

CHAPTER 4. PURCHASE CARD ACCRUAL POLICY

- 4-1 Purpose:** The purpose of this chapter is to establish a policy for estimating and recording accruals for purchase card expenses in the Department of Housing and Urban Development (HUD). HUD's consolidated financial statements are presented on the accrual basis in accordance with generally accepted accounting principles (GAAP) established by the Federal Accounting Standards Advisory Board (FASAB). Under the accrual methodology, HUD recognizes revenues when earned and expenses when a liability is incurred, without regard to receipt or payment of cash.
- 4-2 Background:** HUD uses the GSA SmartPay® Program, also known as the Government-Wide Purchase Card (GPC) Program, to pay for goods and services up to the micro-purchase threshold (as defined in Federal Acquisition Regulation subpart 2.101) through the use of a bank-issued, Government-sponsored credit card. The Bureau of the Fiscal Service's Accounting Resource Center (ARC) is the shared service provider responsible for processing payment for invoices from the servicing bank, as described in the Service Level Agreement (SLA) with HUD. HUD's Office of the Chief Financial Officer's (OCFO) Accounting Center (CFOAC) is responsible for reviewing purchase card data provided by ARC from GPC and submitting requests for purchase card accruals to be processed by ARC.
- 4-3 Scope:** This policy applies to HUD's process for recording purchase card accruals. It is the responsibility of HUD OCFO to review the estimate computed by ARC and approve the recording of the accrual to recognize GPC expenses which have been incurred, but not billed.
- 4-4 Effective Date of This Policy:** September 2015. The policy will be reviewed annually and updated as needed.
- 4-5 Procedures & Responsibilities:** Itemized procedures and responsibilities will be maintained separately by OCFO. These procedures will be reviewed annually and updated as needed. (See Appendix 9)
- 4-6 Purchase Card Accrual Methodology**
- A. The purchase card accrual methodology is based upon the accuracy and timely availability of reports within the servicing bank's electronic access system.
 - B. On an annual basis, the Office of the Assistant Chief Financial Officer for Accounting (OACFOA) will review and approve the accrual methodology for GPC expenses incurred but not yet billed.
 - C. On a quarterly basis, OACFOA will ensure that purchase card accruals processed by ARC are recorded based on approved methodology.
- 4-7 Monitoring**
- A. The GSA Smart Pay Program monitors servicing banks and their systems.
 - B. CFOAC will monitor and adjust its internal processes for completing purchase card accruals on an as needed basis.

- C. ARC is responsible for monitoring and maintaining the accounting methodology used for executing purchase card accruals, as per the SLA.