

EPA AGENCY-WIDE PURCHASE CARD  
STANDARD OPERATING PROCEDURES  
PAYMENT NET (PNET) PURCHASE CARD AUTOMATION PROCESS

**Step 1: Funding Requirements**

- (A) It is the CHs responsibility to understand the funding process of its organization.
- (B) BEFORE making any purchase, the cardholder (CH) must ensure that funding is available for the transaction. It is the CHs responsibility to communicate with the cognizant Funds Control Officer (FCO) to ensure adequate funding is available, and provide documentation that funds are available, for example, an email from the FCO informing the CH that funds are available for the transaction, or a screenshot from Compass Data Warehouse (CDW) showing funds are available, or an issued funded document from the FCO with their approval and Document Control Number (DCN), which is the preferred documentation. Normally, once the FCO has assigned a DCN committing funds in COMPASS, funds are then available for the purchase. However, the CH shall not use the purchase card until there is clear understanding and appropriate documentation from the FCO verifying that appropriate funds are available for the specific item(s) to be purchased.
- (C) CHs and Approving Officials (AO) are responsible for adhering to their respective internal office procedures to ensure adequate funds control and to appropriate any other internal office funds received.

**Step 2: Pre-approvals**

- (A) CHs using WEBFORMS for pre-approvals will continue to do so. To access WEBFORMS go to: <http://intranet.epa.gov/webforms/>.
- (B) For technical assistance and questions concerning WEBFORMS, use the contractor's WEBFORMS link who can provide assistance and answers.
- (C) Instructions on "how to" attach documents and enter lookup information for purchase requests, as well as how to route and reroute purchase requests can also be located at the WEBFORMS page quick reference guide.
- (D) The CH shall print approved forms (e.g., pre-approval, funding) from WEBFORMS, EAS, or any other systems used, and upload all these forms and supporting documentation into PNET.

### **Step 3: Using PaymentNET (PNET)**

- (A) Effective August 1, 2015, CHs and AOs shall use the PNET electronic log to manage, track, document and control purchase card transactions. It is required to document ALL purchase card transactions in PNET as described below. Failure to document purchase card transactions in PNET will result in suspension of purchase card privileges until such time as PNET is updated to reflect the transaction(s).
- (B) CHs and AOs are not authorized to use other logs, paper or electronic, to document transactions in lieu of PNET.
- (C) Once a purchase card transaction is posted in PNET, the CH has ten (10) calendar days to review/validate the transaction. The CH shall upload all supporting documentation, such as invoices and/or receipts, pre-approval documentation with signature, independent third party verification, and any supporting documentation that the purchase card holder deems necessary relating to the purchase card transaction, etc. and then forward the complete transaction record to the AO via PNET.
- (D) The AO must approve ALL cardholder transactions in the PNET electronic log, once posted in PNET.
- (E) The CH must ensure that the PNET electronic log has been annotated for EVERY transaction. The minimum mandatory purchase card log fields that must be completed to date, are marked with an asterisk within PNET:
  - Requestor Name,
  - Merchant Name,
  - DCN,
  - Purchase Data, and
  - Green Purchase.

### **Step 4: After Placing the Order: Documentation and Reconciliation**

- (A) Reconciliation: AFTER the goods or services have been received, and third party verification has been provided, the CH has ten (10) calendar days to document reconciliation and third party verification in PNET. Reconciliation cannot be completed until the goods/services are received. CO/CS and SACOs CHs are required to log into PNET and annotate in the notes section the location of their purchase card transaction in EAS. Create purchase log to ensure third party verification and appropriate information is in the log.
- (B) See EPAAG 13.3.1.13(h), *Independent Verification of Receipt* for specific information about third party verification.

- (C) Upload any additional supporting documentation, such as invoices, receipts, independent third party verification and click the button to forward the complete CH transaction record to the AO.
- (D) The CH shall ensure the PNET electronic log has been documented for EVERY transaction. The minimum mandatory purchase card log fields that must be completed are marked with an asterisk, and include:
- Requestor Name,
  - Merchant Name,
  - DCN,
  - Purchase Data,
  - Mandatory First Option Vendors e.g., laboratory supplies, BPAs, and office supply contracts.
- (E) It is mandatory to print, attach and maintain all pre-approval paperwork in the CH files. This information should also be scanned and uploaded to PNET.
- (F) To the maximum extent possible, Agency personnel requesting a CH to acquire an item(s) with a purchase card shall provide a written request for the item to the CH. If it is not possible for the requestor to make the request in WEBFORMS, the CH should document in their file the requestor's name, item description, quantity, estimated price, and date of the request. The CH shall also document availability of funds at the time of each purchase and obtain all required prior approval before making the purchase.

### **Step 5: Cost Allocation**

- (A) Cost allocation shall be done within 10 days of the first notification from the Cincinnati Finance Center (CFC) to the CH, to maximize the Agency's purchase card rebate. The CFC cost allocation process shall remain the same.
- (B) CHs are required to cost allocate via the EPA intranet cost allocation page upon receipt of email notification from the EPA portal (not from PNET) that transactions are pending allocation.
- (C) The CFC transmits an email to alert the CH and their respective AO to take action. These messages are intended to remind CHs and AOs to take the following appropriate actions:
- o Day 1 – The vendor has billed. This is the 1st notification email to the CH and AO to cost allocate, only if the goods or services has been received.

- o Day 7 – 2nd Follow-up notification email. If the CH hasn't already verified, verify receipt and cost allocate.
- o Day 14 – 3rd Follow-up notification email. The CH shall contact merchant if no receipt, as yet. The AO shall ask the CH if there are any problems.
- o Day 21 – If cost allocation has not occurred by this time, the AO shall assess what problem is causing a delay in the cost allocation process.
- o Day 28 – The AO and CH should discuss initiating a formal dispute action, if necessary.

### **Step 6: Disputes**

- (A) In accordance with the terms of the GSA Federal Supply Schedule Contract, once 60 days pass from the initial date CFC was notified by the contractor bank of a transaction, the Agency will lose all rights to dispute the purchase and must pay the contractor bank the full amount claimed.
- (B) To preserve the Agency's rights, the CH shall contact the CFC to advise of any pending disputes or if dispute assistance is needed.
- (C) PNET will allow CHs to electronically dispute transactions, if necessary, and will no longer require contacting CFC to initiate a dispute. However, the CFC is available if additional assistance is needed in resolving a dispute.
- (D) In compliance with Appendix "B" of OMB Circular A-123, in cases where a CH fails to resolve and/or timely dispute (if necessary) an erroneous charge, the CH, consistent with Agency policy, shall reimburse the government for the cost of the transaction.
- (E) When a CH makes an improper purchase, in accordance with Appendix B of OMB Circular A-123, the cardholder shall: (a) reimburse the government in accordance with Agency policy for the cost of the purchase and (b) be subject to disciplinary action.

### **Step 7: Reviewing Transactions in PNET**

- (A) Both the CH and the AO have a user ID and password from JP Morgan Chase (JPMC) in order to access the PNET automated system. There is a one-time security registration process to verify your identity and register your EPA issued laptop before PNET can be accessed. The access portal is <https://gov1.paymentnet.com>
- (B) Once transactions are posted to PNET, CHs input transaction details, as well as upload supporting documentation e.g., pre-approval paperwork, funding documentation, receipts, etc.

- (C) When there are transactions to review, PNET will send an email to the CH. Once the CH reviews, the AO will receive an email from PNET that transactions are pending approval.
- (D) PNET allows the AO to review of the CHs transactions and files online.
- (E) Approving officials must review PNET transaction details against the PNET electronic log, while verifying EVERY transaction before hitting “approve” in PNET.
- (F) All supporting documentation must be uploaded to PNET for each transaction.
- (G) The PNET electronic log and supporting documentation will be the cardholder file record for reviews and audits.
- (H) If accountable or sensitive property has been purchased, the serial number and all other required information must be annotated in the PNET log.
- (I) The CH will not be able to successfully complete an automated transaction record within PNET if they fail to document the minimum mandatory fields, which are marked with an asterisk.
- (J) For cardholder password resets, contact JPMorgan Chase (JPMC) at 1-888-297-0781. The toll-free number can also be located on the back of the purchase card. JPMC can advise how to run report queries. In order to validate your identity, you will need to know your PNET user ID and password that you established, in addition to the EPA organization ID which is EPAPURC. If an approving official requires PNET assistance, contact Dianne Lyles at 202-564-6111.

## U.S. ENVIRONMENTAL PROTECTION AGENCY

### PURCHASE CARD

#### INTERNAL CONTROLS

Appendix B of OMB Circular A-123 prescribes policies and procedures to agencies regarding how to maintain internal controls that reduce the risk of fraud, waste, and abuse in government charge cards. To ensure compliance with the Circular, the Office of Acquisition Management (OAM) has implemented the following internal management controls:

- A block of 130+ Merchant Category Codes (MCC) to prevent transactions considered high risk were added to the list of transactions requiring closer scrutiny, including codes considered non-applicable for routine Agency transactions. Cardholders must submit all supporting documentation to the Management Support Service Center (MSSC) for review and override. If appropriate, an override will be allowed on a case by case basis.
- Convenience checks shall not exceed \$2,500 single transaction limit and \$5,000 monthly purchase limit. Convenience checks are not honored by the bank when amounts are written above the limits indicated.
- Semi-annually inactive card and convenience check accounts are reviewed to reduce the number of open accounts that may no longer have a business case to remain open. This report also provides an opportunity to review spending limits to determine whether or not single and monthly limits should be reduced based on actual spend.
- Biennial reviews were reformed and integrated into the Performance Measurement and Management Program (PMMP), which will include reviews as part of organizational self-assessments and peer reviews under the Contract Management Assessment Program (CMAP). These independent reviews will be conducted by OAM staff and CMAP peer review team members.
- On an annual basis, those who serve as an approving official in either a program or region will complete an Approving Official (AO) purchase card self-assessment, certifying and reporting out to the cognizant Regional Acquisition Manager (RAM) and/or Division Director (DD). The RAM and/or DD will manage corrective actions resulting from the self-assessment.
- Every three (3) years, RAMs and DDs will self-assess and certify to the Director of the Office of Acquisition Management.
- OAM has developed supplemental training on purchase card policy and procedures which will augment required biannual purchase card training for both cardholders and approving officials.
- Zero tolerance guidance has been revised, and will be included in the Agency-wide SOP governing policy and procedures for the purchase card program.

U.S. ENVIRONMENTAL PROTECTION AGENCY

PURCHASE CARD APPROVING OFFICIAL

ANNUAL ASSURANCE CERTIFICATION

(Due no later than December 11<sup>th</sup> each year to your cognizant OAM DD or RAM)

As an Approving Official authorized under the auspices of EPAAG 13.3 purchase card program policy, I certify that I have performed a 100% review of all cardholder transactions under my purview.

I certify, and provide assurance, that I have performed the following actions for all cardholder transactions:

- Purchases requiring terms and conditions were forwarded to the cognizant EPA contracting office for processing.
- Reviewed and approved, prior to purchase, acquisitions requiring pre-approval. Also, ensured that acquisitions requiring additional levels of pre-approval were obtained in writing by cardholders under my purview.
- Within Ten (10) calendar days from the time the purchase was placed with the vendor by the cardholder, award documentation was annotated in the PNET electronic log (e.g., funding documentation, special approvals, etc.)
- After goods and/or services were received, and third party verification had been provided, within ten (10) calendar days, cardholders documented reconciliation and third party verification in PNET. Reconciliation was not completed until the goods/services were received. If reconciliation exceeded ten (10) calendar days, cardholders annotated the PNET log.
- Ensured that cardholders' uploaded additional supporting documentation e.g., invoices, receipts, independent third party receipt, etc. for every transaction.
- As an approving official, I approved all cardholder transactions once posted in PNET, unless another authorized approving official performed this duty in my absence.
- Verified that all cardholder transactions were funded prior to purchase.
- As an approving official, I am current in my purchase card training. Additionally, cardholders under my purview are current in their purchase card training.
- I did not see evidence of split transactions.
- Annually performed transaction volume reviews, and notified the Purchase Card Team if changes were needed e.g., reduced spend limits, cancelled cards for infrequent use, etc.
- Notified the OIG and/or the Office Acquisition Management if there were suspected cases of fraudulent, improper, abusive, or questionable purchases by cardholders.

- Pursuant to EPAAG 13.3., cardholders under my purview did not serve as a cardholder, or funds control officer on the same purchase card transaction. Additionally, cardholders did not purchase goods or services with their EPA issued purchase card for personal non-governmental use.
- Pursuant to EPAAG 13.3, third party independent receipt was validated by an individual other than the cardholder or the approving official confirming that the item ordered was received.
- Convenience checks were not written to EPA employees.
- Notified the Purchase Card Team thru submission of the Purchase Card Maintenance form when a cardholder transfers to another organization and will no longer require the purchase card account; has resigned or is terminated; when the card is no longer needed or upon the death of the employee.
- I am knowledgeable regarding EPA purchase card policy and procedures contained within EPAAG 13.3 and the responsibilities referenced above at: <http://purchasecard.epa.gov/node/129>
- **I've successfully completed GSA SmartPay 2® purchase card training guidance:** <https://training.smartpay.gsa.gov/training/purchase-card-cardholders>

I certify that I have performed all my duties and responsibilities as Approving Official, in accordance with EPAAG 13.3, and all other applicable agency policy; and federal policy and regulations for all purchase cardholder transactions, under my purview, for FYxx ending September 30, 20xx.

---

Signature

---

Date