

## CHAPTER 3. USE OF GOVERNMENTWIDE COMMERCIAL CREDIT CARD

### 3-1. Objective

To delineate guidelines and restrictions for the use of the Governmentwide Commercial Credit Card in the procurement of supplies and other services.

### 3-2. Personal Use

The International Merchant Purchase Authorization Card (IMPAC) is uniquely designed so it will not be confused with any other credit card. Personal charges cannot be made using the IMPAC card.

### 3-3. Mandatory Use

#### A. General

Consistent with FAR Subpart 13.6 "Micro-purchase," it is HUD's policy that the IMPAC credit card be used to purchase and pay for all types of micro-purchases except those listed in paragraph 3-5, "Prohibited Use." The use of imprest funds or purchase orders is not permitted unless the contracting office concurs with the determination that the use of the credit card is not feasible.

#### B. Mandatory Sources

Cardholders must consider mandatory sources prior to placing orders. The mandatory sources include the Federal Prisons Industries (UNICOR) and the National Industries of the Blind (NIB) and Severely Handicapped (NISH). Generally, these sources provide a variety of office supplies (e.g., pens, pencils, folders, etc.), which are identified in the GSA Customer Supply Catalog (e.g., UNICOR, NIB and NISH). Cardholders are permitted to use their credit cards for purchases from the GSA Customer Supply Catalog. Cardholders must comply with this mandatory source requirement prior to making open market purchases.

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#### C. Open Market Purchases

Cardholders may place open market purchases to any source, regardless of business size or product origin, as long as the product is not available from one of the mandatory sources listed in Paragraph 3-3B. Cardholders are responsible for rotating purchases among qualified vendors. Vendor rotation ensures that cardholders continue to have qualified vendors who are offering competitive prices.

#### D. Purchase of Recycled Products

1. It is the policy of the Department to purchase recycled products to the greatest extent practicable. Section 6002 of the Resource Conservation and Recovery Act (RCRA) and Executive Order 12780, "Federal Agency Recycling and the

Council on Federal Recycling and Procurement Policy" (issued October 31, 1991) require that HUD develop an Affirmative Procurement Program for Recovered Materials.

2. The Environmental Protection Agency (EPA) has identified five specific products and developed procurement guidelines for those products in accordance with their responsibilities under Section 6002. Of concern to Cardholders is the guideline relating to paper and paper products, issued on June 20, 1988. Therefore, specific efforts must be made to purchase recycled paper and paper products. This applies whether ordering directly from the vendor or from GSA's Customer Supply Center Catalog. The catalog indicates if a product contains recycled material. The percentage of recycled materials is listed on the Additional Information line.
3. Preference must be given to ordering recycled paper and paper products. A written justification must be prepared if ordering other than recycled products; however, recycled products need not be ordered if one of the following conditions applies:

- the price of the recycled item is unreasonable compared to items produced using virgin materials;
- obtaining the recycled item results in unusual and unreasonable delays; or

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- the recycled item does not meet all reasonable performance specifications.

Justifications must be retained by the Cardholder for one year in accordance with the General Records Schedule 6 (Item 1b).

4. The Department is required to submit a bi-annual report to the Office of Management and Budget and the EPA on its procurement of the designated items (paper and paper products). Cardholders will not be required to provide this information as it is readily available from other sources. Should the Department's volume of transactions or purchasing patterns change substantially, the Program Administrator will issue revised instructions to capture this information.

E. Price Reasonableness

Cardholders may make purchases up to the micro-purchase limit without soliciting competitive quotes, provided the price is reasonable. Action to verify price reasonableness need only be taken if the cardholder:

- suspects or has information that the price may not be reasonable (e.g., comparison to previous prices, personal knowledge of the supply/service): or

- has no readily available pricing information for the same or similar supply/service.

#### 3-4. How to use the Credit Card

- A. When making a credit card purchase, Cardholders must assure that prices are competitive in accordance with Section 3-3E above.
- B. An individual purchase transaction may not exceed \$2,500 or the Cardholder's individual limit. Purchases may not be split in order to stay within that limit. All purchases that exceed \$2,500 must be completed under standard procurement regulations and obtained through established procurement channels.
- C. The total of a single purchase may be comprised of multiple items but cannot exceed the authorized single purchase limit stated in the Delegation of Authority.

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- D. Both over the counter purchases and telephone ordering are authorized unless otherwise specified by the Program Administrator.
- E. All supplies or services purchased over the counter must be immediately available and cannot be backordered.
- F. All purchases made by telephone must be delivered by the merchant within the 30-day billing cycle. RMBCS ends the cycle on the fifth of each month. Before placing a telephone order, the Cardholder must be assured that the items will be delivered by the fifth day of the upcoming month. The order should not be placed without this assurance. If an item is not immediately available, no backorder is allowed. The item should be obtained from another source or ordered when available. All items on the monthly statement of accounts must be received before certification is completed.
- G. VISA International requires that every purchase over \$50.00 be authorized before the merchant completes the purchase. However, when electronic authorization methods are used, authorization may be sought on all purchases.
- H. Should a purchase be rejected, in Headquarters, the Approving Official must contact either the Program Administrator, the COTR/GTR, or staff designated by the COTR/GTR, in the Field, he/she should contact their Field Coordinator. They are the only persons authorized to contact the Servicing Bank.
- I. When purchasing items by phone or over the counter, the vendor must be informed that a tax exempt credit card is being used. The GSA has obtained formal tax exemption from each state and the District of Columbia; exemption letters

are maintained by the COTR/GTR and Field Coordinators. No tax exemption number will be provided since the cards themselves are coded to identify a tax exemption. No Federal or state sales tax should be paid. If sales tax is included in the bill amount, the discrepancy must be resolved directly with the vendor and the vendor must issue a credit.

### 3-5. Prohibited Use

The card is intended to procure general purpose office supplies and other support needs. The following are specifically prohibited:

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- A. Rental or lease of motor vehicles, land or buildings of any type, or equipment. Rental of conference room space and associated equipment rental for an approved Departmental meeting are permitted. Also, it is permissible to use the Bankcard to rent post office boxes.
- B. Purchase of airline, bus, boat, or train tickets or tokens, or any other type of travel. The purchase of Metro fare-cards is permitted.
- C. Purchase of meals, drinks, entertainment, or lodging at hotels, motels or other facilities for any purpose. The Approving Official, Office of the Secretary, may procure goods and services necessary to conduct official business using the Secretary's Reception and Representation Fund.
- D. Purchase of gasoline or oil for vehicles used for official business.
- E. Purchase of advisory, assistance or personal services.
- F. Purchase or rental of nonexpendable property generally defined as property of a durable nature with a life expectancy of at least one year. For example, exclusions include, but are not limited to, the following:

Non-ADP	ADP
1. Typewriters	1. Modems
2. Adding Machines	2. Telecommunications equipment
3. Calculators (desk)	3. Portable monitors
4. Binoculars	4. Microcomputer-related
5. Dictating/transcribing machines equipment	
6. Photocopy machines	5. Cable, cable connectors and related parts
7. Cameras	6. Parts and tools for repair of equipment
8. Electric power tools	7. Surge protectors
9. Telephones and peripheral equipment	
10. Furniture and furnishings	

The Office of Administrative and Management Services, the Office of Federal Housing Enterprise Oversight, the Office of the Inspector General and the Field Administrative

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Resources Divisions may purchase nonexpendable non-ADP property. The Office of Information Policies and Systems may purchase nonexpendable ADP property. The Management Information Division in the Field may purchase cable, cable connectors and related parts.

Nonexpendable items, other than those noted in this section, which are available through the GSA Customer Supply Center Program are not subject to these exclusions and should continue to be procured through the GSA Customer Supply Center Program.

- G. Purchase of selected microcomputer software. Responsibility for the purchase of all designated standard microcomputer software packages is reserved to the Office of Information Policies and Systems (IPS). Present examples are:

1. MS-DOS (operating system software)
2. LOTUS 1-2-3 (spreadsheet software)
3. DBASE III Plus (database management software)
4. Word Perfect (word processing software)
5. Norton Editor (program editor software)
6. Norton Utility (utility program software)
7. Take Two (disk backup software)
8. DBASE III Compilers
9. Harvard Graphics
10. Perform
11. Software Bridge

In addition to the designated standard software packages, Cardholders may not purchase alternative microcomputer software packages for the same purposes (e.g., operating system, spreadsheet, database management or word processing software). In Headquarters, IPS is exempt from the exclusion for both the standard microcomputer software packages and alternative microcomputer software packages. Other microcomputer software may be purchased by all Cardholders with their funds and without IPS technical approval as long as such purchases do not require the purchase of additional equipment (See HUD Handbook 2400.13).

- H. Purchase of items that will not be delivered to the Cardholder's office or to a receiving office within the Cardholder's office.

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- I. The card is not authorized for cash advance through a

bank teller or Automated Teller Machine (ATM) at any time.

- J. Purchase of books and subscriptions retained as essential working tools in Headquarters offices. These publications will continue to be obtained via the HUD Library Retained Loan procedures, using form HUD-21019 (See Appendix 9). The Office of Federal Housing Enterprise Oversight may purchase books and subscriptions.

Books and subscriptions may be ordered if they are:

1. Purchased by Field Offices; or
2. Purchased by Headquarters for training materials;
3. Purchased by Headquarters in multiple copies for distribution to attendees at conferences/meetings.

or

These subscriptions may be ordered and payment authorized although they have not been received. However, books must be received as stated in Paragraph 3-4 (F).

- K. Memberships.
- L. Printing (except for the Office of Administrative and Management Services and the Field Administrative Resources Divisions when using the Credit Card for the purchase of printing services from the Government Printing Office).
- M. Visual Arts Services. (Headquarters Cardholders can use the Credit Card to purchase visual arts services provided the services are ordered under OAMS' blanket purchase agreements. In the Field, this exclusion does not apply to the Field Administrative Resources Divisions). Engraving services for retirement plaques, awards, etc. are not subject to this exclusion.
- N. Training enrollments and the supplies used in delivering the Department's in-house training programs (except for HUD Training Academy and its related Field counterparts). The Office of Inspector General is exempt from the exclusion for supplies used in delivering the Department's in-house training programs. However, registrations for non-training conferences and seminars are not subject to this exclusion.

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- O. Equipment Repair (except for the Office of Administrative and Management Services, the Office of Inspector General, the Office of Federal Housing Enterprise Oversight, the HUD Training Academy and the Field Administrative Resources Divisions for repair of non-ADP property and the Office of Information Policies

and Systems for repair of ADP property).

### 3-6. Exemptions

The Head of any Headquarters or Field Office seeking an exemption from a prohibited purchase on a one time or permanent basis must submit in writing a request, including justification, to the Program Administrator in Headquarters and the Field Coordinators in their geographical areas. Copies of all approved requests must be submitted to the COTR/GTR. The approval must also be submitted by the Cardholder to his/her Approving Official with the corresponding Individual Statement of Account.