Get Smart

The GSA SmartPay® Newsletter

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Contact Us
If you have suggestions or comments about *Get Smart*, please contact Dena Gross at (703) 605-2808 or via email at dena.gross@gsa.gov.

The GSA SmartPay® team and I hope you enjoyed the holidays, and that the good feelings last long into the New Year. In the previous *Get Smart* issue, I introduced myself and provided my customer agency-focused vision for the future of the program. Since that time, we have stepped up our efforts to improve communications with agencies and increase our advocacy of the program. We held two Agency/Organization Program Coordinator (A/OPC) meetings as well as multiple meetings with A/OPCs and other agency experts to review our draft requirements for the successor contract, known as GSA SmartPay® 2 or "SP 2" for short. Approximately 34 people from 12 different agencies are involved in this process; it has been very gratifying to have this level of involvement, and I thank everyone for their participation as well as agency management for their support. To further improve communications, my office will begin holding bi-monthly A/OPCs meetings. I plan to issue a schedule for these meetings in the near future.

I heard your call for increased program advocacy and am acting upon it. Over the past few months, we have been actively engaged in issues such as creditworthiness checks and potential tax levies against vendors from whom purchases are made using GSA SmartPay® Purchase cards. As detailed in an article in this issue, the requirement for creditworthiness checks prior to issuance of *centrally billed* purchase and travel cards is no longer required by law. (However, please note that the requirement <u>does</u> remain in effect for individually billed travel charge card accounts.)

As to the levy requirement, GSA SmartPay® staff participated in a joint levy task force with staff from the Department of Treasury. GSA arranged a key meeting with the GSA SmartPay® participating banks, as well as VISA and MasterCard, for Treasury officials. Through this meeting and a series of other meetings, it became clear that a process to levy payments under the purchase card program was not tenable. As a result, a different course of action is being pursued to address this matter. We appreciate the participation and cooperation of all the parties involved in addressing this very complex issue, especially officials from Treasury's Financial Management Service.

There are many other issues we are working – ranging from improving small business transaction reporting into the Federal Procurement Data System – Next Generation (FPDS-NG) to providing information to the FedRooms program – that I want to tell you about, but these and many others will have to wait for future issues.

Thank you for your continued support of the GSA SmartPay® Program. I hope you find this issue informative. Should you have any comments, please drop us an e-mail using our GSA SmartPay® feedback form available on our website at www.gsa.gov/gsasmartpay.

Regards,
David J. Shea, CPCM
Director
GSA SmartPay®

PROGRAM NEWS

Credit Checks for Purchase Cardholders and Travel CBAs

On November 30, 2005, President Bush signed the FY 2006 Transportation, Treasury, Judiciary and Housing and Urban Development (TTHUD) Appropriation Bill (P.L. 109-115). This new law eliminates the requirement for credit checks prior to purchase and centrally-billed travel charge card issuance. However, OMB Circular A-123 Appendix B still requires these credit checks. OMB is currently reviewing the matter. On December 20, 2005, GSA and OMB held a meeting with A/OPCs to discuss credit checks on purchase cardholders. In the meeting, the represented agencies unanimously voted for the requirements in the OMB Circular for credit checks prior to purchase card and centrally-billed travel card issuance to be deleted pursuant to P.L. 109-115. The GSA SmartPay® program continues to work with OMB on behalf of its customer agencies about this issue.

Note that the credit scoring requirement for IBA travel cards remains unchanged.

Due to P.L. 109-115, and if the OMB Circular is modified accordingly, the GSA SmartPay® program may no longer need to proceed with the government-wide Privacy Act notice for the purchase card. As the program considers this issue, we would appreciate your input as to whether or not we should proceed with the purchase card Privacy Act notice for any other reasons. Please provide any comments you have on this matter to Brad Forrestel at (703) 605-2799 or bradley.forrestel@gsa.gov.

OMB Circular Guidance

OMB Circular A-123 Appendix B – Improving the Management of Government Charge Card Programs became effective October 1, 2005. It outlines requirements affecting the travel, purchase, and fleet business lines of the government charge card program.

The GSA SmartPay® program has developed the following guidance and materials to aid agencies/organizations in the implementation of the requirements of the Circular:

- The program has developed guidance on the options for performing credit checks. Credit checks can be performed through the Office of Personnel Management (OPM), GSA's Financial and Business Solutions (FABS) schedule at www.gsa.gov/fabs, or the banks.
- The program has issued a mod to the Master Contract to allow banks to issue credit checks.
- The program has developed a template to assist its customers with capturing and submitting performance metrics and data to OMB. The template also includes the narrative information that OMB requires.
- The program has developed a template to assist its customers with developing a charge card management plan. Some of the topics included in the template include: personnel management, training, risk management, strategic sourcing, and reporting.
- Use of the templates is not mandatory, but is recommended since they have been approved by OMB.
- The guidance and templates have been distributed to the agencies and will be posted on the GSA SmartPay® website, www.gsa.gov/gsasmartpay.

Meeting with Customer Agencies

On October 27, 2005, the GSA SmartPay® program office held a meeting with Agency/Organization Program Coordinators (A/OPCs) from customer agencies to discuss the implementation of credit checks and other program-wide issues.

The main topics that were discussed included the implementation of credit checks on new cardholders, the charge card management plan and data templates GSA has developed, and the Federal payment levy program.

The meeting was the first of what are to be bi-monthly meetings with the program's customer agencies to discuss pertinent program-wide issues. If you have any questions regarding the meetings, please contact Brad Forrestel at (703) 605-2799 or bradley.forrestel@gsa.gov.

Recompete News

Status Update

The GSA SmartPay® program continues to make progress in its contract recompete efforts.

In early October 2005, the GSA SmartPay® program held one-on-one meetings with vendors who responded to our July 2005 Request for Information. Through these sessions, we were able to capture additional, useful information on industry charge card trends.

The GSA SmartPay® program plans to release a draft solicitation in early 2006 and has begun its development and writing. As part of the draft development process, customer agency representatives volunteered to participate on the GSA SmartPay® 2 Requirements Team for the solicitation. A memo requesting nominations for participants for the GSA SmartPay® 2 Requirements Team was sent to the Chief Financial Officers, Chief Acquisition Officers, Senior Procurement Executives, and Small Agency Councils. The team met from mid-December through mid-January 2006. The GSA SmartPay® team is currently in the process of incorporating the Requirements Team's comments into the draft solicitation.

Updates will be provided on key developments in the recompete process.

Have you begun planning for your agency's transition?

Begin the planning process for additional budget and resources that will be needed to support your agency's transition to the new contract. For example, additional funds may be needed for training, testing support, IT resources, and independent verification and validation (IV&V) support.

The GSA SmartPay® program is currently developing a "transition checklist" and other tools to provide guidance and assistance to customers in planning for and implementing the transition.

Upcoming Events

2006 MasterCard Public Sector Forum

Date: April 3 - April 5, 2006
Place: Ronald Reagan Building and International Trade Center in Washington, DC

The forum's agenda this year will emphasize MasterCards' offerings in the public sector arena, as well as the latest industry perspectives.

8th Annual GSA SmartPay® Training Conference

Date: August 1-3, 2006*
Place: St. Louis, Missouri
Please note that the original dates have changed.

For additional information, visit the GSA SmartPay® website at www.gsa.gov/gsasmartpay under "In the News / Library / Save the Date".

Statistics

Travel IBA Delinquency Accounts

The delinquency rates of government-wide travel Individually Billed Accounts (IBAs) remained steady at 2.79% in November 2005. The November 2005 rate was a 0.52% decrease from the same time last year.
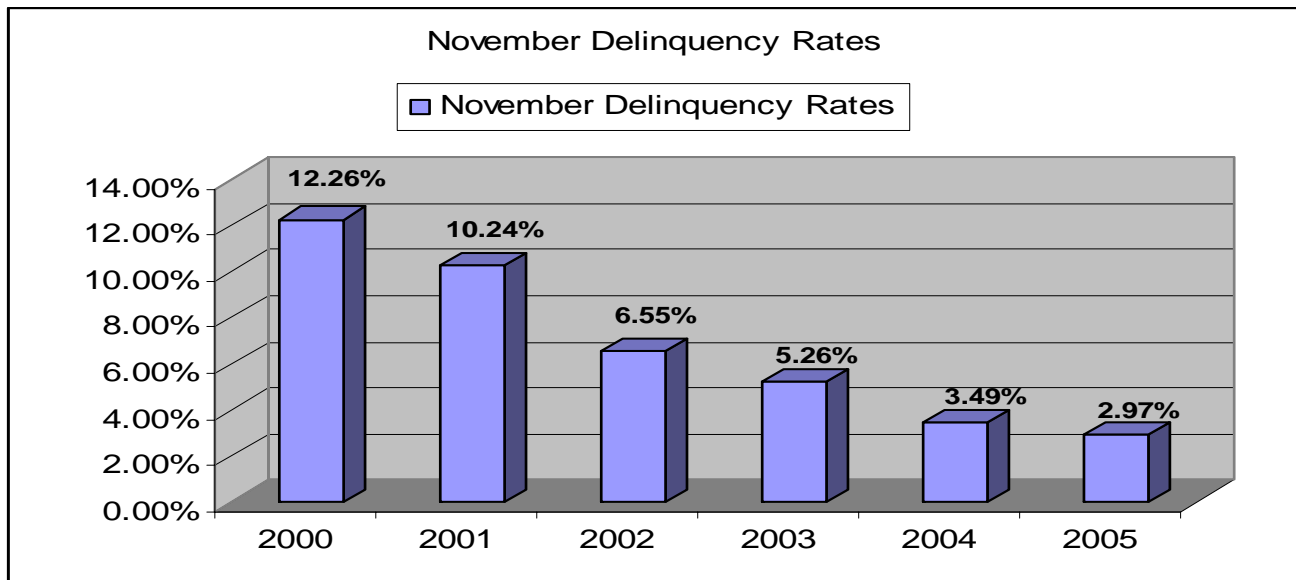
GSA SmartPay® would like to acknowledge the following agencies whose delinquency rates were 1% or less in November 2005: Department of Commerce, Department of Justice, Department of the Treasury, Department of Transportation, Department of Veterans Affairs, Environmental Protection Agency, General Services Administration, Nuclear Regulatory Commission, and Small Business Administration.

Recoveries and Write-offs

In November 2005, travel IBA recoveries totaled $213,710, while travel IBA write-offs totaled $338,701.

GSA SmartPay® would like to acknowledge the following agencies which had no write-offs in November 2005: Agency for International Development, Corporation for National Service, Department of Education, Department of Energy, National Aeronautics and Space Administration, National Science Foundation, Nuclear Regulatory Commission, and Social Security Administration.

GSA SmartPay® would also like to acknowledge the following agencies whose recoveries exceeded write-offs in November 2005: Agency for International Development, Department of Commerce, Department of Education, Department of Energy, Department of Justice, Department of State, Department of Transportation, Department of Veterans Affairs, Environmental Protection Agency, National Aeronautics and Space Administration, Small Business Administration, and Social Security Administration.

November Delinquency Rates

Year	November Delinquency Rates
2000	12.26%
2001	10.24%
2002	6.55%
2003	5.26%
2004	3.49%
2005	2.97%

Success Stories

Share Your Success!

You've achieved great success in streamlining operations through using the GSA SmartPay® purchase, travel, and fleet cards. Other agencies can benefit from learning about the enhancements and best practices of individual agencies. We will highlight your achievements in upcoming issues of *Get Smart.*

Please submit your success story to Dena Gross at dena.gross@gsa.gov. Stories should not exceed 250 words. GSA SmartPay® reserves the right to edit contributions for publication.

Best Practices

Issuance and Maintenance

Establishing a strong control environment is the basis for an effective charge card program. During the issuance and maintenance phase, some of the key activities agencies can undertake to effectively manage their programs include using available authorization controls to lessen the risk of misuse and fraud, generating reports through your bank's Electronic Access System (EAS) to review cardholder activity and manage program data, and conducting periodic reviews of cardholder records. Applying the following best practices can help your agency during the issuance and maintenance phase:

- Require Agency/Organization Program Coordinators (A/OPCs) to set appropriate authorization controls when establishing every cardholder account (e.g., dollars per transaction or dollars per month limits, transaction limits, Merchant Category Code (MCC) restrictions);
- Work with your GSA SmartPay® contractor bank to set reasonable travel spend limits;
- Perform regular reviews of travel and purchase cardholders to determine if card is needed;
- Deactivate cards that are used infrequently;
- Use electronic access reports to monitor account activity;
- Implement split disbursement through your travel management system;
- Include charge card do's and don'ts as a core part of your agency's annual ethics training; and
- Use data warehousing to identify purchasing trends.