LIMITED AUTHORITY TO PAY BY PURCHASE CARD

1. REASON FOR ISSUE: To establish procedures for the assignment of “payment only” authority to individuals who are not warranted contracting officers to use purchase cards to pay for task or delivery orders above $2,500 that are issued under locally or regionally awarded contracts.

2. SUMMARY OF CONTENTS: VA Handbook 7401.6 contains procedures for implementing and managing VA’s program to delegate individuals who are not warranted contracting officers “payment only” authority to use purchase cards to make payments in excess of $2,500.


4. RELATED DIRECTIVE: VA Directive 7401.6, Limited Authority to Pay by Purchase Card.

5. RESCISSION: None.

CERTIFIED BY:  

/s/  
Edward F. Meagher  
Acting Assistant Secretary  
for Information and Technology

BY DIRECTION OF THE SECRETARY OF VETERANS AFFAIRS:

/s/  
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LIMITED AUTHORITY TO PAY BY PURCHASE CARD

CONTENTS

<table>
<thead>
<tr>
<th>PARGARPH</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Purpose</td>
<td>5</td>
</tr>
<tr>
<td>2. Procedures</td>
<td>5</td>
</tr>
</tbody>
</table>

Appendices

A. Sample Memorandum HCA Delegation of Authority | A-1  |

B. Sample Contracting Officer’s Representative (COR) Delegation Memorandum | B-1  |
LIMITED AUTHORITY TO PAY BY PURCHASE CARD

1. PURPOSE. This handbook sets forth procedures for implementing and managing VA's program to delegate individuals who are not warranted contracting officers “payment only” authority to use their purchase cards to make payments in excess of $2,500.

2. PROCEDURES

   a. In accordance with Department of Veterans Affairs Acquisition Regulation (VAAR) 801.603-70(a)(3), a contracting officer may designate an individual as a contracting officer’s representative (COR) to place orders under local or regional indefinite delivery-type contracts. An individual so designated as a COR may place orders against specific locally or regionally awarded contracts without dollar limit, but may not pay for those orders without proper authority.

   b. Prior to or upon award of a contract, the contracting officer, in coordination with the using service, shall determine to whom COR delegations will be issued under the contract. A sample COR delegation is provided as Attachment B to VA Handbook 7401.6. This COR delegation may be included in the contract itself rather than in a separate letter. A contracting officer may issue delegations only for contracts for which he or she is the contracting officer of record (see paragraph 2.c.(2) in VA Directive 7401.6).

   c. To establish “payment only” authority for CORs, two delegations are required, one from the contracting officer for the specific contract involved delegating authority to place orders and the other from the head of the contracting activity (HCA) delegating authority to use the purchase card to make payments in excess of $2,500. For individuals in Fiscal Service who may be paying certified invoices using the purchase card, but will not be placing task or delivery orders, only the one delegation is required from the HCA.

   d. Funds should be managed under VA Directive and Handbook 7401.6 in the same manner as they are under other purchase card programs. Generally for purchase card transactions, funds are committed against the using service’s budget in Integrated Funds Distribution, Control Point Activity, Accounting, and Procurement (IFCAP), but the funds are not actually obligated in Fiscal Service until the purchase card bank bills VA. However, payments made with a purchase card using the procedures authorized by VA Directive and Handbook 7401.6 may involve many tens of thousands of dollars and failure to properly manage and obligate funds at the end of a fiscal year (FY) could result in a deficit in one FY or the unnecessary expenditure of succeeding FY funds to pay for the goods or services ordered in the preceding FY. Chiefs of Fiscal Service must establish
local procedures to address how funds will be managed and obligated when using the procedures of VA Directive and Handbook 7401.6. Chiefs of Fiscal Service shall also establish procedures to ensure that duplicate payments via purchase card and check are not made for the same purchase transaction.

e. The Chief, Fiscal Service, or the Chief of the using service involved shall submit requests for delegation of “payment only” authority for individuals in their respective services to the HCA. The Chief, Fiscal Service, and the Chief of the using service involved shall oversee the use of the card to ensure that:

(1) The “payment only” purchase card is used only for the payment of invoices for goods and/or services under an existing local or regional contract and for which funds are available.

(2) Funds are committed and managed in accordance with standard purchase card procedures, Government regulations and guidance provided by the Chief, Fiscal Service.

(3) Records are maintained by the cardholder or successor until expiration of the statute of limitations for the filing of a claim (6 years and 3 months following payment).

(4) Proper receipt and acceptance documentation, signed by an individual other than the purchase cardholder, is present prior to final reconciliation of the purchase card transaction.

(5) For offices using IFCAP, all transactions subject to VA Directive and Handbook 7401.6 shall be done using the “detailed order” menu IFCAP. In addition, the cardholder must indicate “yes” to the IFCAP question on whether a receiving report is required. The “simplified order” menu shall not be used. Individuals delegated “payment only” authority shall also be granted the necessary access to IFCAP needed to carry out this program.

f. Upon receipt of a request, the HCA may delegate “payment only” authority. The delegation shall be issued using a delegation of authority in a format similar to that shown in Attachment A of VA Handbook 7401.6. The HCA must ensure that the required certifications, as shown in VA Form 0242, are received prior to issuing the delegation of authority. The HCA shall ensure that training has been provided to the purchase cardholder and the cardholder’s Approving Official, as determined necessary by the HCA. The training should be targeted toward use of the purchase card as a payment mechanism and the restrictions placed on use of that card. The HCA shall, in accordance with VA Directive 4080, Government Purchase Card Policy, VA Handbook 4080, Government Purchase
Card Procedures, and, if applicable, Veterans Health Administration (VHA) Directive 1730.1, Use of the Government Purchase Card in VHA, ensure that periodic audits are conducted of all transactions and of all receipt, obligation or funds commitment, payment, and related records. The HCA shall ensure that adequate records are maintained to defend against any claim for payment that may be received from contractors who are paid using these procedures.

g. Specifically designated purchase cards shall be issued for use in paying invoices on one or more specific contracts. The same card can be used to pay for goods or services on more than one contract but should not be used for any purpose other than for orders on those specific contracts. The purchase cards must be coded so as to work only with the merchant codes applicable to the particular services or supplies involved.

h. An individual in Fiscal Service may be delegated “payment only” authority without a corresponding COR delegation of authority. That individual may pay certified invoices via a purchase card in any amount within the limits placed on the card, provided the contract against which the invoice is paid specifies that payment will be made via a purchase card.

i. There must be a separation of duties so that no one individual both places an order under a locally or regionally awarded contract and certifies receipt and acceptance of the goods or services ordered. An individual making payment with a purchase card assigned to him or her may not also certify receipt of the goods or services ordered. The purchase cardholder must retain evidence of independent certification of receipt and acceptance (e.g., a receiving report or packing slip signed by a using service official other than the cardholder or signed by warehouse staff) on all purchase card transactions. The purchase cardholder must not make final reconciliation (reconcile as “received”) on a transaction until a signed receiving report or packing slip has been provided by the using service or by warehouse staff. If the cardholder does not receive a signed certification, the cardholder shall dispute the payment using the Government Cardholder Dispute Form within 30 days of the date of the bill from the purchase card provider bank.

j. For offices using the Integrated Funds Distribution, Control Point Activity, Accounting, and Procurement (IFCAP) System, all purchase card transactions subject to these procedures shall be processed using only the “detailed order” menu in IFCAP. In addition, the cardholder must indicate “yes” to the IFCAP question on whether a receiving report is required. The “simplified order” menu shall not be used. Individuals delegated “payment only” authority shall be granted the necessary access to IFCAP needed to carry out this program. The purchase card transactions shall be reconciled through IFCAP.
k. The Approving Official shall carry out the duties as required by VA Directive 4080, Government Purchase Card Policy, VA Handbook 4080, Government Purchase Card Procedures, VHA Directive 1730.1, Use of the Government Purchase Card in VHA, (if applicable), the VA Purchase Card Program Guide, and other Department guidance regarding the purchase card program. The Approving Official must ensure that the required records are maintained and that records are retained for the time period during which the contractor may file a claim (six years and 3 months following payment).

l. The purchase cardholder shall ensure that the card is used only to pay for goods or services consistent with the delegation of authority and that, prior to authorizing the contractor to bill the purchase card, funds are available to cover the cost of the goods or services ordered. Prior to final reconciliation of the purchase card transaction, the cardholder shall ensure that receipt and acceptance of the goods or services has been verified in writing by the using service or by warehouse staff (e.g., a certified invoice or a signed receiving report). The purchase cardholder shall retain records by contract or purchase order number sufficient to defend against any claim for non-payment by the contractor during the statute of limitations for claims (which may be as long as 6 years and 3 months following payment).

m. The purchase card program coordinator shall order and issue purchase cards for individuals delegated authority to receive cards by the HCA. Cards issued under VA Handbook 7401.6 should be contract-specific, for use only with the specific contracts for which the individual has been delegated authority to pay by purchase card. Default code strings and merchant codes must be established and limited so as to preclude use of the cards for any purpose other than to pay invoices and charges under the specific contracts for which the cards are issued. Single purchase and monthly purchase limits must be established within the fund control limits of the using service involved and must be consistent with the projected expenditures under the contracts involved.

n. All other requirements, rules, and regulations that are applicable to the purchase card program shall apply to the purchase cards issued under VA Directive and Handbook 7401.6. The same procedures as used for purchase card transactions of $2,500 or less shall apply to transactions over $2,500, as modified by VA Directive and Handbook 7401.6.
SAMPLE MEMORANDUM HCA DELEGATION OF AUTHORITY

DATE:  [Insert Date]

FROM:  [Insert the Name of the Head of the Contracting Activity]

SUBJ:  Delegation of “Payment Only” Authority to Use a Government Purchase Card

TO:  [Insert the Name of the Individual Being Delegated]

1. Based on the attached completed certification, you are delegated authority to use the Government purchase card to pay for goods or services ordered under a contract for which you have been delegated authority as the Contracting Officer’s Representative (COR). The purchase card issued to you under this authority may not be used to procure any goods or services other than as specified in the COR delegation letter from the contracting officer. You are personally responsible for ensuring that funds are available, in accordance with guidance provided by the Chief, Fiscal Service, to pay for the purchase card transactions that you authorize. You may reconcile the purchase card transaction as “received” only after you have received signed certification of receipt and acceptance by another official. You may not sign for receipt and acceptance for goods or services for which you intend to use a purchase card assigned to you for payment. You are also responsible for maintaining all receipt and payment records, including signed certification of receipt, in accordance with Federal records management rules and regulations and for reconciling all transactions. Records shall be maintained for 6 years and 3 months.

2. The invoices to be paid shall not exceed a value of $______ [enter amount appropriate to the circumstances] per transaction. The monthly limit for all transactions shall not exceed $_____ [enter amount appropriate to the circumstances]. The invoices to be paid shall be consistent with the organizational responsibilities of the cardholder and shall be for the satisfaction of legitimate VA requirements. All payments shall be made in accordance with applicable laws and regulations, including, but not limited to, the Federal Acquisition Regulation and the VA Acquisition Regulation.

3. This delegation shall automatically terminate upon your separation from the Department of Veterans Affairs, upon reassignment to another office within the Department, or upon cancellation of the purchase card account by the approving official, the program coordinator, the fiscal officer, the head of the contracting activity, or other appropriate authority.

/S/

[Insert the Name of the Head of the Contracting Activity]
The following is a sample Contracting Officer’s Representative (COR) Delegation Memorandum delegating authority ONLY to place orders under a locally awarded indefinite delivery contract where the COR will, under a separate delegation of authority, make payment using a purchase card. This sample delegation is specific to the ordering authority and is not intended for use in delegating overall Contracting Officer’s Technical Representative (COTR) authority under the contract. It may be combined with a delegation of overall COTR authority if the same individual is both the COTR for the contract and the COR for purposes of ordering goods or services. Multiple individuals may be delegated COR authority to place orders under a single contract. The delegation to place task or delivery orders may be spelled out in the contract itself rather than in a separate letter.

Date: June 5, 2005

From: [Insert Name of the Contracting Officer]

Subj: Delegation of Authority to Place Orders Under Contract No. [Insert Number] with [Insert Name of the Contractor]

To: [Insert Name of the Contracting Officer’s Representative]

1. In accordance with Department of Veterans Affairs Acquisition Regulation 801.603-70(a)(2), you are hereby delegated authority as the Contracting Officer’s Representative (COR) under the above contract to issue delivery or task orders, receive deliverables on behalf of the Government, reject unsatisfactory items or services, and order replacement of such items or services. This delegation applies to the subject contract only and shall terminate upon completion of the contract.

2. This delegation does not include the right to:
   
   a. Modify or alter the contract or any of its terms and conditions;
   
   b. Waive the Government’s rights with regard to the contractor’s compliance with the specifications, price, delivery, or any other terms or conditions of the contract;
   
   c. Approve any actions that would result in additional charges to the Government or changes in contract prices; or
   
   d. Place orders, under this or any other contract, that exceed your delegated level of authority.
3. You must document any noncompliance with the contract terms and conditions and report the noncompliance to the Contracting Officer, including any instances where goods or services are rejected. You must report to the contracting officer and/or legal counsel any suspected procurement fraud, bribery, conflicts of interest, and other improper conduct.

4. You are responsible for maintaining all records associated with orders you place and all records associated with any payments made by you using your purchase card under this contract. Records shall be maintained for a period of 6 years and 3 months and you are responsible for transferring control of all records to your approving official or supervisor [or to the Contracting Officer for retention in the contract file] upon termination of your duties as COR under this contract.

5. If payment is to be made by purchase card, you may not both sign for receipt and acceptance of the deliverables and make payment using a purchase card assigned to you. You are responsible for ensuring that funds are available, in accordance with procedures established by the Chief, Fiscal Service, prior to placing orders under this contract. You are responsible for reconciling all purchase card transactions, but you may not make final reconciliation of the purchase card transaction as “received” unless you have received signed certification of receipt and acceptance by another individual in the using service or by warehouse staff.

6. You may not redelegte this authority to any other individual. The delegation is effective as of the date of this memorandum and shall remain in effect until completion of the contract or until the delegation is rescinded by the contracting officer.

/\S/

[Insert Name of Contracting Officer]

Receipt Acknowledged:

/\S/

[Insert Name of COR]

cc: Contractor
Finance/Payment Office
Contract File