

**INTERIM GUIDANCE FOR  
USE OF CREDIT CARD CHECKS  
Revised 6/10/00**

*Policy for the issuance of credit card checks (also referred to as convenience checks by financial institutions).*

**TRAINING:**

Both the credit card check approving official and check writer (prior to approving or making a purchase) require training. The approving official should contact the regional Agency Purchase Credit Card Program Coordinator point of contact to schedule training.

**CREDIT CARD CHECK USAGE:**

A check can be issued when the service or good for which payment is being made is operationally critical, cost effective and consistent with FAA procurement policies. Because of the inherent inefficiencies and costs associated with processing a paper document, and because there are better controls associated with electronic payments, checks are to be issued only in "exceptional situations" when payment mechanisms utilizing electronic funds transfer (EFT), such as automated clearinghouse, Government purchase credit card or Government-issued travel credit card, are not feasible. Credit card checks carries a different prohibition than that of the credit cards. Credit card checks may only be used:

- where the political, financial, or communications infrastructure does not support payment by EFT in a foreign country;
- where the payment is to a recipient within an area designated by the Present or an authorized agency administrator as a disaster area;
- where paying by EFT would jeopardize military or law enforcement operations or national security interests;
- where a cost-benefit analysis shows that making non-recurring payments by EFT are not justified.
- where an agency's need for goods and services is of such unusual and compelling urgency that the

Government would be seriously injured unless payment is made by a method other than EFT; or

- when there is only one source for goods or services and the Government would be seriously injured unless payment is made by a method other than EFT.

Credit card checks may not be used for:

- for the issuance of travel advances when the government-issued travel charge card is revoked or cancelled due to delinquent payment or for personal reasons.
- credit card checks are not valid for cash.
- specific examples of credit card use are found in Attachment A.

***AUTHORIZATION LEVEL:***

Purchases using credit card checks must be approved in advance by the next level supervisor who approves credit card purchases. The credit card check-approving official must initial the check register to verify that the payee does not accept credit cards and that the issuance of the credit card check meets at least one of the requirements listed under the section "Credit Card Check Usage".

If the check approving official is not located at the same site as the check writer, verbal approval, followed by written documentation, would be satisfactory. A copy of the written documentation authorizing the purchase must be provided to the check writer. If the next higher level supervisor is not readily available, another individual at that level or higher may approve the use of check, provided that he/she can attest that the need clearly follows the guidelines stated above.

If the check writer is providing the check to another employee who will actually be giving the check to the vendor/merchant/individual, and the latter employee is in a different line of business than the check writer, then the check approving official will be the second level supervisor of the employee paying the vendor/merchant/individual rather than the second-level supervisor of the check writer.

***ISSUING A CREDIT CARD CHECK:***

Credit card checks are carbon checks. The following information should be entered in the appropriate space on the check and must be written, printed in ink or typed. Checks should only be used for officially approved purchases and issued only by the individual whose name appears on the check.

***DATE:*** Enter the date on which the credit card check was issued to vendor for purchase. The date can be spelled out (e.g., August 27, 1999) or written (8/27/99). *Do not predate or postdate a credit card check.*

***PAY TO THE ORDER OF:*** Enter the name of the payee. *(Individuals may not issue credit card checks payable to themselves.)*

***AMOUNT:*** The dollar amount of the credit card check must be written and spelled out in the space provided, (e.g., \$126.39 and spelled out as one hundred and twenty-six and 39/100, followed by a horizontal line out to the end of the space provided).

***MEMO (ADDITIONAL INFORMATION):*** Enter information pertinent to the purchase e.g., radar parts, pavement repair, emergency plumbing.

***AUTHORIZED SIGNATURE:*** Sign in the space provided. Your signature should be in the same format as the name printed on the credit card check, (e.g., if first, middle, and last names are spelled out in full rather than initials being used, your signed name must also be spelled out in full).

***SPENDING LIMITATION:***

Credit card checks access the same single purchase and monthly spending limits established by the Lines of Business (LOBs). The established monthly limit will cover purchases made by both the purchase charge card and the credit card checks. Approving officials will determine the appropriate dollar amount of single purchase limits to be established for each cardholder,

however, each credit card check issued can not exceed \$2,500.

A pre-established dollar "not to exceed" limit of \$2,500 will be printed on the checks. Under no circumstances shall a check be written over this amount.

***KNOWING YOUR BALANCE:***

Cleared credit card checks are deducted from the monthly limit when they actually clear the bank, not when they are written. Monthly limits are renewed on the 20th of each month. You are responsible for tracking your individual available balance and reconciling cleared credit card checks. Remember any transactions made with your charge card will also be counted toward your monthly balance.

**THE FOLLOWING IS IMPORTANT:**

- o allow time for each credit card check to clear, which may overlap billing cycles;
- o ensure the monthly limit is sufficient to cover written checks; and
- o at the beginning of each billing cycle, credit card checks that appear on the statement as cleared should be deducted from your balance.

Important Note: This account is different from your personal checking account because unused balances do not accumulate. Exceeding your limit will result in credit card checks being returned for insufficient funds.

***SAFEGUARDING & ACCOUNTABILITY OF BLANK CREDIT CARD CHECKS:***

For security purposes, the following items are preprinted on the face of all credit card checks:

1. Name and work address of the authorized emergency credit card check holder; and
2. Legend: NOT VALID FOR MORE THAN THE ESTABLISHED SINGLE PURCHASE LIMIT.

Credit card checks shall be safeguarded in accordance with Order 1600.6, FAA Security Risk Management Program. When not in use, checks are to be kept in a secured area, i.e., locked safe or cabinet or another secured environment approved by the Servicing Security Element to protect them from being stolen or misused.

***STAYING WITHIN YOUR PURCHASE LIMIT:***

It is imperative that single purchase and monthly limits not be exceeded.

***INSUFFICIENT CHECK FEES:***

The financial institution does not charge a fee for insufficient checks however, the vendor may charge a fee. This fee may vary depending upon the vendor.

***LIABILITY OF FRAUDULENT USE:***

The agency is responsible for all proper charges made with a credit card or credit card check (by a cardholder) but is not liable for any unauthorized use. Unauthorized use means the use of an account/card by a person other than the cardholder who does not have actual, implied, or apparent authority for such use and from which the cardholder receives no benefit. The cardholder and the designated billing office is responsible for notifying the financial institution when possible unauthorized use of the credit card checks has occurred.

If unauthorized use has occurred, the liability of the cardholder shall not exceed the lesser of \$50 or the amount of money, property, labor, or services obtained before notification to the financial institution. Notification, either by telephone or in writing, must be given to the financial institution with pertinent information regarding the unauthorized use. The financial institution will not determine whether a purchase is authorized or made during official government business.

***EMPLOYEE'S LIABILITY OF FRAUDULENT USE:***

Disciplinary actions for theft, fraud, or intentionally misuse of credit card checks by any employee will be imposed based on the applicable penalty(s) outlined in FAPM LTR 2635, Conduct and Discipline as well as penalties and/or legal charges brought upon by the financial institution.

***REPORTING LOST OR STOLEN CHARGE CARD AND CREDIT CARD CHECKS:***

To safeguard against intentional misuse, lost or stolen charge cards and credit card checks must promptly be reported.

***DESTROYING CREDIT CARDS AND CREDIT CARD CHECKS:***

When an account has been cancelled, all related purchase charge cards and unused check numbers should be recorded and then immediately destroyed. All valid written, unused, and lost/stolen check numbers are to be reported to the financial institution. The financial institution will place stop payment on invalid checks.

Once the financial institution has been notified to cancel an account, checks attempting to post after the closure date will be declined. The financial institution security associates and bank representatives will investigate each check to determine if floating checks were written by the account holder and valid for payment. If the check is valid, the checks will post to the new account number, if not, the checks will be returned for non-payment and further investigated by the financial institution.

***MAINTAINING YOUR CREDIT CARD CHECK REGISTER:***

A credit card check register should be maintained to record each credit card check transaction. The credit card check number, date issued, the payee, a description of the purchase, the emergency credit card check amount, and the account fee can be entered. A copy of the credit card check register is included as Attachment B

***MAINTAINING RECEIPTS AND RECORD RETENTION:***

The carbon copy of the check, the merchandise receipt and invoice must be turned in for each purchase and matched against the credit card check register. Records should be retained in the office and then archived according to the agency's Vital Record and Retention Manual. Records include the monthly statement of account, your credit card check register, receipts, and all supporting documentation.

***ACCOUNT FEES:***

The fees associated with writing a credit card check will be charged back to the individual check writer's LOB and will appear on the monthly statement.

***BILLING STATEMENT:***

The monthly charge card and credit card check statement will show the merchant/vendor name, the amount of the check, and the check number of all cleared checks.

***RECONCILING YOUR ACCOUNT:***

The monthly statement must be cross-checked with your credit card check register, carbon copy of the check, receipt, invoice, and your internal log to ensure that the register and statement amounts are the same. Any discrepancies must be resolved immediately with the financial institution. Keep in mind that cleared checks that may appear on the statement may be checks written the prior month.

***RETURNED MERCHANDISE:***

If there is a need to return an item to a vendor, do not accept cash or a store credit made out to the check holder. If a refund is issued in the form of a store credit, it should be made out to the Federal Aviation Administration and used for a future valid purchase.

In the event a refund check is received, it should be forwarded to the servicing accounting office for deposit within one business day. The original accounting classification code should be provided to accurately credit the funds.

***REPORTING EXPENDITURE DATA:***

In order to determine the effectiveness of the program, data will be required to monitor credit card check usage.

***POLICY POINT OF CONTACT:***

Questions pertaining to these guidance should be directed to either Loretta Rollins, Travel & Payroll Services Branch, AFM-330 at (202) 267-7360, Irene Amaker, Resource Management Branch, ASU-360 at (202) 267-7098 or Wilhelmina Buster, Procurement and Plan Branch, ASU-130 at (202) 267-7099

APPROPRIATE USE OF CREDIT CARD CHECKS

June 10, 2000

Scenarios	Examples of Preferred Payment Methods <sup>1 2</sup>	Allow Check Use <sup>3</sup>	Comments <sup>4</sup>
Emergency salary payment (disaster declared)	<ul style="list-style-type: none"> <li>• Deposit to employee's account</li> <li>• Treasury check to employee</li> </ul>	Yes	Treasury waiver allowed where payment is to a recipient within an area designated by President or an authorized agency administrator as a disaster area.
Advance salary payment to new employee	<ul style="list-style-type: none"> <li>• Deposit to employee's account</li> <li>• Treasury check to employee</li> </ul>	No	
Local travel	<ul style="list-style-type: none"> <li>• Deposit to employee's account</li> <li>• Treasury check to employee</li> <li>• Employer-provided transit cards</li> </ul>	No	
Reimburse gas when privately-owned vehicle is used for local travel	<ul style="list-style-type: none"> <li>• Deposit to employee's account</li> <li>• Treasury check to employee</li> </ul>	No	
Purchase fuel & maintenance for government-owned vehicles	<ul style="list-style-type: none"> <li>• Purchase credit card</li> <li>• Deposit to employee's account</li> <li>• Treasury check to employee</li> </ul>	Limited	Treasury waiver allowed where there is only once source for good or service and the Government would be seriously injured unless payment is made by a method other than electronic funds transfer (EFT).
Non-local travel (including travel advances)	<ul style="list-style-type: none"> <li>• Travel credit card</li> <li>• Deposit to employee's account</li> <li>• Treasury check to employee</li> </ul>	Limited	If employee is new or travels less than once every 18 months, a check may be used if there is 1) not sufficient time to request an electronic deposit to the traveler's account, & 2) travel cannot be delayed without serious injury to the Government.
Payments to State/local governments	<ul style="list-style-type: none"> <li>• Purchase credit card</li> <li>• Deposit to payee's accou</li> <li>• Deposit to employee's account</li> <li>• Treasury check to employee</li> </ul>	Limited	Treasury waiver allowed where there is only one source for good or service and the Government would be seriously injured unless payment is made by a method other than EFT.
Real property acquisitions from others involving Department of Justice	<ul style="list-style-type: none"> <li>• Deposit to payee's account</li> <li>• Treasury check to payee</li> </ul>	Limited	Use of credit card check allowed only if such payment is required by Justice.

Scenarios	Examples of Preferred Payment Methods	Allow Check Use	Comments
Radar located on farm. Farmer mows lawn or removes snow around radar	<ul style="list-style-type: none"> <li>• Purchase credit card</li> <li>• Deposit to payee's account</li> <li>• Deposit to employee's account</li> <li>• Treasury check to employee</li> </ul>	Limited	If there is not a reasonable, cost-effective alternative to the farmer mowing the grass or removing snow, a credit card check may be used. Although every effort should be made to use or establish an account with a financial institution to which payments can be electronically deposited.
Rent aircraft, aircraft simulators	<ul style="list-style-type: none"> <li>• Purchase credit card</li> <li>• Deposit to payee's account</li> <li>• Deposit to employee's account</li> <li>• Treasury check to employee</li> </ul>	Limited	Treasury waiver allowed when there is only one source and Government would be seriously injured unless payment is made by a method other than EFT.
Rent equipment at locations where vendor doesn't accept credit cards & transporting equipment from another site is cost prohibitive.	<ul style="list-style-type: none"> <li>• Purchase credit card</li> <li>• Deposit to payee's account</li> <li>• Deposit to employee's account</li> <li>• Treasury check to employee</li> </ul>	Limited	Treasury waiver allowed: 1) when there is only one source (perhaps due to remote location) & Government would be seriously injured unless payment is made by a method other than EFT, 2) when there is a need that is unusual and compelling, or 3) when the source is significantly less costly than others.
Payment for required physicals for employees	<ul style="list-style-type: none"> <li>• Purchase credit card</li> <li>• Deposit to payee's account</li> <li>• Treasury check to payee</li> <li>• Deposit to employee's account</li> <li>• Treasury check to employee</li> </ul>	Limited	Treasury waiver allowed: 1) when there is only one source (perhaps due to remote location) & Government would be seriously injured unless payment is made by a method other than EFT, 2) when there is a need that is unusual and compelling, or 3) when the source is significantly less costly than others.
Payment to vendors for training	<ul style="list-style-type: none"> <li>• Purchase credit card</li> <li>• Deposit to payee's account</li> <li>• Treasury check to payee</li> <li>• Deposit to employee's account</li> <li>• Treasury check to employee</li> </ul>	Limited	Treasury waiver allowed when there is only one source and Government would be seriously injured unless payment is made by a method other than EFT, or when there is a need for the training that is unusual and compelling.
Expert witness fees	<ul style="list-style-type: none"> <li>• Purchase credit card</li> <li>• Deposit to payee's account</li> <li>• Treasury check to payee</li> <li>• Deposit to employee's account</li> <li>• Treasury check to employee</li> </ul>	Limited	Treasury waiver allowed when there is only one source and Government would be seriously injured unless payment is made by a method other than EFT, or when there is a need that is unusual and compelling.

Scenarios	Examples of Preferred Payment Methods	Allow Check Use	Comments
Reimbursement for passports & immunizations	<ul style="list-style-type: none"> <li>• Deposit to employee's account</li> <li>• Treasury check to employee</li> </ul>	No	
FEDEX/UPS delivery with COD	<ul style="list-style-type: none"> <li>• Purchase credit card</li> <li>• Deposit to payee's account</li> <li>• Treasury check to payee</li> <li>• Deposit to employee's account</li> <li>• Treasury check to employee</li> </ul>	No	
One-time need for electrician, painter, plumber, etc. without bank account	<ul style="list-style-type: none"> <li>• Purchase credit card</li> <li>• Treasury check to payee</li> <li>• Deposit to employee's account</li> <li>• Treasury check to employee</li> </ul>	Limited	Treasury waiver allowed: 1) when there is only one source (perhaps due to remote location) & Government would be seriously injured unless payment is made by a method other than EFT, 2) when there is a need that is unusual and compelling, or 3) when the source is significantly less costly than others.
Tuition assistance	<ul style="list-style-type: none"> <li>• Deposit to employee's account</li> <li>• Treasury check to employee</li> </ul>	No	
Award to employee	<ul style="list-style-type: none"> <li>• Deposit to employee's account</li> <li>• Treasury check to employee</li> </ul>	No	

<sup>1</sup> To reimburse an employee, the employee would complete a SF-1164, "Claim for Reimbursement for Expenditures on Official Business," and reimbursement would be made by direct deposit to the employee's account or by a Treasury check (see footnote 2).

<sup>2</sup> When an employee does not want to be paid or reimbursed by an EFT method based on the waivers stated in 31 CFR 208.4, including "where an individual determines, in his or her sole discretion, that payment by electronic funds transfer would impose a hardship due to a physical or mental disability or a geographic, language, or literacy barrier, or would impose a financial hardship," reimbursement will be by Treasury check and not by credit card check, unless the political, financial, or communications infrastructure does not support payment by Treasury check, for example, during a declared disaster.

When paying vendors and individuals for providing goods and services, payment by EFT is required unless one of the waiver criteria stipulated in 31 CFR 208.4 applies. Since payment by Treasury check is a non-EFT method, its use must be supportable by waiver as required by 31 CFR 208.4. Payment by Treasury check is preferable to using a credit card check.

<sup>3</sup> A credit card check can be issued when the service or good for which payment is being made meets the criteria set forth in 31 CFR 208.4 (see footnote 2), and is operationally critical, time critical, cost effective and consistent with FAA procurement policies. Because of the inherent inefficiencies and costs associated

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with processing a paper document, and because there are better controls associated with electronic payments, checks are to be issued only for “exceptional situations” when other payment mechanisms, like the purchase and travel credit cards, are not possible.

<sup>4</sup> Based on 31 CFR 208.4 as implemented by the Department of the Treasury in September 1998, non-electronic funds transfer (EFT) methods may be used:

- where the political, financial, or communications infrastructure does not support payment by EFT in a foreign country;
- where the payment is to a recipient within an area designated by the President or an authorized agency administrator as a disaster area;
- where paying by EFT would jeopardize military or law enforcement operations or national security interests;
- where a cost-benefit analysis shows that making non-recurring payments by EFT are not justified;
- where an agency’s need for goods and services is of such unusual and compelling urgency that the Government would be seriously injured unless payment is made by a method other than EFT; or
- when there is only one source for goods or services and the Government would be seriously injured unless payment is made by a method other than EFT.