

**ACQUISITION MANAGEMENT
HARPERS FERRY CENTER
ADMINISTRATIVE GUIDELINE NUMBER 4
PROCEDURES FOR USE OF THE THIRD-PARTY DRAFT PAYMENT SYSTEM
AUGUST 2007**

I. BACKGROUND

The Third-Party Draft Payment System has been implemented at the Harpers Ferry Center in accordance with the Department of Treasury Management Letter Number 88, Treasury Financial Manual, Volume I, Part 4, Chapter 3000, and the National Park Service Third-Party Draft Payment System, Policy and Procedures dated August 1996.

This system provides a method for making payments by check for supplies and services of \$2,500 or less when use of a Government Charge Card is not possible and to reimburse employees for local travel expenses. The current contract is held by JP Morgan Chase, effective February 9, 2005 through February 8, 2010.

II. PURPOSE

The purpose of this Administrative Guideline is to provide HFC procedures for payment of small purchases and local travel expenses of \$2,500 or less with a third-party draft when no other method of purchase or payment is feasible.

III. POLICY

Harpers Ferry Center's third-party drafts are generally written to pay for media use-rights. On rare occasion, they may also be used to reimburse expenditures that cannot be put on a Government Charge Card. All efforts should be made to use the Government Charge Card for purchasing supplies or services for \$2,500 or less before entering into a personal cash purchase where reimbursement by third-party draft will be required. Third-party drafts should *rarely* be used to reimburse an employee for an out-of-pocket purchase for supplies or services. Conversely, third-party drafts are written *regularly* to reimburse employees for local travel expenses such as mileage or tolls and claimed on an SF-1164.

A. Procedures for Supply or Service

To pay for a supply or service using a third-party draft, a purchase request with the proper justification(s) must first be created and routed appropriately through Procurement Desktop. The purchase request will be assigned to the Purchasing Agent who is also the draft writer. All purchase requests for small purchases to

be paid by a third-party draft must have original invoices and include the vendor's Federal Tax Identification Number or Social Security Number. These invoices should be sent to the Purchasing Agent in Acquisition Management. The Purchasing Agent then writes the draft and sends it by U.S. Mail to the vendor with a copy of the invoice. Third-party drafts for supplies and services obtained from outside vendors are written weekly. Distribution and retention is set forth in Attachment A.

B. Procedures for Reimbursement of Local Travel Expenses

A fully executed and approved Claim for Reimbursement for Expenditures on Official Business, Standard Form (SF) 1164, with supporting documentation must be submitted to the Harpers Ferry Center, Voucher Examiner in Programs and Budget. The Voucher Examiner will review and sign as the Certifying Officer for Harpers Ferry Center and Appalachian Trail Park Office and submit to the Draft Agent in Programs & Budget to issue the third-party draft. After the Draft Agent issues the third-party draft, the supporting documentation is stamped "PAID BY THIRD PARTY DRAFT". Distribution and retention is set forth in Attachment A.

C. Procedures for Reimbursement of Non-travel Related Expenses

It should be a rare occasion when a miscellaneous expense is incurred by an employee while on temporary duty or local travel that is not reimbursable as a travel expense. If the employee has purchase authority on their Government issued Charge Card, the card must be used and the policies for that program apply. If the employee does not have purchase authority on their charge card and they have their supervisor's approval to procure necessary items at their own expense, then a maximum amount of \$100.00 can be reimbursed.

Examples follow:

- The bulb went out on the projector for your PowerPoint presentation, you replaced the bulb at your expense
- The binders ordered for the participants of training you are giving did not arrive and you had to purchase them at your expense from a local vendor while you were on travel.
- You have to fax something to the office at the request of your supervisor.

If an allowable expense has been incurred, while on official travel, it may not be claimed on a travel voucher. An SF-1164, Claim for Reimbursement for Official Business Expenses must be completed, identifying the items purchased, services received or other allowable expense. The request must be supported by receipts for the out-of-pocket expense and justification attached for the purchase from the approving official.

All reimbursements must be claimed within the three-month quarter in which the purchase was made. No reimbursements will be made after that quarter has lapsed. (Example: A purchase made in February will not be reimbursed in April. It must be reimbursed before the end of March or it will not be paid.) Reimbursement will not include any taxes paid.

IV. LOGS AND REPORTS

Monthly third-party draft logs are kept and posted at the end of each month onto the Harpers Ferry Center public drive in the folder entitled "Third-Party Drafts – Purchase". They are listed by check number and include the vendor's name, the check amount, and the account number. The figures on the log do not include the cost of the draft itself, which is also charged to the account as follows:

March 1, 2007 through February 29, 2008	\$1.42
March 1, 2008 through February 28, 2009	\$1.49
March 1, 2009 through February 28, 2010	\$1.57

The Voucher Examiner maintains files of cleared drafts by the clearing date using the Daily Activity Report for Honored Drafts. The monthly Third Party Draft Honored Draft Summary Report is verified on a monthly basis to track stale-dated drafts. These records are retained for seven years (three years on-site and four off-site if storage space is limited, for administrative review and audit purposes. This file is the official record supporting the information in the accounting system.

The Accounting Operations Center in Reston, Virginia, requires a report at the end of each calendar year. The report lists all vendors that have received payment(s) totaling \$600.00 or more for the entire year. This is reported to the Internal Revenue Service.

V. THIRD-PARTY DRAFT RESTRICTIONS

Examples of purchases where reimbursement by a third-party draft **cannot** be made are:

- Carrier Services (Federal Express, Airborne, etc.);
- Office equipment;
- Furniture or other office furnishings;
- ADP supplies including diskettes, paper, ribbons, and software;
- Office supply items which are available through JWOD and GSA;
- Food, office parties, luncheons;
- Postage of any type;
- Training or training supplies (absent an authorized Training Agreement form);
- Subscriptions/Books (absent approval from Library & Archival Services);
- Tools of any kind;
- Items such as briefcases, day timers, and business cards.

If you have any questions regarding the appropriateness of a purchase or method of payment, you should verify the action with the Purchasing Agent, Pam Blaylock, at Extension 6238, prior to making expenditure from your personal fund. If Pam is not available, Beverly Rinaldi-Alt, at Extension 6237, can assist with any questions.

If you have any questions regarding the travel portion of this document please contact Peggy Royer at Extension 6272

VI. **PROGRAM OVERSIGHT**

Third-party draft Site Manager, Peggy Royer, Budget Analyst
Primary Draft Agent, Pamela Blaylock (Purchases)
Backup Draft Agent, Teresa Fitzwater (Travel)

ATTACHMENT A**Distribution of Third-Party Drafts for Purchases**

<u>COLOR</u>	<u>TO</u>	<u>DOCUMENTATION INCLUDED</u>	<u>RETENTION</u>
White Copy	Programs & Budget	Yes	7 Years
Yellow Copy	Acquisition Management	Yes	Indefinitely, due to “Use Rights” issues.
Pink copy	Budget Tracker	No	7 Years

Distribution of Third-Party Drafts for Local Travel Reimbursement

<u>COLOR</u>	<u>TO</u>	<u>DOCUMENTATION INCLUDED</u>	<u>RETENTION</u>
White Copy	Voucher Examiner	Yes	7 Years
Yellow Copy	Draft Agent	Yes	7 Years
Pink copy	Budget Tracker	Yes	7 Years