

GSA ORDER

SUBJECT: Management and Use of the GSA SmartPay® Purchase Card

1. Purpose. This Order provides internal guidance on the proper use of the GSA SmartPay® purchase card (GSA purchase card) to comply with laws; regulations such as the Federal Acquisition Regulations (FAR), etc.; and General Services Administration (GSA) policy as established by the Office of Administrative Services (OAS), [Office of Travel and Charge Card Services](#).
2. Background. The Government Charge Card Abuse Prevention Act of 2012 requires all executive branch agencies to establish and maintain safeguards and internal controls for purchase cards and centrally billed accounts. Consistent with the Act, Office of Management and Budget (OMB) [Circular A-123, Appendix B](#) prescribes standard minimum requirements and best practices for Government charge card programs that may be supplemented by individual agency policies and procedures.
3. Scope and Applicability. This Order contains policy, standards, instructions, and procedures governing the management and use of the GSA purchase card. The GSA purchase card is the preferred method of payment for Federal employees to make official Government purchases for supplies or services under the micro-purchase threshold (MPT). Management officials may issue supplemental guidance containing instructions and procedures that do not conflict with this Order. The Order applies to GSA employees and to the GSA Office of Inspector General (OIG), to the extent the OIG determines it is consistent with the OIG's independent authority under the Inspector General Act and does not conflict with OIG policies or mission. Contractors are not permitted to be cardholders.
4. Cancellation. This Order cancels [OAS 4200.1B CHGE1](#), [OAS IL-19-01](#), and [OAS interim Section 889 \(a\)\(1\)\(B\) guidance](#).
5. Signature.

/S/

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BOB STAFFORD  
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**MANAGEMENT AND USE OF THE GSA SMARTPAY® PURCHASE CARD**  
**TABLE OF CONTENTS**

SECTION	PAGE
<b>1. <a href="#">Overview</a></b>	3
<b>2. <a href="#">Roles and Responsibilities</a></b>	3
<b>3. <a href="#">General Requirements</a></b>	7
a. Approval of Purchases	7
b. Purchase Card Limits	7
c. Purchases at or Below the Micro-Purchase Threshold	7
d. Purchases Above the Micro-Purchase Threshold	8
e. Third Party Processors and Transactions	9
f. Prohibited Uses	10
g. Section 889	11
h. Intra-governmental Purchases	11
i. Miscellaneous Purchases	11
j. Reconciliation of Purchase Card Transactions in Pegasys	12
k. Recordkeeping and Documentation	13
l. Convenience Checks	13
m. Tax Recovery	13
n. Lapse of Appropriation	14
o. Property Accountability	14
p. Emergency Situations	14
q. Appointment of Cardholders and Approving Officials	14
r. Training Requirements	15
s. Account Maintenance	15
<b>4. <a href="#">Delegation of Authority</a></b>	17
<b>5. <a href="#">Internal Controls and Oversight</a></b>	17
<b>6. <a href="#">Refund Management</a></b>	19
<b>7. <a href="#">Disciplinary Action</a></b>	19
<b>8. <a href="#">APPENDIX A - Terms and Definitions</a></b>	A-1
<b>9. <a href="#">APPENDIX B - Program Oversight</a></b>	B-1

## MANAGEMENT AND USE OF THE GSA SMARTPAY® PURCHASE CARD

### 1. Overview

A GSA purchase card account is a type of payment solution, issued by a GSA SmartPay® vendor, and used to pay for authorized supplies or services procured at the direction of a Federal agency or organization under its official purchase authority. The GSA Purchase Card Program provides issuance of GSA purchase cards as well as policy, guidance, and oversight regarding the use of GSA purchase cards and convenience checks. All GSA purchase card accounts are Centrally Billed Accounts (CBA), are exempt from state taxes, and do not affect the cardholder's personal credit history. Employees issued a GSA purchase card account are required to follow [agency policies and procedures](#) governing the use of the GSA purchase card.

The GSA purchase card is the preferred method of payment for Federal employees to make official Government purchases for supplies or services under the micro-purchase threshold.

- The GSA purchase card is to be used for purchases and payment for micro-purchases.
- For purchases above the micro-purchase threshold, the GSA purchase card may be used as an ordering and payment mechanism, but not a contracting mechanism.

Account holders can purchase any available supply or service within their spending limits that is not prohibited by either Federal or agency-specific procurement regulations.

### 2. Roles and Responsibilities

#### a. Chief Administrative Services Officer (CASO)

- (1) Develops internal Agency policy and procedures for the GSA Purchase Card Program.
- (2) Oversees the Agency's usage of the GSA Purchase Card Program.
- (3) Approves requests for use of convenience checks. See section 3.I. for convenience checks.

#### b. Agency/Organization Program Coordinator (A/OPC)

- (1) Implements and oversees management of the GSA Purchase Card Program.

(2) Monitors compliance with GSA policies, procedures, and internal controls for the issuance, management, and use of the GSA purchase card. For example, oversight and data mining.

(3) Serves as liaison for audits and reviews of the GSA Purchase Card Program and develops corrective action plans.

(4) Assesses risk management controls to ensure the efficiency and integrity of the program.

c. Purchase Card Program Analyst (Analyst)

(1) Processes purchase card applications for GSA.

(2) Monitors cardholders and approving officials (AOs) compliance with purchase card policies and regulations and takes corrective action when required.

(3) Serves as the liaison between GSA and the GSA SmartPay® vendor.

(4) Responds to data calls and inquiries from customers and stakeholders.

(5) Reports suspected fraud, waste, abuse, and/or misuse of the GSA purchase card to the AO during review of purchase card transactions. If response from the AO is not satisfactory, then reports to the GSA Office of the Inspector General (OIG) for investigation. The cardholder's GSA purchase card will be suspended pending the outcome of the investigation.

(6) Suspends charging authority of cardholders upon notification of suspected misuse by the AO. Purchase card account will be reinstated pending the outcome of an investigation.

(7) Ensures GSA Purchase Card Program participants have access to the agency financial system to perform required uploading, logging, and reconciling of purchase card transactions.

d. Cardholder

(1) Makes authorized purchases for official Government business only.

(2) Complies with laws, regulations, policies, and guidance as it relates to the use of the GSA purchase card.

(3) Completes purchase card training before receiving a GSA purchase card and refresher training every two years.

- (4) Complies with their spending limitations on [GSA Form 3661](#).
  - (5) Follows requirements to log and reconcile GSA purchase card transactions in Pegasys.
  - (6) Uploads supporting transaction files in Pegasys in accordance with GSA purchase card policy.
  - (7) Safeguards the GSA purchase card and account information.
  - (8) Reports unauthorized use or cards that have been lost, stolen, or compromised to the GSA SmartPay® vendor, their AO and Analyst.
  - (9) Reports suspected fraud, waste, abuse, and/or misuse of their GSA purchase card to their AO and Analyst.
  - (10) Corrects erroneous GSA SmartPay® vendor billing statement within 60 calendar days of the date on the statement containing the error. Cardholders may be required to reimburse GSA for any erroneous charge not disputed.
  - (11) Complies with the GSA SmartPay® Vendor's cardholder agreement.
- e. Supervisor:
- (1) Ensures cardholders and AOs perform their duties in accordance with policies and procedures and takes appropriate action when notified of purchase card misuse in accordance with [HRM 9751.1A](#).
  - (2) Complies with all reviews or audits of the GSA Purchase Card Program.
  - (3) Notifies the Analyst to close a cardholder's purchase card when the card is no longer needed.
  - (4) Authorizes in writing all purchase card transactions before purchases are made if the existing AO is on leave for 45 calendar days or less. Designates a new AO if the existing AO is on leave for more than 45 calendar days.
  - (5) Completes the Pegasys recertification process for cardholders and AOs, when requested. Failure to recertify will result in the deactivation of the cardholder's purchase card account.
  - (6) Requests deactivation or suspension of the purchase card account if a cardholder is expected to be on leave or away from the office for more than 20 business days.

- (7) Discipline a cardholder for improper use of the purchase card in accordance with GSA Order, [HRM 9751.1A](#). Consult the Office of Human Resource Management (OHRM) and the Office of the General Counsel (OGC) for assistance with any proposed disciplinary action.
- f. Requesting Official (RO) (Division Director/equivalent or higher-level official):
- (1) Appoints employees to be cardholders that have demonstrated they are responsible and possess the required business acumen to be entrusted with a Government purchase card. Only one purchase card is issued to each approved cardholder unless an exception is approved by OAS on a case-by-case basis. See section 3.q. for appointments of cardholders and AOs.
  - (2) Appoints employees to be AOs that have demonstrated they are responsible, have direct knowledge of assigned cardholder's role, and can verify receipt of supplies or services for assigned cardholders.
- g. Approving Official (AO)
- (1) Authorizes in writing all purchase card transactions before purchases are made and consults with OGC before authorizing the purchase of meals and beverages or any other questionable transaction. (See [General Counsel Memorandum](#))
  - (2) Reviews and certifies Monthly Credit Card Transactions reports from the GSA Financial System within 10 calendar days of receipt. Failure to certify reports within this timeframe may lead to deactivation of a cardholder's purchase card account.
  - (3) Submits to GSA Financial Information & Operations Division (GSA Finance) any refund payment and a copy of the billing statement containing any overpayment.
  - (4) Completes required purchase card training prior to serving as an AO. Also, completes required purchase card refresher training every 2 years for purposes of maintaining the AO role.
  - (5) Ensures applicable procurement regulations and policies are followed (<https://insite.gsa.gov/employee-resources/acquisition-purchases-and-payments/gsa-purchase-card/resources-and-instructions/sources-and-references> ). When in doubt, consult the Office of the General Counsel (OGC).
  - (6) Notifies the Analyst upon evidence of suspected fraud, waste, abuse, and/or misuse of the GSA purchase card by the cardholder.

(7) Ensures cardholders follow the priority source of supply ([FAR 8.002](#)) as well as monitoring usage to see where the Government can better leverage its resources by using existing solutions. For example, a cardholder is using a private printing and copying company over several months and, after adequate analysis and research, the AO directs the cardholder to use an established GSA solution in lieu of the non-contract printing and copying company.

#### h. Funds Managers

- (1) Ensure that funding is available for cardholder's use.
- (2) Follow instructions on the GSA Form 3661 for purchase card initial application and maintenance.

### 3. General Requirements

#### a. Approval of Purchases

AOs must authorize in writing all purchase card transactions before purchases are made. An official in line of authority over the AO or supervisor must authorize and approve purchase card transactions in the absence of the AO not to exceed 45 calendar days. See 2.e.4 for AO absence over 45 calendar days.

#### b. Purchase Card Limits

- (1) Single Transaction limits. Cardholders must stay within their established single transaction limit;
  - (a) Must not split a purchase into two or more transactions to avoid exceeding their established single transaction limit.
  - (b) Contracting Officer (CO) single-transaction limit for purchases may not exceed the simplified acquisition threshold as prescribed in [FAR part 13](#) for making purchases of supplies or services. When the purchase card is used for payment by the CO, the single transaction limit may not exceed the cardholder's warrant limit.
- (2) Monthly limits. GSA establishes a monthly purchase card limit of \$250,000 for a micro-purchase cardholder<sup>1</sup> and \$999,999 for a warranted CO. A purchase cardholder's monthly limit can be changed upon request on GSA Form 3661 by the RO.

#### c. Purchases at or Below the Micro-Purchase Threshold

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<sup>1</sup> A cardholder who does not have a warrant.

- (1) The GSA purchase card is the preferred method of payment for micro-purchases unless the merchant does not accept the purchase card. The micro-purchase threshold (MPT) is defined in [FAR 2.101](#). Cardholders must comply with the following requirements when using the purchase card for MPT purchases:
- (a) Micro-purchase requirements as outlined in the [FAR, subpart 13.2](#).
  - (b) Mandatory Government sources in the sequence shown in [FAR 8.002](#), Priorities for use of mandatory Government sources. In addition, employees located at GSA Headquarters and regional offices must check if the desired office supplies are available in the OAS-managed service centers located in the building. If an office supply item is not available, employees must contact OAS Workplace Services to place a special order. See further information on [Federal Strategic Sourcing Initiative for Office Supplies](#).
  - (c) Market research shall be conducted, when purchasing pursuant to [FAR part 8](#) and [FAR part 12](#).
  - (d) While micro-purchases are exempt from the small business reservation requirements of both the Small Business and the Buy American Acts, cardholders are encouraged to consider socio-economic categories, such as women-owned, veteran-owned, and service-disabled veteran-owned concerns.
  - (e) [Section 508 of the Rehabilitation Act](#). Section 508 generally requires procurement of electronic and information technology (EIT) that considers the needs of all end users including people with disabilities. More information is provided at <https://insite.gsa.gov/employee-resources/information-technology/508-accessibility>.
  - (f) [Environmental quality of products procured with purchase cards](#). GSA Advantage!® offers products and services to assist cardholders in making compliant purchases. More information is provided at <https://sftool.gov/greenprocurement>.

d. Purchases Above the Micro-Purchase Threshold



Cardholders with contracting authority for purchases must comply with [FAR 13.301](#), Governmentwide commercial purchase card, all applicable Federal procurement laws and regulations, and GSA policy. Cardholders should not limit the use of the purchase card to micro-purchases. The card can be used for all manner of payments (delivery orders, task orders, etc.), when allowable, to maximize refunds to the agency.

e. Third Party Processors and Transactions

- (1) Third party processors (e.g., PayPal®, Amazon Pay, or Square®) pose a greater risk of purchase card abuse and misuse due to difficulty identifying, reconciling, and disputing transactions as transactions may appear under the name of the third-party processor instead of the merchant's name. However, if a merchant is well known, or there is prior purchase history with the merchant, such merchants using third party payment methods can be safe. As a result, OAS is allowing the use of third-party payment processors with the following stipulations:
  - (a) When making an online or store purchase, cardholders shall always select the Mastercard logo or credit card as the option for payment when available.
  - (b) Cardholders shall only select the third-party processor as an option for payment if the Mastercard logo or credit card is not offered as an option.
  - (c) Cardholders shall not establish a third-party processor account (e.g., PayPal®, Amazon Pay, or Square®) to make a purchase with the GSA purchase card.
  - (d) Cardholders shall not use their own or personal third-party processor account to make a purchase with the GSA purchase card.
  - (e) Cardholders shall not establish and/or agree to commercial terms and conditions without consulting the GSA Office of the General Counsel (OGC).
  - (f) Cardholders shall ensure that GSA does not incur a fee when payment on the purchase card is processed by a third-party processor. As a result, cardholders shall review the receipt to verify that the correct amount was charged on the GSA purchase card. If there is a discrepancy, cardholders shall immediately contact the merchant to obtain a credit for the fee.

- (g) Cardholders are required to read and thoroughly understand the third-party processors dispute policy prior to making a purchase, if possible, because the dispute process may differ greatly from the GSA SmartPay® vendor's dispute process.

f. Prohibited Uses

- (1) Cardholders are prohibited from using the purchase card in the following instances:
  - (a) Personal identification or purchases for personal use.
  - (b) Unauthorized purchases.
  - (c) Long-term rental or lease of land or buildings.
  - (d) Cash advances.
  - (e) Travel expenses, except advanced purchase of tokens, tickets, and passes as defined in [OAS 5770.1A](#).
  - (f) Fleet-related expenses such as fuel, routine maintenance, or repair services. See [OAS 5620.1 CHGE 2 GSA Internal Motor Vehicle Management Manual](#).
  - (g) Advance payments except in limited circumstances for publication, subscriptions, training, and toll collection device accounts (e.g., EZ Pass).
  - (h) Membership in any retail trade businesses or commercial activities. For example, a cardholder is not permitted to pay for a membership that contains free shipping services, free video or music streaming, or other personally beneficial products or services.
  - (i) In accordance with Section 889 of Public Law 115-232, purchases of covered telecommunications and video surveillance services or equipment from certain Chinese companies unless an exception applies, or a waiver is granted in accordance with [FAR 4.2104](#). See further information on the relevant [GSA SmartPay® website](#).
  - (j) Transfer to or authorize a purchase card to be used by any other person.

(k) Split a purchase into two or more transactions to avoid exceeding the established single transaction limit.

- g. [Section 889](#) of the John S. McCain National Defense Authorization Act for Fiscal Year 2019 (Public Law 115-232) prohibits the purchase of telecommunication equipment and services and video surveillance equipment and services from certain Chinese companies or from companies that use such equipment and services. This prohibition applies to micro-purchases made with the purchase card.

h. Intra-Governmental Purchases

Intra-governmental card transactions are defined as the sale of goods or services, or collection of other obligations, by one Government agency from another, using a Government-issued card. The preferred method for intra-governmental purchases is the Intra-governmental Payment and Collection system. See GSA Order, [CFO 4253.1C CHGE 1, Accounts Receivable and Debt Collection Policy Manual](#), and [Government-to-Government transactions](#). The preferred method for placing orders within GSA is the inter-fund process in Pegasys.

i. Miscellaneous Purchases

(1) Subscriptions

Cardholders must place subscription orders in the name of an organization or a position title (e.g., Building Manager or Director, XXX Division) rather than in the name of an employee. Cardholders must upload the renewal notice or a statement that reflects the subscription's beginning and ending dates.

(2) Building Services and Construction

Public Buildings Service (PBS) cardholders with micro-purchase authority may use the purchase card to pay for open market purchases of building services that do not exceed \$2,500 and construction that does not exceed \$2,000. PBS Contracting Officers may use the purchase card for building services and alterations up to their single purchase limit. Other cardholders may use the purchase card for building services and alterations in accordance with [ADM 5450.45](#).

(3) Memberships

Cardholders may purchase organizational memberships in the name of GSA if the membership will provide a benefit to GSA and

further authorized activities of the agency. Any designated employee may attend functions as GSA's representative. Consult OGC before using the purchase card for such purchases. (See [HRM 9410.1C](#), GSA Workforce Learning and Development Policy, and [OAD P 5410.1 CHGE 91](#), GSA Administrative Manual.

(4) Advertisements

Cardholders must obtain a copy of the purchased advertisement or an affidavit of publication from the publisher, radio or television station, or the advertising agency and retain it for reconciliation and payment purposes.

(5) Training and Education

Cardholders may process purchase card payment for multiple employees up to their single transaction limit for each employee, not to exceed the monthly cycle limit. For training provided by a contractor to a group of employees, payment to the contractor must not exceed the cardholder's single transaction limit.

(6) Conferences

The purchase card may be used for payment of conference registration fees (e.g., training) and meeting rooms up to the cardholder's single transaction limit.

(7) Local Travel

The purchase card may be used for tokens, tickets, and passes as defined in [OAS 5770.1A](#), Local Travel Policy.

(8) Parking

The purchase card may be used to pay for commercially available parking spaces for Government-owned and GSA-leased vehicles. As a recurring service, annual payment (payment for 12 months in a fiscal year) cannot exceed the cardholder's single transaction limit. (See GSA Order, OAS 5620.1 CHGE 2, [GSA Internal Motor Vehicle Management Manual](#))

j. Reconciliation of Purchase Card Transactions in Pegasys

- (1) Cardholder Responsibility - Cardholders must prevent improper payment by taking the following actions:

- (a) Log and reconcile purchase card transactions in Pegasys within 10 calendar days from receipt of the GSA SmartPay® vendor statement line in the reconciliation notebook.
- (b) Upload the order form or pre-written authorization from the AO when you create the log in Pegasys.
- (c) Upload invoice or receipt within five business days of receiving the supplies/services from the vendor. Additional authorization is not required from the AO if actual cost is 10 percent more than the estimated cost.
- (d) Upload the independent verification of receipt and acceptance of supplies over \$1,500 within five business days of receiving the supplies from the vendor.
- (e) Upload a blanket authorization for all purchases made under the blanket when the log is created in Pegasys, when applicable. See Appendix A for requirements.

## (2) AO Responsibility

- (a) Review and certify Pegasys Monthly Credit Card Transactions reports within 10 calendar days of receipt. Failure to certify may lead to deactivation of the cardholder's purchase card account.
- (b) Submit to GSA Finance any refund payment and a copy of the billing statement containing any overpayment. For refunds the AO must provide the accounting code of the original transaction.

## k. Recordkeeping and Documentation

Purchase Card Program records must be retained for six years in accordance with [CIO 1820.2](#), GSA Records Management Program. Cardholders and AOs shall ensure that appropriate recordkeeping and documentation is maintained for all purchase card transactions and shall be made available for oversight review and audit. Analysts must retain all purchase card documents and reports electronically.

## l. Convenience Checks

The use of convenience checks is restricted and may be granted on a case-by-case basis by the CASO to support a major disaster or emergency preparedness declared by the President. This restriction does not apply to the OIG. For additional information, including the

process for submitting such requests, see [Restricted Use of Convenience Checks](#).

m. Tax Recovery

All GSA Purchase Cards are CBAs and are [exempt from state taxes](#). In instances where cardholders are erroneously charged the sales tax, they are required to contact the merchant for an adjustment of charges. If necessary, cardholders may provide merchants with GSA's tax exemption number of "44-0553234."

n. Lapse of Appropriation

Cardholders must not use the purchase card during a Federal Government shutdown or other unexpected loss of appropriated funds, unless authorized by their Head of Service or Staff Office (HSSO).

o. Property Accountability

The cardholder's program office must ensure that cardholders and AOs adhere to GSA's personal property policy contained in [GSA Order OAS 7800.13](#), Management of the General Services Administration's (GSA) Internal Personal Property.

p. Emergency Situations

As determined by the Administrator of General Services, in support of a contingency operation, to facilitate defense against or recovery from nuclear, biological, chemical, or radiological attack, or to support response to an emergency or major disaster, the Senior Procurement Executive (SPE) or his/her designees will issue the emergency procurement authority to raise the MPT and SAT limitations to higher thresholds. Upon notification of such increase(s), the Analysts may process requests to raise the limitation threshold. See [FAR part 18](#), Emergency Acquisitions, for more information.

q. Appointment of Cardholders and AOs.

(1) The requesting Official (Division Director/equivalent or higher-level official) will:

(a) Ensure the assignment of duties is appropriately separated by individuals to minimize the risk of loss to the Government.

- (b) Follow the appointment procedures for designating a cardholder and AO on the [Purchase Card Application & Renewal Procedures webpage](#).
  - (c) Ensure AOs are in the same Service or Staff Office as the cardholder.
  - (d) Ensure AOs are the same or higher grade as the cardholder, preferably the cardholder's supervisor.
  - (e) Ensure subordinates do not serve as AOs for their direct supervisor.
  - (f) Replace an AO within five business days when notified that an AO relinquishes his/her charge card duties or leaves GSA.
  - (g) Ensure the number of cardholders assigned to an AO is reasonable, considering the volume of cardholder activity and the organizational structure, to enable an AO to conduct reviews that would identify possible cases of fraud, waste, and/or abuse. Up to six cardholders may be assigned to an AO for effective oversight, monitoring, reconciliation, and review of cardholders' accounts.
- (2) Funds managers must ensure that funding is available for the cardholder's use. They must follow instructions on the GSA Form 3661 for the purchase card initial application and maintenance.
- r. Training Requirements
- (1) Establishment of New Accounts and/or Appointments
    - (a) Cardholders and AOs must complete mandatory purchase card training prior to establishment of cardholder accounts or AO appointment. In addition, cardholders must also complete the Pegasys charge card training or read the Pegasys User Guide to understand how to log and reconcile transactions, as well as upload supporting documentation.
    - (b) The A/OPC and Analysts must also complete mandatory purchase card training prior to appointment.
  - (2) Refresher Training

All employees in the purchase card program must complete refresher purchase card training every 2 years. Failure to complete required refresher training will result in:

- Deactivation of cardholder's purchase card account; and/or
- Deactivation of cardholder's purchase card accounts under AO who does not comply.

s. Account Maintenance

(1) Changes to Purchase Card Account

All changes to a cardholder's purchase card account or AO, including name change, must be reported on [GSA Form 3661](#) and submitted to the Analyst for processing. The cardholder's name on the GSA purchase card must match OHRM records, the GSA official personnel file. An email is acceptable for decrease to purchase limits, change of address, separation from GSA, or cancellation of accounts.

(2) Account Deactivation

Cardholders' purchase card accounts and/or cardholders' accounts under AOs shall be deactivated for:

- Improper card use;
- Non-compliance with policy and procedures;
- Failure to complete required refresher training;
- Cardholders who are expected to be away from the office for more than 20 business days (approving officials may request account deactivation); or
- Upon direction by the AO, RO, Analyst, or Head of Service or Staff Office (HSSO).

Before taking this action, the Analyst shall consider the impact of a cardholder's account deactivation on the affected organization and take appropriate steps to minimize any adverse impact.

(3) Lost or Stolen Cards

The cardholder should make every effort to safeguard their purchase card. If a card is lost or stolen, the cardholder must contact the GSA SmartPay® vendor as soon as possible. The GSA SmartPay® vendor will send a replacement for any lost or stolen card. If a lost card is found after receiving a replacement card, the cardholder shall destroy the old card.

(4) Termination of Cardholder Duties



The cardholder or AO must inform the Analyst to terminate their purchase card ten business days before the last day of being a cardholder. The cardholder has the option to destroy the card or relinquish their purchase card to the AO for destruction. The cardholder must inform the AO of supporting documents that are not yet uploaded in Pegasys to complete the audit trail.

(5) Termination of AO Duties

The AO must relinquish all records and supporting documents to their RO. The RO has five business days to assign a new AO on [GSA Form 3661](#) to prevent the deactivation of the cardholder's account under the departing AO.

(6) Cardholder Transfer

If a cardholder transfers within GSA, the acquiring office and/or region must submit a new [GSA Form 3661](#). In the absence of a GSA Form 3661, the Analyst must deactivate the purchase card.

(7) Reactivation of Deactivated Purchase Card Accounts

Cardholders must retake the refresher training for purchase card accounts that have been deactivated for more than 12 months.

#### 4. Delegation of Authority

- a. Head of Contracting Activity (HCA) is delegated in GSA Order [ADM 5450.171, Change in GSA Delegation of Authority](#).
- b. Authority for Micro-Purchases: ROs designate micro-purchase cardholders on [GSA Form 3661](#).
- c. Authority for Other Purchases: The HCA appoints all contracting officers with authority above the micro-purchase threshold. Contracting officers who are cardholders may be designated on [GSA Form 3661](#) and must hold a Certificate of Appointment (Warrant).

#### 5. Internal Controls and Oversight

a. Separation of Duties

Separation of duties minimizes the risk of fraud and/or loss of property. The responsibilities of cardholder, AO, and Analyst functions shall not overlap to ensure that management controls are not circumvented. Assignment of duties such as authorizing, approving, and recording

transactions; receiving products and services; approving cardholder statements; making payments; certifying funding; and reviewing or auditing shall be assigned to different individuals.

b. Span of Control

Span of control refers to the extent of review responsibilities placed on a single approving official for the purchase card transactions of one or more cardholders. The number of cardholders assigned to an approving official should be reasonable, considering the volume of cardholder activity and the organizational structure, to enable an approving official to conduct reviews that would identify possible cases of fraud, waste, and/or abuse. An AO shall have a maximum of six (6) cardholders assigned.

c. Oversight and Data Mining (See Appendix B)

- (1) Purchase card data, statistics, and reports are important tools for managing the program and monitoring performance. The GSA SmartPay® vendor's automated rules-based data mining system provides the capability to electronically monitor and review cardholder transaction details. The A/OPC uses the data mining tool to ensure and maintain oversight and visibility over the GSA purchase card program including monitoring of questionable charges.
- (2) Analysts shall review purchase card transactions periodically to ensure the cardholder logs, reconciles, and uploads the supporting documents in Pegasys:
  - (a) If a cardholder is found to have more than three improper payments and/or purchases during a review, a notification of intent to audit will be sent to the cardholder, AO, and cardholder's supervisor.
  - (b) The Analyst will conduct an internal audit on a sample size of the cardholder's transactions and lower the cardholder's limit to 50 percent of their single transaction limit, pending the outcome of the audit.
  - (c) Once the audit is complete, a report of findings will be issued along with requested corrective actions and best practices. The cardholder will have 20 calendar days from the date on the report to complete the actions and retake the purchase card refresher training. Failure to comply with the Analyst's request will result in the deactivation of the cardholder's purchase card account.
  - (d) In instances, where the Analyst deactivates the purchase card account and the cardholder retakes the purchase card training

more than four times in a given fiscal year, the cardholder is automatically removed from the program.

d. Fraud, Waste, Abuse, and/or Misuse

Employees are required to report all instances of suspected fraud, waste, abuse, and/or misuse. Intentional or unintentional violations of the regulations, policies and procedures for purchase card or convenience check usage are considered misuse.

## 6. Refund Management

In accordance with [Office of Management and Budget \(OMB\) Circular A-123 Appendix B](#), proper management of refunds is critical to ensuring that agencies maintain cost-effective charge card programs. To ensure that GSA is in the best position to maximize sales and productivity refunds, it is important to ensure that appropriate purchase card use is maximized. Refunds earned can be used to directly fund and support efforts critical to GSA's mission.

## 7. Disciplinary Action

The cardholder is liable for any purchases that do not conform to the agency's established procedures and guidelines, and will be **subject to disciplinary action in accordance with [HRM 9751.1A](#), Maintaining Discipline. The cardholder must also reimburse GSA for an unauthorized or improper purchase.** When a GSA official directs a cardholder to make a purchase that is subsequently determined to be improper, that official shall reimburse GSA.

## Appendix A. Terms and Definitions

**Abuse:** Intentional use of the purchase card in violation of regulations such as the FAR and GSA policy as established by OAS.

**Account Deactivation:** A method to temporarily block the cardholder's ability to make purchases on the purchase card. While the account is deactivated, any transaction that the cardholder attempts to make will be declined at the point of sale.

**Approving Official (AO):** An AO is a GSA employee who is authorized to approve a cardholder's purchases before they are made. An AO may be at the supervisory level. An AO must not be subordinate to a cardholder.

**Blanket authorization:** An authorization given to an authorized cardholder by the approving official for supplies or services that are needed. Individual purchase must not exceed the micro-purchase threshold of the cardholder. The authorization must include the AO's name, signature, and date. The authorization remains in effect until modified or rescinded.

**Cardholder:** A GSA employee who is authorized to use the purchase card to buy and to pay for supplies or services in support of official Government business. The cardholder holds the primary responsibility for the card's proper use.

**Centrally Billed Account (CBA):** CBAs are purchase card accounts where payments are made directly by the Government to the GSA SmartPay® vendor.

**Charge Card:** A Government card that does not have a revolving balance that is carried over from month to month. The entire balance is due within one billing cycle. This distinguishes charge cards from credit cards.

**GSA SmartPay®:** Charge cards are issued through contracts with charge card vendors who are a part of the GSA SmartPay® program. These contracts, collectively referred to as the "Master Contract," are administered by GSA. Refer to <https://smartpay.gsa.gov/> for detailed information.

**Independent Verification of Receipt and Acceptance:** Purchases of supplies over \$1,500 must be documented by someone other than the cardholder to ensure supplies are received and fulfill the quantity and quality requirements of the order.

**Improper Payments:** Improper payments threaten the viability of GSA's purchase card program. Such payments include, but are not limited to:

- a. Failing to independently document a card transaction properly in Pegasys (e.g., not creating a credit card log, not uploading required supporting document(s) to credit card logs);

- b. Making any payment that should not have been made (e.g., paying sales tax, having a card charged for a subscription service that is not delivered, being overcharged for a supply or service);
- c. Making payment to an ineligible recipient (e.g., paying an excluded vendor or 889 prohibited vendor);
- d. Paying for supplies or services that were never received (e.g., purchased 5 chairs but received 4);
- e. Making duplicate payments (e.g., a contractor processed a transaction twice for the same item).

**Improper Purchase:** An improper purchase is 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.

**Logging and Reconciliation of Transactions:** The credit card log is used to record the purchases of supplies or services using a credit card. Logging ensures that supplies and services are charged to the appropriate accounting classification and are obligated in the proper accounting period. It also provides a matching record with the GSA SmartPay® vendor billing record during the reconciliation process. Instructions on logging and reconciliation are available on this webpage, [https://corporateapps.gsa.gov/applications/financial-apps/pegasys/credit-cards/CreditCards – Corporate IT Services](https://corporateapps.gsa.gov/applications/financial-apps/pegasys/credit-cards/CreditCards-CorporateITServices).

**Separation of Duties:** A mandatory management control to prevent key functions from being done by the same person. Important duties, such as making purchases, authorizing payments, certifying funding, and reviewing/auditing will be assigned to different individuals to minimize the risk of loss to the Government to the greatest possible extent.

**Span of Control:** Span of control refers to the extent of review responsibilities placed on an approving official for the purchase card transactions of one or more cardholders. The number of cardholders assigned to an approving official should be reasonable, considering the volume of cardholder activity and the organizational structure, to enable an approving official to conduct reviews that would identify possible cases of fraud, waste and/or abuse.

**Split Transactions:** A split transaction is the division of a purchase into two or more transactions to stay within authorized single transaction limit.

**Unauthorized Use:** The use of the purchase card by a person other than the cardholder, and/or use by the cardholder for purposes other than intended or authorized. Intentional use of the purchase card for unauthorized purposes is considered an attempt to commit fraud against the U.S. Government.

## Appendix B. Program Oversight

- a. **Inactive cards report.** This report is run annually to determine the status of purchase card accounts that have been inactive in the preceding 12 months. Inactive purchase card accounts are deactivated upon follow up with the AO.
- b. **Impending suspension report.** This report includes the names of AOs who have not reviewed and certified their cardholders' Pegasys monthly transactions reports in a timely manner. The charging privileges of cardholders under these AOs are suspended until the AOs provide evidence of certification.
- c. **Questionable charges report.** This report lists all transactions that are questionable and require further review. Every month, OAS uses data mining techniques to identify questionable purchase card transactions. OAS then follows up with cardholders and AOs for review and action.
- d. **Employee separation list.** This list is used to close purchase card accounts in Pegasys and the GSA SmartPay® vendor's EAS on a weekly basis. If an AO's name is on the list, the program office has five business days to designate a new AO to prevent the deactivation of the cardholder's purchase card account with the GSA SmartPay® vendor. As an additional control, a monthly separation list from OHRM is also used to verify closing of the purchase card account with the GSA SmartPay® vendor.
- e. **Log and Reconciliation report.** OAS uses the Robotic Process Automation System to generate a daily report notifying cardholders of their purchase card transactions identified as "No Log" to ensure the transactions are logged and reconciled in a timely manner. OAS also uses an automated monthly report to follow up on "No Log" purchase card transactions.
- f. **Approving official span of control.** The Analyst ensures an AO is limited to six cardholders before a designated employee is enrolled in the purchase card program per GSA Form 3661.
- g. **Reconciliation of active GSA employees from OHRM to cardholders with the GSA SmartPay® vendor.** This report is run annually to ensure all accounts of cardholders who terminated employment with GSA are closed.
- h. **Potential split transactions report.** OAS uses Payment Analytics of the GSA SmartPay® vendor to monitor potential split transactions. In the event of a suspected violation, OAS follows up with the AO to determine if a policy and/or contracting violation have occurred and advises management as to whether to take corrective action in accordance with GSA Order, CPO 9751.1 Maintaining Discipline.
- i. **Lost and stolen card report.** This report is run annually to identify cardholders who report their purchase card lost or stolen during the period. The report is used to

monitor potential fraud and abuse of the purchase card. OAS may revoke a cardholder's purchase card and refer the cardholder to the OIG, as warranted.

j. **Merchant Category Code (MCC).** A review of MCCs is conducted every two years to assess the frequency and use of MCCs and to approve changes to retail blocks or flags for purchase card transactions.

k. **Dispute of Transactions.** A review is conducted annually to monitor potential fraud, abuse, and/or misuse of the GSA purchase card.