

**ACQUISITION MANAGEMENT
HARPERS FERRY CENTER
ADMINISTRATIVE GUIDELINE NUMBER 4
PROCEDURES FOR USE OF THE THIRD-PARTY DRAFT PAYMENT SYSTEM
DECEMBER 2010**

I. BACKGROUND

The Third Party Draft (TPD) Payment System has been implemented at the Harpers Ferry Center in accordance with the National Park Service, Accounting Operations Center, Payment Procedures Guide, dated August 2010.

The TPD is one of three methods of payments HFC uses to process commercial vendor payments. The current contract is held by JP Morgan Chase.

II. PURPOSE

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

III. POLICY

NPS is moving towards total electronic payment and elimination of the issuance of TPDs. Payments to employees are now via electronic funds transfer (EFT), direct deposit into the employee's bank account. All local travel reimbursements are direct deposits.

All payments to vendors are now to be via EFT. Vendors will either register in the Central Contractor Registration system (direct deposit information is provided as a part of the registration) and purchase orders will be issued for an EFT payment, or vendors will accept payment from an HFC staff person with charge card purchase authority up to the limit of \$2,500.

If a vendor is unable to comply with the policy, a waiver may be requested and, if approved by AOC, a TPD issued. The waiver process is described below.

A. Procedures for Supply or Service

To pay for a supply or service using a third party draft, a waiver request (using only the waiver form found on the AOC website) must be submitted with a purchase request. The purchase request includes proper justification(s) and will be routed through Procurement Desktop.

The waiver request must be completed by the person initiating the purchase request, and sent to the budget contact in P&B with the purchase request. P&B will submit the waiver electronically to AOC for approval and hold budget approval of the purchase request until AOC returns an approved waiver.

The purchase requests for small purchases to be paid by a TPD 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 will then review the purchase request and the invoice, approve the purchase request and invoice for payment. The purchase request and invoice as well as any other documentation are copied and the original is sent to the Programs and Budget Office draft agent to process. Third party drafts for supplies and services from outside vendors are written within five days of receipt of original purchase request, invoice, and the AOC-approved waiver.

B. Local Travel expenses will now be processed as an electronic funds transfer (EFT) payment. No third party drafts will be written for local travel.

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 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. Taxes paid will not 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. Taxes paid will not be reimbursed. This will now be an EFT payment to the employee.

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**

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, pulls a report directly from AFS. All vendors that have received payment(s) totaling \$600.00 or more for the entire year are 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:

- Any reimbursements to employees;
- 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.

VI. **PROGRAM OVERSIGHT**

Third Party Draft Site Manager, Peggy Royer, Budget Analyst
Purchasing Agent, Pamela Blaylock (Approval of Purchases)
Primary Draft Agent, Leah Herley
Backup Draft Agent, Judy Small