.

Novelty items that are prohibited under 13.2.5.3 may qualify as Agency informal recognition awards for Federal employees if the standards in EPA's Recognition Policy and Procedures Manual (<http://intranet.epa.gov/rmpolicy/ads/manuals/3130A2.pdf>) are met.

EPA may have statutory authority to use appropriated funds to purchase items that recognize environmental achievements of non-Federal individuals and organizations. You may contact the Office of General Counsel or the Office of Regional Counsel for further guidance.

13.2.5.6 Acquisition Procedures

Requesting Office:

1) A) The requesting office must describe the outreach or educational purpose that will be served by acquiring the items. In providing this information, the program office shall provide the information that will be imprinted on each item and the expected cost per item including shipping and production or printing costs. Note that for a tote bag purchased under GETA or an environmental training statue, it is not necessary to have information printed on the tote bag, but the unit cost must be \$10.00 or less;

(B) If the requesting office is invoking the “green” item waiver on item ceiling price (i.e., more than \$2.00 per item, but less than \$6.00 per item), the requesting office must document why the items being purchased are “green” items (see 13.2.5.2.);

(C) If the requesting office intends to purchase a toy item that functions as an educational/experimental tool, the office must document how the item is being used as an educational/experimental tool and how the item’s use as an educational/experimental tool is the item’s primary use. The principal purpose for purchasing a toy item must be to use the toy as an educational/experimental tool and not claim that a toy with an agency message imprinted on it primarily functions as an educational tool because of the environmental message. For example, the Sunwise Frisbee is a Frisbee that changes color when exposed to UV radiation. This Frisbee itself has an educational/experimental use other than as a Frisbee. If the Sunwise Frisbee was a regular Frisbee with the just an environmental message imprinted on it, its purchase would be prohibited as a matter of policy.

2) **COs Or Other Authorized Purchasers:**

(A) Consider the FAR 8.002, Priorities for use of Government supply sources, before using a commercial vendor;

(B) Obtain approval through the EPA Communications Product Review process. A list of product review officials and additional guidance is available at:
<http://www.epa.gov/productreview/guide/index.html>;

(C) Document the official contract or purchase order file with the information that

substantiates the acquisition of the novelty items;

(D) Use discretion concerning items which are not addressed in this policy. COs or any other authorized purchasers must consult the Office of General Counsel on the propriety of procuring questionable items.

(E) Novelty items need not undergo a separate review (outside of that required by 13.2.5.6 (A)), for the imprint on the novelty item. Imprinting on threedimensional novelty items may be done by the local printing office or Government Printing Office (GPO) sources, but this is not a requirement. For further guidance on printing, please see the Office of Public Affairs (OPA) guidance Promotional Communications for EPA, dated July 2008. If you are uncertain whether a production method would constitute printing that must be referred to the EPA Printing Management Office to be done in-house or through GPO, you should contact the EPA Printing Management Office for further information.

Section 13.3 Using the Government wide Commercial Purchase Card

13.3.1 PURPOSE

This section establishes policy for using the Government wide commercial purchase card at EPA.

13.3.2 BACKGROUND

EPA obtains commercial purchase card services through a task order with a contractor bank under the General Services Administration's SmartPay Master Contract. EPA's purchase card program is managed by the Office of Acquisition Management (OAM) which is responsible for implementing and overseeing the program. Support for financial aspects of the program is provided by the Office of the Chief Financial Officer (OCFO).

Since its inception in 1987, use of the purchase card has grown prolifically at the Agency. The program offers a streamlined purchasing process that eliminates the use of purchase orders in many cases and reduces administrative costs. The purchase card payment process allows fully automated invoicing and payment processing. At EPA, the purchase card is used widely by program offices, Regions, laboratories, and field offices. On the average, the Agency processes in excess of 100,000 transactions worth millions of dollars in the aggregate each fiscal year.

13.3.3 AUTHORITY

The authority for this section is the Federal Acquisition Regulation (FAR) 13.301(b) which requires agencies to establish procedures for the use and control of the Government-wide commercial purchase card.

13.3.4 DEFINITIONS

Acquisition Professional - For the purposes of this policy, an "acquisition professional" is an Agency employee in the general schedule contracting series (GS-1100) and all contracting officers, regardless of general schedule series, with authority to obligate funds above the micropurchase threshold. It does not include human resources training officers defined below.

Approving Official (AO) - The approving official is the Agency employee directly responsible for reviewing purchase cardholder transactions and determining if transactions are reasonable and necessary. AOs must have an approving official account with the contractor bank.

Cardholder (CH) - An Agency employee who has a purchase card account with the contractor bank.

Certificate of Appointment, Warrant, or Delegation of Procurement Authority - FAR 1.603-3 requires that contracting officers (CO) be appointed in writing on Standard Form 1402, Certificate of Appointment that states any limitations on the scope of authority. The SF 1402 is also known as a “warrant,” and may include a “delegation of procurement authority” memorandum detailing the procurement authority of the CO.

Contractor Bank - The service provider, under the General Service Administration’s SmartPay Master Contract, which has a contract task order with the Agency for purchase card services.

Contracting Office - An Agency organizational unit that provides contracting or purchasing services. EPA contracting offices are located at Headquarters, Cincinnati, RTP, Regions 1-9, and in certain Agency laboratories and field offices.

Convenience Checks - Third party drafts or checks issued by the contractor bank to specific cardholders.

Cost Allocation System - EPA intranet data base used to “cost allocate” or pay for purchase card orders.

Funds Certifying Official (FCO) - Agency employee responsible for maintaining the Document Control Register, assigning Document Control Numbers, and ensuring that sufficient funds in an allowance are available for obligation.

Micro-purchase threshold - FAR Subpart 2.1 defines the micro-purchase threshold. As of the date of this policy, the threshold is \$3,000, except for construction subject to the Davis-Bacon Act, where the threshold is \$2,000, and services subject to the Service Contract Act, where the threshold is \$2,500.

Monthly Limit - The cumulative amount of orders which can be placed by a cardholder during the contractor bank’s standard 30-day cycle (usually the 28th of one month until the 27th of the next month). Sometimes called the “monthly purchase limit” or “billing cycle limit.”

National Purchase Card Program Manager (NPCPM) - The supervisor of the Purchase Card Team within the Office of Acquisition Management.

Program Office Cardholder - A cardholder who is not an acquisition professional or human resources training officer.

Single Purchase Limit. The maximum dollar amount a cardholder is authorized for an individual order. An individual order may include multiple items.

Splitting a Purchase - Breaking down a known requirement totaling more than the single purchase limit into two or more purchases merely to permit use of the card under the cardholder's single purchase limit or to avoid approval requirements.

Training Officer - An Agency human resources employee who has delegated authority to purchase training in accordance with the Government Employee Training Act (GETA). A training officer is neither an acquisition professional nor a contracting officer.

Unauthorized Commitment - As defined in FAR 1.602-3, an agreement that is not binding solely because the Government representative who made it lacked authority to enter into that agreement on behalf of the Government.

13.3.5 POLICY

13.3.5.1 Roles and Responsibilities in the Purchase Card Program

The key players in EPA's purchase card program are the Purchase Card Team, the Cincinnati Finance Center, the contractor bank, funds control officials, approving officials and cardholders. This section briefly describes their areas of responsibility.

To avoid potential conflicts of interest, adequate separation of functions is required to ensure that the same individual is not responsible for funding, approving, ordering, or verifying receipt of a purchase card transaction.

A) The Purchase Card Team (PCT)

The PCT resides in OAM and is managed by the Agency's National Purchase Card Program Manager (NPCPM). The PCT administers the EPA purchase card program (with the exception of financial matters). The team establishes Agency policy, administers the program, sets up and maintains accounts for cardholders and approving officials, serves as Agency liaison with the contractor bank, provides ongoing advice, and oversees the use of the card.

The PCT maintains the Agency's Purchase Card Program Web Page. To access the web site, go to <http://intranet.epa.gov/oamintra/>, then select "Purchase Card Program Web Page" on the left side of the screen. The web page includes frequently asked questions, all required purchase card program forms, and links to other helpful sites.

B) The Cincinnati Finance Center (CFC)

The CFC is part of the Office of the Chief Financial Officer (OCFO) and is responsible for national financial issues such as cost allocations, accounting corrections and manual payments.

They also serve as the Agency liaison with the contractor bank for dispute resolution and monthly reconciliation. The CFC examines purchase card transactions to detect and resolve funding problems and provide appropriate corrective measures to cardholders and finance personnel.

C) The Contractor Bank

The contractor bank is selected through a competitive acquisition under the Federal Supply Schedule. The contractor bank is responsible for issuing cards, paying the vendors for purchase card orders, and providing customer services such as dispute resolution.

D) Funds Certifying Officials (FCOs)

FCOs certify to the availability of funds, ensure that the financial transaction complies with Agency financial policy and procedures, and that all of the accounting data is accurate and complete. The method for funding purchase card orders will vary according to established office procedures. Any method is acceptable as long as the cardholder ensures funds are available before making a purchase.

E) Approving Officials (AO)

The AO can be the cardholder's supervisor or an individual one organizational level above the cardholder. Every cardholder must have an AO who has an AO account with the contractor bank.

(1) AOs are responsible for:

1. Completing required training;
2. Pre approving all purchases to be made by cardholders under their control to ensure these transactions comply with Federal and Agency policies. (See section (4) below for additional information.)
3. Providing support to cardholders in explaining and reinforcing proper procedures to cardholders' customers;
4. Reviewing and approving (signing) the cardholders' logs and records on a not less than quarterly basis;
5. Establishing internal, standard operating procedures for cardholders;
6. Annually performing transaction volume reviews and notifying the PCT if changes are

needed in the number of cardholders or cardholders' monthly spending limits; 7.

Notifying the PCT if a cardholder leaves their organization; and

8. Notifying the PCT when the AO leaves his or her organization for a period of two weeks or more, or will no longer be an AO.

(2) Physical Location of AO and Number of Cardholders an AO May Oversee.

AOs must be physically located in close proximity to their cardholders and oversee no more than seven cardholders at any given time. When applying for an account, a proposed AO may request the NPCPM waive this requirement in extreme situations where there is no alternative for compliance. This request shall include an explanation of the special circumstances requiring a deviation from this policy, including the rationale as to why an additional AO cannot be nominated or why an AO cannot be located in close proximity to these cardholders. The request must also include detailed, additional internal management controls to ensure proper procedures are followed and to minimize the potential for fraud, misuse, or payment delinquency.

(3) Separation of Functions and Performance Appraisal.

One individual cannot function as both AO and cardholder on the same purchase card transaction. OAM strongly recommends that AOs have an element in their performance appraisals or otherwise receive management feedback on performance of their AO responsibilities.

(4) AO Responsibility for Establishing the Internal Standard Operating Procedures (ISOP)

All AOs must have a written ISOP detailing how transactions will be processed by the purchase cardholders reporting to them. The purpose of the ISOP is to establish local procedures for initiating, approving, and funding requirements, verifying receipt of orders, and tracking property, specific to the cardholder's organization. Content of the ISOP is at the discretion of the AOs as long as procedures set forth in the ISOP are consistent with Federal and Agency policy. The ISOP may be drafted by the AO or organizational-level ISOPs may be used if procedures are consistent for all AOs. AOs must ensure their cardholders have the current version of the ISOP applicable to them.

These areas must be addressed in the ISOP:

1. **Prior approvals:** The Agency standard is for AOs to approve each requirement prior to the cardholder placing an order. In the ISOP, the AO may stipulate that prior approval for designated routine, repetitive requirements (such as office supplies ordered from the

required source) is not required.

2. **Short term AO absence:** When the AO is absent (e.g., on leave, travel) for short periods of time (two weeks or less) the ISOP may specify another AO in the organization who will temporarily perform the AO function. (If the AO will be gone for more than two weeks, follow the account transfer procedures set forth in 13.3.5.2 F).

F) Cardholders

Cardholders are Agency employees who are responsible for the following: 1.

Completing required training;

2. Following applicable Federal and Agency policies;

3. Making informed, responsible, and reasonable purchases;

4. Advising customers on appropriate purchase card procedures; 5.

Maintaining complete records of each transaction;

6. Using the card ethically in accordance with the Standards of Ethical Conduct; and

7. Notifying the PCT when they leave their organization, permanently or temporarily-such as on a detail, or their card is no longer needed.

One individual cannot function as both cardholder and AO on the same purchase card transaction. For program office cardholders, the standard single purchase and monthly limits are the \$3,000 and \$6,000, respectively. (The single purchase limit for convenience checks is \$2,500.) OAM strongly recommends that purchase cardholders have an element in their performance appraisals covering their purchase card responsibilities so they can be evaluated on their performance in using the card.

13.3.5.2 Establishing and Maintaining AO and Cardholder Accounts A)

Required Training

Before applying for an account or to maintain their accounts, all AOs and cardholders, regardless of whether they are acquisition professionals or program office employees, must complete the required basic and refresher training. Employees applying to be AOs or cardholders must have completed purchase card training within the previous twelve months if they have not been an AO or cardholder within that time period.

Basic training is OAM's one-day classroom offering of the Purchase Card Course. Refresher training is required every three years after completing the Purchase Card Course. This requirement can be fulfilled by retaking the Purchase Card Course or completing OAM's on-line Purchase Card Refresher Training which is available at <http://intranet.epa.gov/oamintra/pcard/>.

OAM significantly revised Agency purchase card policy in 2002. Employees who completed the Purchase Card Course before October 1, 2002, and have not taken the classroom presentation of the course since then, must retake the one-day classroom presentation.

B) Application Process

After successfully completing the required training, both AOs and cardholders must submit an application to the PCT to establish an account with the contractor bank. The potential AO or cardholder must provide proof of successfully completing OAM's Purchase Card Course (within the past year). Separate applications are required for AOs and cardholders. Application instructions are available on the Purchase Card Program Web Page.

C) Account Set-Up

Once the PCT receives the application and establishes the account, the program office cardholder will be issued a Certificate of Appointment designating him or her as a micro-purchase contracting officer.

New cardholders, who already have been delegated procurement authority over the micropurchase threshold, will **not** be issued another Certificate of Appointment. Once their account is established, the PCT will notify them about their single and monthly limits.

Cardholders may begin using their purchase card upon receipt and activation.

D) Requesting Convenience Checks

Convenience checks are an optional tool available under EPA's purchase card program for use when vendors do not accept the purchase card. In accordance with FAR 13.305-3, the single purchase limit with convenience checks is \$2,500 for **all** cardholders, regardless of their procurement authority. Cardholders who need convenience checks must submit the Request for Convenience Checks application. Application instructions are available on the Purchase Program Card Web Page.

E) Canceling or Suspending Accounts

To cancel or suspend AO or cardholder accounts, the AO, or Division Director or equivalent,

must submit the Purchase Card Maintenance Form to the PCT. Accounts can be suspended when an AO or cardholder is on extended leave (longer than two weeks) or a detail. Accounts must be closed when an AO or cardholder:

1. Transfers to another organization and will not need the account.
2. Resigns or is terminated.
3. When the card is no longer needed.
4. When the card is lost or stolen.
5. Upon the death of the employee.

Whenever a cardholder account is to be closed, the AO must destroy the card before the Purchase Card Maintenance Form is submitted to the PCT. Do not send the card back to the PCT or the bank.

F) Account Transfers

If a cardholder transfers from one organization to another and wants to retain the account, the cardholder must submit a Cardholder Transfer Form to the PCT, specifying who the current AO is and who the new AO will be.

If an AO transfers from one organization to another and will be an AO in the new organization, a Cardholder Transfer Form must be submitted to the PCT specifying which cardholders the AO will oversee in the new organization. The AO's previous organization must submit a Cardholder Transfer Form to the PCT specifying who will replace the AO that left. If a completely "new" AO is accepting the transferred cardholders, submit a new AO account set-up form to the PCT.

G) Cardholder Name Changes

To get a purchase card issued with a new name, the AO, or Division Director or equivalent, must submit the Purchase Card Maintenance Form with a copy of the cardholder's Standard Form 50 (reflecting the name change) to the PCT.

H) Requesting a Change in a Cardholder's Monthly Limit

The Agency standard monthly limit for program office cardholders is \$5,000. At the request of the AO, this limit may be increased or decreased. The need for an increase in the monthly limit must be substantiated. To request a change in the monthly limit, follow the directions on the Purchase Card Program Web Page for submitting the Request for Change in Monthly Limit form. Increases may be requested on a temporary basis (e.g., end of FY purchases) or permanently.

I) Reporting a Lost or Stolen Purchase Card

If a card is lost or stolen, the cardholder shall immediately notify the contractor bank. The contractor bank's telephone number is listed on the back of all purchase cards and on the purchase card web page. The cardholder should record this number for future reference. This timely notification will limit the cardholder and the Agency of any financial liability resulting from the unauthorized use of the card.

Replacement cards will be delivered by the contractor bank within two to three working days. The cardholder shall not attempt to place any orders until the new card has been received and activated.

13.3.5.3 Preferred Method of Micro-Purchase Acquisition

Purchase card is the preferred acquisition method for all purchases at or below the micropurchase threshold. Use of the purchase card expedites the acquisition process, streamlines payment, and reduces administrative costs associated with traditional paper-based purchase orders. Program office cardholders shall place orders for requirements at or below the micropurchase threshold unless the requirement is of a unique, complex, or sensitive nature, or the vendor will not accept the purchase card or convenience check. Examples of items which must be forwarded to the servicing contracting office for purchasing are included in section 13.3.5.4 B) of this policy.

13.3.5.4 Prohibitions, Restrictions, and Priority for Use of Sources

For program office cardholders, the card is intended for simple, "over-the-counter" purchases with the total price fixed at the time of the order. Program office cardholders are not acquisition professionals and therefore do not have the authority or expertise to process orders which require specifications, statements of work, clauses, terms and conditions, or indefinite pricing.

Acquisition professional contracting officers may use the purchase card to place orders or make payments against contractual instruments in accordance with Federal and Agency acquisition regulations and within the limits of their warrants. See FAR 13.301(b) for additional information.

A) Prohibited Transactions

All Agency cardholders are prohibited from using the card for the following:

1. Any order which is not a necessary expense of appropriated funds for official Government business;
2. Travel related expenses, such as per diem, lodging, and transportation;

3. Gasoline, oil, or similar items for Government-owned or leased boats or vehicles (use the official EPA fleet management cards); 4. Cash advances;
5. Long term rental or lease of land and buildings;
6. Individual employee memberships in professional organizations, associations, etc.; and
7. Commercial brokers or separate third-party processors, such as PayPal, which provide payment processing services for merchants that do not have a system to accept the credit card. The U.S. Department of Treasury's pay.gov is acceptable. (Convenience checks may be used with vendors which do not accept the purchase card.)

B) Restricted Transactions

The following transactions are prohibited for program office cardholders; however, they may be ordered by acquisition professional cardholders, consistent with applicable law and regulation:

1. Any order that requires a statement of work (SOW) or specifications;
2. Any order where Agency or Federal acquisition regulations require, or it is advantageous to the Government to include, contract clauses (e.g., construction over \$2,000, a potential for conflicts of interest, etc.)
3. Any order requiring the cardholder to accept a vendor's terms or sign a vendor's agreement or contract;
4. Construction, alteration or repair of public buildings,
5. Expert services/consultants (as a statement of work is required);
6. Personal services (creates an employer/employee relationship where the EPA supervises contractor employees—must be authorized by statute);
7. Leasing of aircraft, boats, or motor vehicles, including buses and limousines;
8. Institutional memberships in associations (see EPA Order 1800.2, Participation in Professional Societies and Associations, at

<http://epawww.epa.gov/rmpolicy/ads/transorders.htm>);

9. Communication services, such as connection and use of cell phones, Internet, or E-mail;
10. Any order requiring advance payment before receipt of the item, **except** subscriptions to publications, registration fees, and training; and
11. Automatic recurring charges, where the vendor will continue to bill unless the cardholder takes action to prevent the charges, such as monthly charges for a cable television.

C) Priorities for Use of Sources

FAR Part 8.002 lists priorities for use of Government sources. In addition, the Agency has a required source for office supplies. Cardholders shall check the following sources, in the order listed, before using a commercial vendor:

1. In accordance with the Agency Personal Property Policy and Procedures Manual, cardholders are responsible for determining, with assistance from the local Property Utilization Officer, whether equipment is available from Agency inventory or excess from other agencies. For more details, the Personal Property Policy and Procedures Manual is available on the Intranet at <http://intranet.epa.gov/oa/fmsd/property/index.htm>.
2. All cardholders shall use the Agency's Green Office Supply Blanket Purchase Agreement (BPA) to order desktop office supplies. The BPA is currently awarded to a Federal Supply Schedule (FSS) vendor (Corporate Express). It offers National Industries for the Blind (NIB) and National Industries for the Severely Handicapped (NISH), as well as FSS products. Cardholders can access the EPA's E-Catalog for Office Supplies under "Agency Services" on the Agency Intranet at <http://intranet.epa.gov>. While the BPA is mandatory for purchasing office supplies, there is an "opt-out" provision for use under specific circumstances. Cardholders shall follow the procedures listed on the abovementioned web site when opting-out.
3. Follow the procedures outlined in FAR Subpart 8.6 when considering the Federal Prison Industries. Federal Prison Industries need not be considered for orders under the \$2,500.
4. Products available from the Committee for Purchase from People Who Are Blind or Severely Disabled (this includes Javits, Wagner, O'Day (JWOD), NIB and NISH) can be

found on the Internet at www.jwod.com.

5. Items available under mandatory FSS and optional FSS can be found at GSA's Schedules e-library and GSA Advantage! at www.gsa.gov.

13.3.5.5 Supporting the Agency's Mission through Purchase Card Orders

Before placing orders, cardholders and those responsible for defining procurement needs should consider a broad range of environmental factors including: impacts to human, animal, and plant life, energy and water efficiency, resource conservation, recycled and recovered material content, waste prevention opportunities, renewable materials, air, water and land impacts, hazardous constituents, toxicity, effects of packaging and transporting products and services, environmental impacts of a product or service throughout its life cycle, from its design to its ultimate disposal, and other environmental attributes. By considering these factors cardholders support the Agency mission, create and expand markets, and promote environmental stewardship. The Contract Management Manual Chapter 23, Section 23.1, Affirmative Procurement Program sets forth Agency policy on "greening" procurement.

13.3.5.6 Purchase Card Transactions That Require Prior Approvals

Before placing the order, the cardholder shall obtain approval from the appropriate individual as identified below. Approvals shall be in writing either by e-mail message, a signature on a procurement request or on the purchase card log.

Item Information Technology (IT) , Electronic and Information Technology (E&IT) see 13.3.5.6 A	Approving Official Information Management Officer (IMO)
Conference facilities and meeting rooms Audio-visual equipment Furniture and room decorations Cubicle modifications Building alteration and repair Janitorial and maintenance services	Facilities Manager
Items relating to health and safety Toxic or hazardous chemicals (except consumer products used for a duration and frequency similar to that of a consumer) Air purifiers, water filters Personal protective clothing and equipment, such as respirators, body armor, steel toe safety shoes, etc.	Safety, Health and Environmental Manager
Protective services and equipment, including guard protection, security alarms, monitoring and detection devices, and safes	Security Manager
Printing see 13.3.5.6 B	Printing Control Officer Product Review Officer
Paid Advertisement for personnel recruitment	Human Resource Official
Training (regardless of cost or location)	Training Officer

A) Information Technology (IT) and Electronic and Information Technology (E&IT)

All purchases of IT and E&IT products or services must be approved by the local IMO before the order is placed. "Information Technology" (IT) means the automatic acquisition, storage, manipulation (including transformation), management, movement, control, display, switching, interchange, transmission or reception of data, and the equipment, software, firmware, and procedures associated with this processing. "Electronic and information technology" (E&IT) has the same meaning as "information technology" except E&IT also includes any equipment or interconnected system or subsystem of equipment that is used in the creation, conversion, or duplication of data or information. IT includes computer hardware, software, and telecommunication equipment and services. E&IT includes copiers, fax machines, televisions, video and multimedia products.

Section 508 of the Rehabilitation Act (29 U.S.C. 749d) was enacted to ensure that Federal employees and members of the public with disabilities have access to the Federal government's electronic and information technology (E&IT). For more information about Section 508 and EPA's role in ensuring accessibility see <http://intranet.epa.gov/accessibility/>. Orders placed with purchase card shall comply with Section 508 requirements.

For additional information on Section 508, such as what products it applies to and how to locate vendors, go to <http://www.section508.gov>. This site includes the "Buy Accessible Wizard," a web-based tool to help users determine and document Section 508 requirements that apply to a particular E&IT acquisition.

B) Printing

Printing/photocopying services include (but are not limited to), any image transferred to paper, plastic/vinyl, CD-ROM/diskette duplication, color copying/digital copying, black & white photocopying/digital photocopying, liquid ink digital copying/printing, journal reprints/page charges, and offset printing. This also includes graphic services such as design layout.

Printing must be done by the local print shop or through the Government Printing Office (GPO), unless the cardholder obtains a waiver from the local photocopying/printing manager. Even with this waiver, all cardholders are limited to a maximum of **\$1,000** for printing. See Printing Management Circular 03-03, dated August 2003 for guidance on obtaining approvals or waivers for printing.

Many communications products, such as fact sheets, brochures or posters, also require approval of the product review officer or Office of Public Affairs. A list of product review officials and additional guidance is available at <http://www.epa.gov/productreview/guide/index.html>.

C) Paid Ads

All cardholders have the authority to place orders for paid advertisements (e.g., public notices). Cardholders must ensure that any necessary local or programmatic approvals of the ad are obtained before placing the order. Paid advertisements for personnel recruitment shall be approved by the Office of Human Resources. Cardholders must keep a copy of the published advertisement in their records, see FAR 5.503 for details.

13.3.5.7 Purchases Requiring Close Scrutiny

Cardholders and AOs are advised to be cautious when placing orders for clothing, entertainment, novelty items, non-monetary awards, light refreshments, and conference support. These purchases require close scrutiny to ensure they are necessary expenses of appropriated funds.

The reason and authority for these purchases shall be documented in the cardholder's records. For questions concerning the necessary expense rules contact the Office of General Counsel, Finance and Operations Law Office.

A) Clothing

Cardholders may purchase clothing under the following circumstances:

1. Uniforms, "special clothing," and clothing with identifying insignia covered by EPA Order 4800.1 AI, dated February 21, 2003 (posted on the Agency Intranet at <http://epawww.epa.gov/rmpolicy/ads/transorders.htm>);
2. Protective clothing, covered by EPA Order 1440.1 and EPA's Safety, Health and Environmental Management Program Guide (posted on the Agency Intranet at <http://epawww.epa.gov/rmpolicy/ads/transorders.htm>); and
3. Clothing which is presented as a non-monetary award in accordance with the Office of Human Resources' Recognition Policy and Procedures Manual, 3130 A2, posted on the Agency Intranet at <http://intranet.epa.gov/policy/performrec/index.htm>.
4. When clothing is otherwise determined to be a necessary expense. Consult the Office of General Counsel, Finance and Operations Law Office, for assistance with this determination.

When purchasing clothing, the cardholder shall follow the requirements of the applicable directive and document the file as to the circumstances justifying the purchase.

B) Entertainment and Recreational Items

Entertainment items include food, music, and other supplies for what could be viewed as parties. The purchase of any form of entertainment is generally prohibited. However, limited exceptions are allowed for entertainment directly related to the Agency's official employee recognition award ceremonies under Delegation 1-51, a Pollution Prevention Act ceremony under Delegation 1-111, and formal recognition of cultural or ethnic awareness programs. Both Delegations are listed in the Agency Delegations Manual, see <http://epawww.epa.gov/rmpolicy/ads/delegat.htm>. Cardholders and AOs shall seek advice from the Office of General Counsel, Finance and Operations Law Office regarding the expenditure of an appropriation for entertainment.

Always consult the Office of General Counsel, Finance and Operations Law Office for advice before purchasing recreational items for Agency employees in remote or isolated areas.

C) Novelty or Specialty Items

Purchase of novelty or specialty items, including, but not limited to plastic key chains, cups, water bottles, tote bags, bumper stickers, posters, buttons, magnets, or pins shall be made in accordance with Section 13.2 of the Contracts Management Manual.

Printing on novelty or specialty items must be approved by the local product review officer and printing officer, see 13.3.5.6 B.

When selecting novelty or specialty items, cardholders shall consider priority sources, see 13.3.5.4 C, and environmental factors, see 13.3.5.5.

D) Informal Non-Monetary Awards

Cardholders may purchase informal non-monetary awards in accordance with Chapter 3, Informal Recognition/Non Monetary Awards, of EPA's Office of Human Resources' Recognition Policy and Procedures Manual. The Manual is available on the Intranet at <http://intranet.epa.gov/policy/performrec/index.htm>. Cardholders' records shall document what was purchased, who received the award, who authorized the award, when and why the award was presented.

E) Light refreshments or meals

Using appropriated funds to purchase light refreshments or meals is a considerably restricted and dynamic area in terms of policy interpretation and implementation. Cardholders must consult the EPA Order entitled "Food at an EPA Conference, Workshop, Ceremony, Reception or Observance" available at <http://intranet.epa.gov/rmpolicy/ads/orders.htm>. Cardholders are advised to thoroughly research this subject, seek advice from the Office of General Counsel (OGC) for questions concerning specific situations, obtain required approvals, and include supporting documentation in their files before placing an order for light refreshments or meals.

F) Conferences, Meetings, Retreats and Other Events

Because of the complexity of planning and procuring conference support, OAM recommends these services be ordered by acquisition professionals. The following applies to orders for conferences, meetings, retreats and other events:

1. The total value of the acquisition package for the event, including space rentals, audio visual support, telephone and Internet, and light refreshments, etc. shall not exceed the cardholder's single purchase limit.

2. Prior approval is required for the acquisition of commercial meeting space and justification is required for the acquisition of light refreshments or novelty items. These approvals and justifications must be retained in the cardholder's records.

3. Do not sign hotel agreements or contracts. If the facility insists on a signed contract, refer the purchase to your contracting office.

4. Once the cardholder has placed the order, any requirements for additional supplies or services must be placed by the cardholder. Additions or changes to the cardholder's order by other Agency employees constitutes an unauthorized commitment and shall be handled in accordance with Section 1.1 of the Contracts Management Manual and EPA Acquisition Regulation 1501.602-3.

13.3.5.8 Purchase Guidelines

A) Protect the Purchase Card, Convenience Checks, and Account Number

Unless the cardholder is doing field work or emergency response support, purchase cards and convenience checks must be secured at the cardholder's EPA office location. To avoid unintended misuse on personal purchases, do not routinely carry purchase cards and convenience checks along with personal credit cards and checks.

The Government purchase card and convenience checks are issued to individual cardholders for purchases otherwise authorized by law or regulation only. The employee, whose name is embossed on the card or checks, is the custodian and sole authorized user. Cardholders shall not allow anyone else to use their cards, convenience checks, or account number to make purchases.

Cardholders shall not knowingly allow vendors to permanently maintain a standing account which contains the cardholder's account number. Setting up a standing account with a supplier creates the potential for individuals, other than the cardholder, to call and place unauthorized orders "on EPA's account" or for the vendor to process charges without the cardholder's knowledge.

While use of electronic commerce is strongly encouraged, cardholders shall ensure all on-line purchases are made only through secure web sites of responsible businesses. (See section 13.3.5.8 E on placing orders with responsible businesses.)

B) Plan and Consolidate Your Requirements to Avoid Splitting Orders

Cardholders shall not split requirements to circumvent single purchase limits or to avoid any

required approvals. As cardholders receive procurement requests from customers, they can plan their orders to combine requirements in order to qualify for volume discounts and administrative savings. Unless there are compelling reasons not to do so (e.g., unavailability of funds, lack of adequate storage space), cardholders shall combine similar items. Requirements which exceed the authority level of the cardholder's single purchase limit shall be forwarded to the cognizant contracting office.

It is improper for organizations and cardholders to take large requirements that are clearly known in advance and break them into smaller requirements to be acquired over time through a series of purchase card orders either by a single cardholder or a number of cardholders.

C) Use Small Businesses

Cardholders are encouraged to use small businesses whenever possible when placing orders with commercial vendors. A number of databases such as the Central Contractor Registration system (www.ccr.gov) are available to assist cardholders in locating qualified sources/businesses. The Office of Small and Disadvantaged Business Utilization and regional small business specialists are also available to assist with identifying business sources.

D) Distribute Purchases Equitably when Using Federal Supply Schedule or Commercial Sources

FAR 13.202(a)(1) states, to the extent practicable, cardholders shall distribute purchases equitably among qualified sources.

E) Place Orders with Responsible Businesses

Before ordering from commercial sources, cardholders shall check the Excluded Parties List System at <http://epls.arnet.gov> to ensure the vendor has not been excluded from Federal procurement and non-procurement programs.

F) Tax Exempt Status

Cardholders shall remind vendors that orders are for the U.S. Government and are tax exempt. If a vendor insists on charging tax, the cardholder should not place the order unless there is no alternative.

G) Orders for Equipment Repair

Sometimes equipment repairs require disassembly or inspection before the vendor can determine the repair price. When this is the case, the cardholder must obtain a written estimate from the vendor in which the vendor agrees not to exceed the stated amount without authorization from the cardholder. In no case shall the cardholder authorize repairs where the repair price exceeds the replacement cost of the item or if the total cost for the repair will exceed the cardholder's single purchase limit. Cardholders are cautioned to be prudent when ordering these types of repairs.

H) Independent Verification of Receipt

For all orders, cardholders shall obtain ^{3rd} party independent (other than the cardholder or the AO) verification that the item ordered has been received. This may be accomplished by having a co-worker or the recipient of the item verify receipt.

I) Property Acquisition and Tracking

Cardholders shall not purchase items if the transaction involves trades or exchanges of property. The program office cardholder is responsible for coordinating with their organization's property official to ensure that any accountable or sensitive personal property the cardholder orders is appropriately tracked. For additional guidance, see Section 3.4.2 of the Personal Property Policy and Procedures Manual, available at <http://intranet.epa.gov/oa/fmsd/property/index.htm>.

J) Use of Convenience Checks

Convenience checks are an optional tool available under EPA's purchase card program and are limited to a maximum single purchase amount of \$2,500 for all cardholders. Convenience checks shall only be issued where there is a clear, convincing, and ongoing need. Convenience checks may be used **only** when a vendor does not accept the purchase card.

Depending on the contractor bank's terms, there may be an additional, administrative fee based on the amount of the convenience check transaction. If required, this fee must be funded before an order can be placed. Current contractor bank terms regarding the administrative fee will be posted on the Purchase Card Web Page.

Use of the check is a cash transaction. Issuing the check, in essence, pays the vendor immediately. Convenience check transactions cannot be disputed through the contractor bank.

For Internal Revenue Service (IRS) Form 1099M reporting, cardholders must record the complete legal name and address of the vendor, and the vendor's tax identification number. If the order is placed with an individual, cardholders must record that individual's social security number.

Convenience checks shall not be issued for cash or to an EPA employee.

K) Record Keeping

Records of purchase card transactions are official Agency records and shall comply with Agency and Federal record keeping requirements. (See National Records Management Program at: <http://intranet.epa.gov/nrmp> and FAR 4.805(b).) Purchase card transaction and review records belong to the cardholder's organization and must be maintained by that organization after the cardholder leaves.

Cardholders shall maintain an official log which records every transaction. The log may be in written or electronic form. For security reasons, do not put account numbers on the log.

At a minimum, the log shall record:

1. A brief description of items ordered;
2. Recycled content (see 13.3.5.8 L);
3. Record of required approvals;
4. Vendor name;
5. Date of the order;
6. Price;
7. Accounting information, such as budget object class and document control number;
8. Date the item was received/ date of third party verification; and
9. Date of payment (cost allocation).

To document AO review of the cardholder's log, the cardholder shall retain a hard copy of the log in their purchase card files which is signed by both the cardholder and AO. This log must be reviewed and signed on a not less than quarterly basis.

In addition to the log, other supporting documentation, such as receipts, order confirmations, vendor invoices (if provided), necessary expense justifications (see 13.3.5.7) or documentation of any problems, disputes, or unusual circumstances surrounding an order shall be kept in the purchase card files.

Purchase card logs and all supporting documentation shall be retained for at least three years on a fiscal year basis. Superfund-related purchases may require permanent retention for cost recovery purposes.

Cardholders must retain their certificate of appointment and proof of training completion.

L) Resource Conservation and Recovery Act (RCRA) Reporting Requirement

In accordance with Federal policy, cardholders shall report purchases of the following eight items and the recycled content of each:

- Toner Cartridges (except when purchased via the Green Office Supply BPA) - Concrete
- Landscape Timbers
- Park Benches and Picnic Tables
- Traffic Barricades
- Re-refined Oil
- Signs
- Commercial Sanitary Tissue Products (paper towels and napkins, facial and bathroom tissue)

Every purchase of one of the eight items must be reported to OAM by the 10th of the month following each quarter (January, April, July, and October). The report form is available on the Purchase Card Web Site. Items purchased under the Agency's Green Office Supplies BPA (see 13.3.5.4.6 C) do not need to be reported.

13.3.5.9 Financial (Funding/Payment) Issues Related to Purchase Card

A) Purchase Card Funding and the FCO

Before placing orders, cardholders must coordinate with their FCO to ensure funds are available.

B) E-mail Transaction Notifications of Billing

On a daily basis, the contractor bank notifies CFC of purchase card transactions billed to cardholders' accounts. CFC then issues an e-mail notifying the cardholder and AO that a transaction is awaiting cost allocation or payment. The cardholder should obtain third party verification of receipt and cost allocate immediately. The E-mail transaction notices will continue until cost allocation is completed.

C) Cost Allocation (Payment)

Cardholders are responsible for cost allocating their purchases. All cardholders shall use the Agency's Intranet cost allocation system to cost allocate (pay) for their purchases. The system can be accessed at: http://oasint.rtpnc.epa.gov/fmc2/card.card_welcome. With the exception of items where advance payment is allowed by Agency or Federal regulation, cardholders shall not cost allocate if all the items charged have not been received. If a vendor bills for an order after the cardholder has left the Agency, the AO may contact CFC for assistance with cost allocation.

D) Partial, Delayed, or Back Orders

The cost allocation system does not allow cardholders to make partial payments. Cardholders must pay the total amount billed or not pay the bill at all. Per the terms of the agreement with the credit card company, vendors shall not submit a bill unless all items ordered are shipped. Cardholders shall not pay the vendor before receiving all the items for which the vendor is billing.

If a vendor does not deliver all items ordered, but bills for all of them, the cardholder should call the vendor to resolve the issue. The vendor should issue a credit for items not shipped. If the vendor does not respond in a timely manner, dispute the charge through the contractor bank.

E) Purchase Card as a Payment Tool

Acquisition professionals are encouraged to use the purchase card to place orders and to pay for purchases against contracts established under FAR Part 8 procedures, when authorized; and to place orders and/or make payment under other contractual instruments, when agreed to by the contractor. See FAR 32.1110(d) for instructions for use of the appropriate clause when payment under a written contract will be made through use of the card.

F) The Dispute Process

Typically disputes occur because the item was not received, is defective, or the charge is unauthorized or duplicative. Before initiating a dispute through the contractor bank, cardholders shall contact the vendor in question and attempt to resolve the issue either by obtaining a replacement item or credit where appropriate. If the cardholder cannot resolve the issue with the vendor, then the cardholder shall contact CFC for assistance in processing a dispute through the contractor bank.

Steps for resolving a dispute through the contractor bank are posted on the Purchase card Web Page and are attached to the CFC transaction notice e-mail.

Neither shipping, sales tax, nor convenience check charges can be disputed through the contractor bank.

After 60 days from the date of the first transaction notice, charges can no longer be disputed through the contractor bank and must be paid. Accordingly, it is imperative that cardholders and AOs pay or dispute promptly.

G) Refund from Contractor Bank

The contractor bank gives the Agency a quarterly payment performance based refund on the basis of net charge volume. The faster the cardholder cost allocates, the faster the Agency pays and the more refund the Agency earns. Once the refund is received, CFC distributes the funds to each AAship or region based on the volume of purchases.

H) Checks Received by Cardholder

While it is the Agency's standard practice to request that vendors issue a credit to the purchase cardholder's account or in the case of a rebate, to ask for a commensurate price reduction, an exception to this rule is sometimes warranted.

When a vendor offers a rebate check for a purchase, the cardholder must inform the vendor to make the check payable to U.S. EPA and then send it to the cardholder. The cardholder includes the following information with the check:

1. Cardholder's name
2. Vendor's name
3. Transaction number from EPA's credit card transaction review page
4. Document control number (DCN) - 10 digits (if previously cost allocated)

Then the cardholder mails the check to:

U.S. EPA
Cincinnati Accounting Operations Office
P.O. Box 371099M
Pittsburgh, PA 15251

If a vendor issues a refund check in lieu of posting a credit to the cardholder's account, the check must also be issued to U.S. EPA. If, by some oversight, the check is made payable to the cardholder, the cardholder shall endorse the check, making it payable to U.S. EPA and send it to the address above.

13.3.5.10 Oversight of the Purchase Card Program

Oversight of the Purchase Card Program is accomplished on two levels: individual and organizational. Oversight of individual transactions ensures the card is used appropriately and items being acquired are authorized. Organizational oversight helps analyze spending data, systemic problems and vulnerabilities as well as fraud, waste, or mismanagement. Consistent and vigilant oversight is the responsibility of everyone involved in the program.

EPA developed an Intranet web-based purchase card transaction review page that electronically captures all purchase card transactions. The purchase card transaction review page is available to the purchase card community to perform oversight of cardholders' transactions. Cardholders, FCOs, and AOs can review the activity of each cardholder over a chosen time frame to ensure the cardholder has correctly reconciled the funding for transactions and cost allocated them. FCOs and AOs have access to valuable transaction data to help facilitate budget decisions and identify problems with cardholder purchasing activity. All activity is captured on this page and detailed reports are available on purchase card transactions. The transaction review page can be accessed at: <http://oasint.rtpnc.epa.gov/fmc2/card.card.review>.

A) Cardholder Oversight

Cardholders play a vital role in ensuring the card is properly used. Before placing orders, cardholders must evaluate each purchase request to ensure that the requirement complies with Federal and Agency acquisition and appropriation rules. Cardholders should discuss any inappropriate or questionable requests with the originator. If concerns or doubts still remain, the cardholders must raise the issue with their AO, the PCT, or other official, as appropriate.

B) AO Oversight

AOs are responsible for conducting personal and detailed reviews of their cardholders' transactions to ensure compliance with all applicable regulations, policy, special approvals, and purchase card procedures. This includes, but is not limited to, preapprovals for orders, review of transaction notices from CFC, and review of purchase card logs, and transaction reports. AOs shall review and sign the cardholders' logs on a not less than quarterly basis. The AO's signature denotes the AO has reviewed and approved the listed transactions.

Once a year AOs must conduct a transaction volume analysis of their cardholders to ascertain whether all cards under their account are needed, and whether, based on order volume, more cardholders are needed or if existing cardholders' monthly limits should be adjusted.

C) Program Office Oversight

At least once every 24 months program organizations (AAship, region or office) shall conduct a review specific to the organization to ensure compliance with Agency and Federal policies. The review must be performed at the AO level to emphasize the importance of AOs and their associated responsibilities. The review must encompass a sampling of transactions from each of the cardholders under the AO. Program offices and regions decide when to schedule reviews; however, reviews must be conducted at a minimum every 24 months. Program offices and regions shall provide the results of their reviews to the PCT and perform required follow-up or corrective actions as needed. The Purchase Card Web Page provides a “tool kit” to facilitate the review process.

D) Purchase Card Team (PCT) Oversight

The PCT is responsible for the overall implementation, quality, and consistency of the program. The PCT regularly reviews individual cardholder transaction reports. Periodically, the PCT will conduct Agency-wide reviews to determine general trends and identify systemic issues.

As a part of their oversight responsibility, the PCT will notify affected parties and cancel or suspend any account when the PCT determines the cardholder or AO (as appropriate):

1. Continuously fails to follow Agency or Federal acquisition and purchase card policies;
2. Does not properly safeguard the card, convenience checks, or account number;
3. Uses the card for personal, unapproved or unauthorized purposes;
4. Fails to respond to inquiries from the PCT or CFC;
5. Fails to reconcile, cost allocate, or dispute charges within 30 days from initial CFC transaction notice (e-mail); or
6. Does not use the card for a period of 12 months or more.

F) Oversight from Other Organizations

The Cincinnati Finance Center or Funds Certifying Officials may review purchase card transactions and any supporting documentation as deemed necessary for compliance with Agency fiscal policy.

The Agency Office of General Counsel (OGC), Finance and Operations Law Office, is available to assist cardholders with questions about the propriety of a particular purchase as a necessary expense of appropriated funds. The OGC Ethics Program will also assist with ethics-related questions.

Other organizations, such as the Office of Inspector General (OIG), Government Accountability Office (GAO), or Office of Management and Budget (OMB) may be involved in purchase card oversight. The PCT will work with these organizations to ensure that information is shared, irregularities are identified and investigated, fraud and abuse are eliminated or prosecuted, and that suggested program enhancements in the oversight area are jointly discussed regarding their development and implementation.

Complaints of fraud, waste, and abuse, including mismanagement or violations of law, rules, or regulations in EPA programs and operations by EPA employees or program participants may be reported to the OIG as follows:

1. Toll-free, nationwide hotline at 1-888-546-8740;
2. E-mailed to OIG_Hotline@epa.gov; or
3. Via the Internet at <http://www.epa.gov/oig/ombudsman-hotline/how2file.htm>.

G) Consequences for Misuse of the Purchase Card

If any employee knowingly uses the card for unapproved or unofficial purposes, such action will be considered as an attempt to commit fraud against the U.S. Government. This action may result in immediate suspension or cancellation of the card and further disciplinary action against the cardholder under applicable Agency administrative procedures or law.

Cardholders and AOs who violate applicable laws, rules, or regulations or advise or order a subordinate to violate these rules may be subject to Agency's conduct and discipline policy and procedures. Potential disciplinary actions, notwithstanding the outcome of any applicable criminal proceedings, range from oral admonishment, written warning, reprimand, to suspension or removal. For more details, see the Agency's Conduct and Discipline Manual at <http://epawww.epa.gov/rmpolicy/ads/cadm/html/index.htm>.

The cardholder is held personally liable to the Government for the amount of any unapproved purchases and may be subject to a fine of not more than \$10,000 or imprisonment for not more than five (5) years or both under 18 U.S.C. 287, False Claims, and related fraud criminal codes

Section 13.4 Roles and Responsibilities - Purchase Order Payments to Finance Offices

13.4.1 PURPOSE

This section summarizes roles and responsibilities for contracting officers (COs), purchasing agents (PAs), and the program office supply/service recipients.

13.4.2 BACKGROUND

EPA finance offices need assistance in obtaining the information necessary to approve contractor invoices for purchase orders. This information is crucial for EPA to make timely invoice payments to comply with the Prompt Payment Act, and to avoid interest charges to the Government. The program office supply/service recipient is instrumental in providing this information, since only he/she has the technical expertise to determine whether the goods and/or services being delivered are acceptable to the Government.

13.4.3 AUTHORITY/APPLICABILITY

FAR 32.9, Prompt Payment and FAR 46.5, Acceptance.

13.4.4 DEFINITIONS (*RESERVED*) 13.4.5 POLICY

This policy is intended to assist EPA finance offices by ensuring they receive the documentation needed to approve contractor invoices for purchase orders (FAR 13.302). It does not apply to other simplified acquisition methods specified under FAR Subpart 13.3 (e.g., purchase card transactions).

13.4.5.1 Roles and Responsibilities

A) The program office supply/service recipient (designated in block 8 of the EPA Form 1900-8 procurement request/order (PR)) must: 1)

Receive goods and/or services;

2) Review invoice(s) for accuracy;

3) Approve invoice(s) promptly unless there are discrepancies between deliverables and invoices(s); 4)

Resolve any discrepancies promptly with the contractor; 5) Contact the responsible CO or PA if any discrepancies cannot be resolved in a timely manner.

- B) The CO or PA must work with the program office making the purchase request to ensure that a program office supply/service recipient is specified in block 8 of the PR.
- C) If the program office supply/service recipient requests assistance from the CO or PA in resolving an issue that is preventing program office supply/service recipient approval of an invoice for payment, the CO or PA must provide prompt assistance.
- D) The CO or PA must ensure that document distribution is made in accordance with local procedures. The finance office shall receive the signed order no later than 4 business days after award by the CO or PA. Therefore, distribution of purchase order documents by electronic means (such as through PDF files) is strongly encouraged.

Section 13.5 Procurement of Recreational Items for EPA Employees

13.5.1 PURPOSE

This policy provides guidance regarding the purchase of recreational items for EPA employees in remote locations and the workplace.

13.5.2 BACKGROUND

This policy is issued to provide guidance in determining:

A) situations in which the procurement of recreational items may be acceptable, and B)

the criteria for determining the acceptability of a recreational item purchase.

EPA does not have specific statutory authority to use appropriated funds for welfare and recreation. Therefore, the Agency can only purchase recreational items for EPA employees under the “necessary expense” test of appropriations law. This is a rule of appropriations law which states that an expenditure not specifically provided for in an agency’s appropriation is permissible only if it is reasonably necessary to carry out an authorized function of an agency, or will contribute materially to the effective accomplishment of an agency’s function, and is not otherwise prohibited by law.

13.5.3 AUTHORITY/APPLICABILITY

The Purpose Statute at 31 U.S.C. 1301(a) requires that an agency use appropriations only for the purposes for which Congress provides. The Government Accountability Office (GAO) has applied the “necessary expense” test of appropriations law in cases that may serve as guidance regarding the purchase of recreational items for both remote locations and the workplace. The GAO balances the “necessary expense” test with an agency’s need to promote the morale and productivity of its employees. The GAO’s decisions are made on a case-by-case basis, and strictly interpret Congressional intent.

13.5.4 DEFINITIONS

Extended Period - Three weeks or more.

Recreational Items - Items deemed appropriate (on a case-by-case basis) by the Program Office and the Office of General Counsel for use by EPA employees at remote locations and/or the workplace.

Remote Location - A location that is geographically isolated, and not permanently staffed by EPA personnel. Examples of remote locations could be an island; an area where recreational facilities or services are not available due to forces of nature (hurricanes, earthquakes, tsunamis); a federally designated wilderness area; Agency-owned ocean- or

lake-going vessels (for use when not in port) and/or an area where no local recreational facilities or services are available within 50 miles of the location.

Workplace - A permanent duty station where EPA employees perform work.

13.5.5 POLICY

13.5.5.1 Purchase of Recreational Items (In General)

A) The Program Office initiating a request must consult with the Office of General Counsel, with the exception of the Office of the Inspector General (OIG). If the Program Office subsequently proceeds with the acquisition, they must adhere to the procedures specified in CMM 13.5.5.4.

B) The recreational item(s) must be located in a common area accessible to all employees.

C) Recreational items purchased with appropriated funds are EPA property; rented items are not EPA property and must be returned to the vendor in accordance with the rental terms. EPA property must be recorded and tracked for accountability purposes.

D) Small business concerns shall be solicited for acquisition of these items to the maximum extent practicable.

13.5.5.2 Recreational Item Purchases for Remote Locations

Contracting officers (COs) or any other authorized purchasers may, on a case-by-case basis, purchase recreational items for EPA employees provided that:

A) EPA employees are or will be working for an extended period at a remote location and do not have ready access to personal or commercial recreational items, and

B) there will be a “direct relationship” between the purchase of recreational items and the employees' effective performance of authorized Agency functions. The fact that a location is remote is not sufficient in and of itself. The Program Office must also demonstrate that the acquisition will directly contribute to enhancing the employees' effective performance of their work at the remote location.

13.5.5.2.1 Direct Relationship Test

To meet the “direct relationship” test, the Program Office must demonstrate that:

A) the acquisition of a recreational item is intended to alleviate the effects of existing adverse working conditions. These conditions arise if the expected stay of employees will be for an extended period under isolated conditions that make it very difficult to recruit, retain and replace employees for a remote assignment; and

B) once the program makes the connection between a recreational item and the alleviation of adverse working conditions, it must then show that the recreational item will contribute to the efficiency of the employees' performance.

C) if an item is expected to alleviate the affects of adverse working conditions, the program should then be able to demonstrate that the item will have a positive impact on the employees' efficiency of performance. For example, employees may be more willing to accept an assignment in a remote location and they may be less inclined to leave the remote location to seek recreational activities—all leading to increased productivity and efficient performance.

13.5.5.3 Recreational Item Purchases for the Workplace

A) Appropriated funds are available to pay for recreational items if the primary benefit of the expenditure accrues to an agency. GAO has determined that an agency may use appropriated funds for what otherwise are personal items, such as recreational items, if:

- 1) employee productivity is increased - these items will contribute to the efficient operations of an agency and the health of personnel; and
- 2) the recreational items are of a type that an employer is expected to provide in today's workplaces to meet the needs of employees.

13.5.5.4 Procedures and Required Steps Prior to Acquisition

A) Program Office personnel are required to prepare documentation and obtain approvals for the purchase of recreational items by:

- 1) consultation with the appropriations law attorneys in the Office of General Counsel, OIG personnel must consult with the OIG Office of Counsel;
- 2) approval by an Office Director, a Laboratory/Center/Office Director, a Division Director (in the Regions only), and the Director of the Office of Administration and Resources Management, Cincinnati or Research Triangle Park, OIG personnel must obtain approval from the Assistant Inspector General for Planning, Analysis, and Results; and
- 3) concurrence of the facility manager (for workplace items).

B) COs or purchase cardholders must ensure that the acquisition is reasonable and that documentation supporting these actions is reasonable and is executed prior to acquisitions (purchase or rent) of recreational items.