

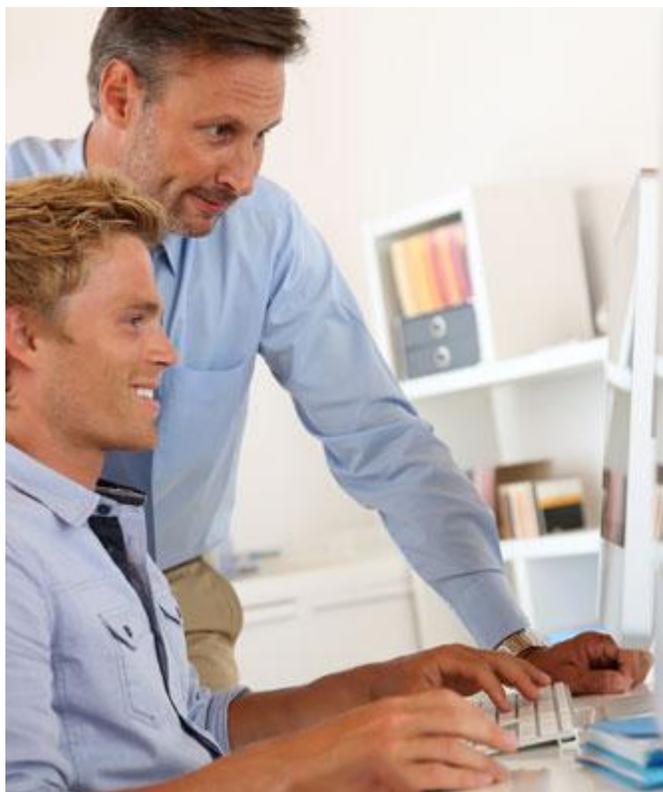


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# GSA SmartPay Purchase Account Training (A/OPC)



Welcome to the GSA SmartPay Purchase Account Agency/Organization Program Coordinators (A/OPC) training. Your agency/organization has selected you to serve in an important role as their A/OPC. In this role, you will make it easier to obtain the products and services your agency/organization needs to perform its mission. As a purchase A/OPC, you will have responsibility for both administrative functions relating to the program and oversight of your purchase account holders.

This training module will help you understand your role and responsibilities as an A/OPC. In addition to this training, make sure you understand your agency/organization's purchase program requirements and policies since they will be the foundation of your day-to-day duties. Your contractor bank also provides an Electronic Access System (EAS) and an A/OPC Guide these

will be invaluable tools for you in performing your duties.

To print or save the training, please follow the following steps:

1. Click below for the "Download Purchase Account Holder?Training PDF" button.?
2. Select ?Ctrl P? or Print from the File menu on your web browser.
3. Select a printer name to print or select ?Adobe PDF? from the dropdown menu to save a copy to your computer.

[Download Purchase Training \(A/OPC\)](#) <sup>[1]</sup>

## Section 508 Compliance

Section 508 of the Rehabilitation Act requires that federal agencies' purchase electronic and information technology that is accessible to people with disabilities.? Visit <http://www.section508.gov> <sup>[2]</sup> for more information.

## Purchase Program Overview

As a new purchase A/OPC, you may not be very familiar with the GSA SmartPay?purchase program. This section will provide information on why the U.S. Government has a payment solutions?program and will explain how the GSA SmartPay?program is set up and operated.

### 1. What is GSA SmartPay?

The GSA SmartPay?program manages a set of master contracts through which agencies and organizations can obtain payment solutions?for employees to accomplish the agency or organization?s mission. Agencies can obtain a number of different types of products and services, including purchase, travel, fleet, and integrated payment solutions.

Agencies and organizations issue a task order under the GSA SmartPay?2 master contracts, and award their program to one of the GSA SmartPay?2 contractor banks.? The banks provide payment solutions to the agency/organization employees to make purchases on behalf of the agency/organization.? The GSA SmartPay?2 contractor?banks include:

- Citibank,
- JPMorgan Chase, and
- U.S. Bank.

All payment solutions are supported by either Visa or MasterCard. Any merchant who accepts Visa or MasterCard also accepts the GSA SmartPay payment solution. ?

## 2. Why does the U.S. Government have a payment solution program?

The GSA SmartPay purchase program provides the U.S. Government with an effective tool for conducting purchase, travel, and vehicle fleet operations in support of each agency/organization's mission. ? Government payment solutions provide streamlined, best-practice processes that are consistent with private industry standards. Here are some of the benefits of the GSA SmartPay program:

- **Administrative cost savings** ? The estimated administrative savings for the purchase card alone is \$1.7 billion per year (\$70 per transaction) when used in place of a written purchase order. No studies have been done to estimate the transactional savings of the other programs.
- **Identification for discount programs** ? A GSA SmartPay travel account is required to obtain airfare discounts through the GSA City Pairs program, creating an estimated \$3.6 billion in annual savings governmentwide.
- **Agency refunds** ? Payment solutions generate performance-based refunds for agencies.
- **Others** ? Payment solutions provide other less tangible benefits, including detailed transaction data, improved ability to monitor transactions, travel insurance, and eliminate the need for imprest funds or petty cash at the agency.

## 3. What is the GSA SmartPay Purchase Account used for?

The purchase account is used to purchase supplies and services in accordance with the Federal Acquisition Regulation (FAR). The purchase account is the preferred procurement and payment tool for micro-purchases, as prescribed in FAR 13.2. A "micro-purchase" is an acquisition of supplies or services in which the aggregate amount does not exceed the micro-purchase threshold, except in the case of construction. ? The Office of Management and Budget (OMB), along with the Small Business Administration (SBA), is improving access by small businesses to the Federal market and to boost communications to small businesses about Federal business opportunities. ? It is important to encourage the utilization of small businesses when buying goods and services at or below the micro-purchase threshold. ?? The Federal Acquisition Regulation (FAR) states that use of the Government-wide purchase card is the preferred method for buying these small purchases

The purchase account may be used as an ordering and payment mechanism, not a contracting mechanism, for purchases above the micro-purchase threshold. When used as an ordering and payment mechanism, merchants may bill against the purchase account. When the order is shipped, the merchant bills the purchase account instead of issuing an invoice directly to the agency/organization.

There are a number of purchases that are STRICTLY PROHIBITED. The purchase account shall not be used for:

- long-term rental or lease of land or buildings

- travel or travel-related expenses (However, conference rooms, meeting spaces, local transportation services such as metro fare cards, subway tokens, and shuttle services can be properly acquired on a purchase account)
- cash advances (unless permitted by Agency/Organization)

These items are NEVER to be purchased using the purchase account.

#### **4. Why do I need to understand the terms and conditions of the GSA SmartPay?2 Master Contract?**

Understanding the terms and conditions of the GSA SmartPay?2 Master Contract is important to performing your role as an A/OPC. The terms and conditions of the Master Contract identify specific contractual requirements GSA SmartPay?has with the contractor?banks.

[Click here to view the GSA SmartPay?2 Master Contract](#) <sup>[3]</sup>

#### **5. What is a Purchase Account?**

A purchase account is a Centrally Billed Account (CBA). A CBA is an account established by the contractor?bank at the request of the A/OPC wherein the Government is liable for the payment of the charges made under the account by an authorized user. Under a CBA, the agency/organization pays the contractor?bank directly for all non-disputed transactions. **ALL** purchase accounts?are CBAs.

#### **6. Who has liability for charges on a Purchase Account?**

The GSA SmartPay?2 Master Contract clearly defines liability for purchase account?transactions. Liability for transactions made by authorized account?holders rests with the Government. If an authorized account?holder uses the account to make an unauthorized purchase, the account?holder is liable for the charge. Use of the account?by a person other than the account?holder, who does not have actual, implied, or apparent authority for such use and for which the account?holder receives no benefit, is not the liability of the Government. You should instruct your account?holders to **immediately** report to you and the issuing bank any instances when the account?was lost, stolen, or used without their knowledge or consent.

A very important responsibility that you have as an A/OPC is making sure that the account?holders understand that they must use the purchase account?for official Government use ONLY and not for personal use. Your role and responsibilities will be discussed in greater detail later in?this training module.

#### **7. What happens if a Purchase Account?is lost or stolen?**

You should instruct your account?holders to **immediately** report to you and the?bank any instance when the account was lost, stolen, or used without their knowledge or consent.

Under the terms of the GSA SmartPay?2 Master Contract, liability of the CBA account?holder for a lost or stolen account?shall not exceed the lesser of \$50 or the amount of money, property, labor, or services obtained before notification to the contractor?bank. Accounts?that have been reported lost or stolen are blocked immediately by the bank against further usage. After the

account holder reports a lost or stolen account, the bank will send the account holder a letter. The letter will explain the steps that need to be taken by the account holder. The bank will issue the account holder a new account with a new account number. Unauthorized transactions should not appear on the account holder statement even though the account has been reported lost or stolen. If unauthorized transactions appear on an account holder statement, the account holder should contact customer service and file the appropriate forms.

## 8. What are convenience checks?

Some agencies allow for the use of convenience checks. Convenience checks are a payment and/or procurement tool intended only for the use with merchants that do not accept other forms of payment and for other authorized purposes where other payments are not accepted. Convenience checks should be used as a payment method of last resort, only when no reasonable alternative merchant is available.

If your agency/organization determines a need for convenience checks, your contractor bank will provide a supply of checks to the designated account holder drawn on the account holder's purchase account. The checks will be processed as they are presented for payment. Convenience checks are multi-copied (one copy for the account holder's records; the original for the merchant). Due to the increased potential of fraud and abuse, specialized training on convenience checks is required prior to being authorized to write checks. If any misuse or abuse is discovered, the employee will lose convenience check and purchase card privileges. That employee will then be referred for disciplinary action in accordance with agency procedure.

Convenience checks may **NOT** be written for purchases above the micro-purchase limits as defined in FAR Section 2.1. In addition, convenience checks may **NOT** be written to:

- Vendors who accept other forms of payment;
- Vendor transactions already under another method of acquisition (purchase orders, contracts, etc);
- Employee reimbursements;
- Cash advances;
- Salary payments, cash awards, or any transaction processed through the payroll system;
- Travel-related transportation tickets;
- Meals or lodging related to employee travel except as related to emergency incident response; and
- Other restrictions as determined by Agency policy.

Checks must be used in sequential order. Each convenience check must be entered in a check register or log for tracking purposes. The following information must be written on each check:

- Date the check is being issued
- The name of the payee
- Amount of the check
- An original signature ?

As an A/OPC, you are responsible for the implementation of the appropriate internal controls and oversight of convenience check activity, including ensuring that all checks issued are for official

government business only and are stored in a secured location. You must verify that each check issued was both necessary and in compliance with the agency's convenience check policy. The convenience checks shall be guaranteed by the contractor's bank against theft or loss. The contractor's bank shall be notified of any lost or stolen checks. The liability of the centrally billed account participant for lost or stolen checks shall not exceed the lesser of \$50 or the amount of money, property, labor, or services obtained before notification to the issuing bank.

## 9. What are Stored Value Accounts? What are Declining Balance Accounts?

Stored value accounts are programmed with a monetary value and have the capability to be reloaded by the A/OPC. The value associated with the account can be accessed using a magnetic strip embedded in the card, using radio-frequency identification (RFID), or by entering a code number printed on the card. These accounts are often anonymous and can easily be loaded and distributed to employees in the case of emergency or disaster situations.

There are three systems used to operate stored value accounts:

- **A closed-loop system** means the accounts are only accepted at a single merchant. The account is for a fixed amount and can only be used at the merchant that issues the account.
- **A semi-closed system** is similar to a closed-loop system; however, account holders are permitted to redeem the account at multiple merchants within a geographic area. Examples of semi-closed accounts include university cards.
- **An open-loop system** offers the ability to utilize the account for multiple purposes and at multiple points of sale, such as making deposits, withdrawing cash, and/or paying bills. They may be either rechargeable (value can be added to them) or disposable. The value is not physically stored on the account. Instead, the account number uniquely identifies a record in the central database where the balance is recorded. Unlike closed-loop products, open-loop products can be used anywhere a Visa or Mastercard is accepted. These accounts may carry an expiration date, an account number and a verification number. Examples of open-loop accounts are payroll cards where employees are issued a card that permits access to an account established by the employer. The account can be used to obtain cash at an ATM or to be used at a store to make purchases.?????? ?

Declining balance accounts allow agencies/organizations to pay as charges occur in a normal billing cycle, but specify a finite balance that may be spent during a specified time. Declining balance accounts work well for emergency situations because they can be distributed quickly but would require pre-set limits on the accounts such as dollar restrictions or expiration dates.

In order to maintain stored value and declining balance accounts the A/OPC should:

- Be able to issue/ reload accounts instantly
- Capture data on transactions
- Take the proper training on stored value accounts use and physical security
- Be able to assign debit/ PIN type transactions
- Be able to provide or prevent ATM access
- Make sure funding in separate dedicated accounts
- Maintain control as defined in the C.3.6 section of the GSA SmartPay 2 Master Contract, Authorizations Controls. Examples include MCC and other blocking methods, transaction

limits, and ATM withdrawal limits.

# Key Program Participants

Numerous individuals and offices are involved in the administration of the GSA SmartPay program. This section will describe the key participants and provide a brief description of their major roles and responsibilities.

## 1. Who are the major participants in the GSA SmartPay program within my agency/organization?

**Agency/Organization Program Coordinator (A/OPC)** - As an A/OPC, you are responsible for the management and oversight of all accounts under your purview. Generally speaking, these responsibilities include:

- Setting up accounts and authorization controls;
- Serving as a liaison between the account holders and the contractor bank;
- Providing ongoing advice and assistance to account holders;
- Auditing purchase accounts as required by your agency policy;
- Maintaining account information;
- Using the contractor bank's EAS to perform account management and oversight; and
- Developing agency policies and procedures as needed.

**Approving Official (AO)** - In some cases, the AO function may be carried out by the A/OPC. The primary purpose of this position is to assure proper use of the purchase account. The AO is typically the account holder's supervisor. The AO makes sure that your purchases are necessary for accomplishing the mission of your agency.

**Account Holder** - The account holder is the individual or agency/organization component designated by an agency/organization to receive an account. The account holder is responsible for:

- Securing the account;
- Maintaining a log of all purchases;
- Using the account only to make informed buys of approved goods and services following all applicable statutes and regulations;
- Ensuring availability of funds before making a purchase;
- Observing all dollar limits on purchases;
- Reconciling and documenting transactions; and
- Using the account ethically.

**Designated Billing Office (DBO)** - The Designated Billing Office (DBO) serves as the focal point for receipt of official centrally billed invoices. This office serves as the liaison between the agency/organization, the A/OPC, and the centrally billed account. The DBO oversees the proper processing of invoices and ensures invoices are paid within the Prompt Payment Act timeframes.

Responsibilities typically include the following:

- Reconciling invoices
- Providing feedback to the A/OPC on contractor performance
- Determining whether to pursue faster payment of official invoices in order to take advantage of the productivity refunds, if in the best interest of the Government, and making payment on the proper date
- Providing timely payment
- Providing proper interest penalties for payments that exceed Prompt Pay Act timeframes

**Transaction Dispute Officer (TDO)** - The Transaction Dispute Officer's (TDO) primary role, in some agencies, is to assist in the speedy resolution of any problems. The TDO generally serves as the focal point for disputing transactions on centrally billed invoices. This individual serves as the liaison between the Designated Billing Office, the A/OPC and the centrally billed account. The TDO oversees proper processing of transaction disputes and works with the contractor to resolve transaction disputes.

NOTE: Not all agencies have a separate TDO. In some organizations, the A/OPC serves a dual role.

**EC/EDI Office (EO)** - The EO is the focal point for electronic commerce/electronic data interchange for the agency/organization. This office also serves as the liaison between the A/OPC, EC/EDI systems staff and the bank. The EO oversees the proper implementation of the agency/organization EC/EDI capabilities and processes.

## **2. Who are the participants in the program that are outside of my agency/organization?**

There are three major participants in the GSA SmartPay program that exist outside of your agency/organization: the contractor/bank (or issuing bank), the merchant community, and the GSA contracting officer.

**Bank** - The contractor banks are important players in this program and are dedicated to high levels of service. Your agency has selected one of the three contractors:

- Citibank
- JPMorganChase
- U.S. Bank

The Contractor Bank:

- Enables merchant payments for account transactions
- Establishes accounts
- Issues accounts
- Prepares the monthly statement for each account holder
- Issues invoices to the DBO
- Provides 24-hour customer service
- Prepares reports that assist your agency in effectively utilizing the program

**Merchants** - The merchant is the source for your supplies or services. The merchant may be:

- A required source inside or outside the government
- Another government agency
- A private sector merchant of supplies or services ?

**GSA Contracting Officer** - The GSA contracting officer administers the GSA SmartPay?Master Contract on behalf of all authorized users, including your agency/organization. The GSA contracting officer is the only person authorized to:

- Make any changes to any of the requirements of the GSA SmartPay?Master Contract;
- Legally commit or obligate the Government to the expenditure of public funds for the GSA SmartPay?Master Contract; and
- Render a final decision on a dispute pertaining to the GSA SmartPay?Master Contract.

### **3. Is there anyone else who will be involved with the GSA SmartPay?program?**

Yes. The GSA SmartPay?program is a highly visible program and receives a lot of interest both within and outside your agency/organization. Your agency/organization's management, Inspector General (IG) staff and other investigators/auditors will likely be interested in the performance of the purchase?program. Many agency/organizations will have periodic audits of the purchase program, and you will likely be a key player in those audits. Additionally, you may find that the Office of Management and Budget (OMB) and Congress take an interest in the performance of your program. Your agency/organization management and policy office will provide you with more information on handling audits, investigations, and external inquiries.

## **A/OPC Responsibilities**

As an A/OPC you will have the overall responsibility for the purchase program within your agency/organization. This section will address specific A/OPC responsibilities as well as other pertinent information necessary for managing the purchase program.

### **1. What are my responsibilities as an A/OPC as outlined in the GSA SmartPay?Master Contract?**

As an A/OPC for your agency/organization, you serve as the liaison between your agency/organization, the contractor bank, the account?holder, and the GSA Contracting Office. Your role is essential to efficiently and effectively managing the purchase program.

The following list identifies specific A/OPC responsibilities as outlined in the GSA SmartPay?2 Master Contract. You may be required to assume some or all of the following responsibilities:

NOTE: The contractor(s) referenced below refer to the?bank(s).

- Maintain an up-to-date list of account names, account numbers, addresses, e-mail

addresses, telephone numbers, etc., of all current account holders and accounts.

- Provide to the contractor(s) any changes in your agency's organizational structure that may affect invoice/report distribution.
- Review and evaluate the contractor's technical and administrative task order performance and compliance.
- Resolve technical and operational problems between the contractor and account holders as required.
- Take appropriate action regarding delinquent accounts and report to internal investigative units and the GSA contracting officer any observed violations of applicable executive orders, laws or regulations.
- Participate in training conferences and train account holders.
- Ensure account holders use their account correctly.
- Monitor account activity and manage delinquencies.
- Ensure that appropriate steps are taken to mitigate suspension or cancellation actions.
- Develop agency program procedures and policies as necessary.

Although it is not specifically mentioned in the GSA SmartPay<sup>2</sup> Master Contract, an important responsibility of the A/OPC is to keep the lines of communication open with all key program participants. The key to an effective purchase program is to ensure that all participants, including senior management/leadership, are aware of what is going on in the program. Stay in touch with your agency/organization's purchase program participants by networking, asking questions, and sharing or distributing agency/organization policy changes, program information, and/or other purchase account information.

As an A/OPC, you should try to establish relationships with the account holders and AO within your span of control. The better you understand why and how the purchase account will be used, the more effective you can be in managing the program.

## **2. How are new accounts set up?**

As an A/OPC, you are responsible for setting up and maintaining all accounts. There are three documents you should have prior to setting up a new account:

- 1. Delegation of Procurement Authority.** With few exceptions, U.S. Government agencies are required to adhere to the Federal Acquisition Regulation (FAR) when purchasing supplies or services. FAR 1.603-3(b) states:
  - "Agency heads are encouraged to delegate micro-purchase authority to individuals who are employees of an executive agency or members of the Armed Forces of the United States who will be using the supplies or services being purchased. Individuals delegated this authority shall be appointed in writing in accordance with agency procedures."
  - You should have a legible copy of the Delegation of Procurement Authority (DPA) for each prospective cardholder prior to creating an account. Your agency/organization policy will dictate what the contents of the DPA should be and who has authority to issue it.
- 2. Training.** The account holder should understand the responsibility and duties associated with having a purchase account. This knowledge is usually obtained through training. Your

agency/organization will likely have specific policies in regard to account?holder training and you should ensure that the account?holder is in compliance with those requirements prior to creating an account.

3. **Account Set-Up Form.** Each prospective account?holder must complete and submit an accurate account set-up request form to you. You can acquire the account set-up forms from your official bank A/OPC guide or from the contractor bank's website or EAS.

Once you are in receipt of the DPA, the training certificate, and the completed account set-up form, you will review and approve/disapprove the request and likely will set up a file to retain copies of the necessary paperwork. If you approve a request, you will then contact the bank so they can issue the account?to the account?holder. Your agency/organization may have different requirements that must be met before an account?can be issued, so be sure to familiarize yourself with those and follow them at all times.

Completed account forms can be sent to the bank by fax, mail, e-mail, or the bank's EAS. In cases where there is an emergency, an A/OPC can give verbal directions to the bank to set-up an account with electronic/written confirmation to the bank within **three** business days.

You will also create an account for the account?holder in the bank's EAS. At the time of account set-up, you will set authorization controls. You can change authorization controls at any time in case you determine that some are too restrictive (or not restrictive enough). Here are some typical authorization controls:

- Dollars per transaction limit
- Dollars per month limit
- Transactions per day limit
- Transactions per month limit
- Merchant Category Code (MCC) restrictions

### **3. How are accounts closed/ terminated? What are the recommended exit procedures?**

There are four steps to closing or terminating an account:

1. **Immediately** notify the bank when a cardholder leaves the agency/organization, is terminated from employment, or no longer requires a purchase charge card.
2. Obtain an account close out form from your bank, complete it, and send it to the bank. This process can usually be accomplished through the bank's EAS.?? If so, close out the account through the bank's EAS.
3. Retrieve and properly destroy/ dispose of the card by cutting it into pieces.
4. Review the master file/ cardholder listing to ensure the account is closed.

### **4. What is my responsibility in the suspension of a purchase account?**

As the A/OPC you have the discretion to initiate suspension and/or cancellation procedures for any account. You must document the reason for cancellation and/or suspension.

The bank may also suspend an account when the account becomes delinquent.

The bank is required to notify the A/OPC and the Designated Billing Office (DBO) requesting payment on accounts with undisputed past due (45 days from billing date) charges. The bank shall provide a pre-suspension/cancellation report to the A/OPC to identify the undisputed overdue amounts. After 55 calendar days from the billing date, the bank shall notify the A/OPC and the DBO electronically or in writing of suspension if payment for the principal amount is not received by the close of business on the 5th calendar day after notification.

The bank is required to automatically reinstate suspended accounts upon payment of the undisputed principal amount and Prompt Payment Act interest.

## **5. What is my responsibility in the *cancellation* of a purchase account?**

You have the discretion to initiate cancellation procedures for any account. Again, you must document the reason for the account cancellation. The bank shall not initiate cancellation procedures on an account without first going through the suspension process as noted in the previous section. If cancellation is initiated, it must be initiated within 180 calendar days of the billing cycle in which the unpaid charge appeared. If the bank initiates cancellation, it shall provide a pre-suspension/pre-cancellation report to the A/OPC to identify the undisputed amount that is overdue. There are two reasons for which a bank may initiate cancellation:

1. The account has been suspended two times during a 12-month period for undisputed amounts and is past due again; OR
2. The account is 120 calendar days past the billing date and suspension procedures have been met.

After 120 calendar days past the billing date, the bank shall send a letter to the A/OPC and the DBO requesting payment of the undisputed principal amount. If payment is not received by the close of business on the 5th calendar day after notification, the bank may cancel the account at 126 days from the billing date. The bank may, but is not required to, reinstate cancelled accounts upon payment of the undisputed principal amount and Prompt Payment Act interest.

## **6. How do I generate and receive reports?**

As an A/OPC, it is important to know how to receive and generate the appropriate reports to monitor cardholder activity. Reporting tools available will be discussed later on in the training.

## **7. How do I contact the bank if I have questions?**

For specific questions, you should contact your agency's account manager assigned at your issuing bank. For more general questions and assistance, use the bank's websites and toll-free telephone numbers:

Citibank:

- (800) 790-7206 (within United States)
- (904) 954-7850 (collect calls from outside United States)
- [Citibank Online Account Access](#) <sup>[4]</sup>

JP Morgan Chase:

- (888) 297-0783 (within United States)
- (847) 488-4441 (collect calls from outside United States)
- [JP Morgan Chase Online Account Access](#) <sup>[5]</sup>

U.S. Bank:

- (888) 994-6722 (within United States)
- (701) 461-2232 (collect calls from outside United States)
- [U.S. Bank Online Account Access](#) <sup>[6]</sup>

## Reporting Tools

You have a number of reporting tools that enable you to manage your purchase program effectively. Various reports are provided through the bank's internet-based EAS. You will use these reports on a frequent basis, as they are a critical part of your A/OPC responsibilities.

### 1. What reports are available to me?

There are four broad categories of reports:

1. General account information;
2. Transactions, payments, and disputes;
3. Account delinquency; and
4. Statistical or summary reports.

The bank may provide reports that contain substantially the same information as described below, but have a slightly different name. Also, the bank may provide other commercially available reports that are not contained in this list. Your EAS and agency training will provide details on accessing, generating, storing and filing reports.

### Reports Providing General Account Information

**Account Activity Report** - Contains complete account activity for both active and inactive accounts, reporting current and fiscal year account activity. This report segregates charges and credits by individual or agency/organization accounts with current period totals of the data elements identified. It includes merchant information such as name, address, taxpayer ID number (TIN), merchant category code (MCC), etc.

**Account Change Report** - Lists any changes made to the master file information and identifies what and when elements(s) were changed. This report is generally used by A/OPCs to manage programmatic data as well as to flag/verify changes.

**Current Accounts Report** - Shows all accounts in alphabetical order and includes all

information necessary to identify and contact the account holder. This report is generally used by A/OPCs as an easy reference for account?holder identification.

**Exception Report** - Identifies lost, stolen, invalid or cancelled accounts, declined transactions and unusual spending activity, and details such transaction activity. This report includes current and past due balances. It is generally used by A/OPCs and the DBO to monitor account?holder activity, track misuse and/or identify training needs of an account?holder.

**Master File Report** - Contains master file information on all accounts (e.g., account number, account?holder information, account expiration date, etc.).

**Renewal Report** - Lists charge cards/accounts due to expire and identifies account name, account number, expiration date, and any other information required to determine renewal status. This report is generally used by the A/OPC to flag expiring accounts.

### **Reports on Transactions, Payments, and Disputes**

**Detailed Electronic Transaction File** - Lists each account?holder's detailed transactions for the reporting period and contains all transaction data. This file is generally used by the agency/organization in processing transactions through their financial systems and for reporting purposes.

**Invoice Status Report** - Identifies payment status on each outstanding invoice and includes all transaction data, including original invoice number and other references required to identify the charge. This report is generally used by the DBO to manage payments and disputes.

**Transaction Dispute Report** - Contains all outstanding and resolved transaction disputes and includes all information necessary to identify, track, balance and obtain status on the dispute from the original charge through resolution. This report is generally used by the Transaction Dispute Office (TDO) to manage disputes.

### **Reports on Account Delinquency**

**Delinquency Report** - Lists account status for each 30-120+ day time frame (i.e., 30, 60, 90, 120 or more days). This report is generally used by the Designated Billing Office and the Chief Financial Officer to identify and manage delinquency.

**Pre-Suspension/ Pre-Cancellation Report** - Shows accounts eligible for suspension or cancellation and identifies account name, account number, status, balance past due, number of days past due and interest penalty for centrally billed accounts. This report is generally used by the A/OPC to flag cardholders and accounts for A/OPC action and delinquency control.

**Suspension/Cancellation Report** - Identifies accounts that have been suspended or canceled and identifies account name, account number, status (suspended or canceled), date of status, balance past due, number of days past due and interest penalty for centrally billed accounts. This report is generally used by the A/OPC for delinquency management.

### **Statistical and Summary Reports**

**Statistical Report** - This report is used to provide program summary information on all levels to obtain and manipulate summary data elements.

**1057 Report** - Contains summary merchant demographic information (minority, women-owned business) on a quarterly and cumulative fiscal year basis. This report will include the amount of purchase, merchant name, merchant address, merchant demographic information, North American Industrial Classification System (NAICS) code and size standard. This report is generally used by the agency/organization in fulfilling its small business and small disadvantaged business goals.

**1099 Report** - Shows summary payments made to merchants on a quarterly and cumulative calendar year basis. It will be in merchant TIN ascending numeric order and include a description of the purchase, amount of purchase, merchant name, corporate status, identify doing business as (DBA), if applicable, and merchant address.

**OMB Report** - Provides transaction data required by Performance Metrics and Data Requirements of OMB Circular A-123, Appendix B. Examples of this transaction data includes, but is not limited to, number of cards, number of active accounts, etc.

**Payment Performance and Refund Report** - Lists the payment performance (average payment time) and any refunds paid to the agency/organization level. This report includes total net charge volume, payment performance, refund amount and type of refund. It is generally used by the agency/organization to analyze payment performance and refunds as well as audit purposes.

**Statistical Summary Report** - Identifies dollar volume, convenience check volume, number of transactions, active account holders, total number of accounts, number of new accounts, identification of fees charged (e.g., for customized services, convenience checks, value-added products, etc.) on a current and fiscal year basis.

**Summary Quarterly Merchant Report** - Lists, by fiscal year quarter, the summary spending information by merchant category code and includes merchant category code description, number of transactions per merchant category code, total dollar amount per merchant category code, and average dollar amount per merchant category code. This report is generally used by the agency/organization to summarize supplier categories to determine where the agency/organization dollars are spent, conduct trend analyses, etc.

**Summary Quarterly Purchase Report** - Provides a summary of purchases. This report includes the number of transactions, the dollar volume, and comparative percentages for the current reporting period and fiscal year activity.

**Summary Quarterly Vendor Analysis Report** - Contains, by fiscal year, a detailed quarterly and cumulative summary of the top 100 merchants/vendors by individual merchant/vendor, city, state and service type, in total dollars and total number of transactions. This report is generally used by the agency/organization to negotiate better discounts with merchants, conduct trend analyses, etc.

**Summary Quarterly Vendor Ranking Report** - Shows, by fiscal year, a quarterly and

comparative summary by name and type of vendor. This report ranks the major vendors and their dollar charges, along with a percentage breakdown of totals and changes from the previous quarter and the same quarter a year ago, if applicable. This report is generally used by the agency/organization for market and trend analysis, etc.

## **2. What are my responsibilities for printing and storing reports?**

You should save copies of all electronic reports you generate, particularly statistical or summary reports. Due to the volume of information available, the bank will furnish information for a limited period of time (generally one year or less) before archiving the data. Reports containing sensitive information (e.g., account numbers, account holder information, etc.) should be maintained in a secure location, such as a file cabinet with a lock. Your agency/organization policy may have further instructions for printing and safeguarding reports, which you should follow.

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# **Preventative Measures**

This section of the training will provide you with information on how you can prevent and/or detect misuse and fraud with the government purchase account. As an A/OPC, you are the key to preventing and detecting misuse of the accounts under your control. The most important thing you can do is to be aware of what activity is occurring on those accounts and do not be afraid to ask questions if you identify suspicious transactions or behavior.

## **1. What is misuse and fraud? How are they different?**

Any intentional use of the government purchase account for anything other than official government business is considered to be misuse. Depending on the facts of each case, misuse may also be considered fraud. Fraud is generally defined as the intentional misrepresentation of facts, deceitful practice, or willful device with intent to deprive another of his/her right or to do injury or damage to him/her. Generally speaking, misuse of the purchase account will result in disciplinary action, ranging from verbal counseling by a supervisor to termination of employment (depending on the type and extent of misuse). Additionally, account holders who misuse their purchase accounts will be held personally liable to the government for the amount of any unauthorized transaction(s). Fraud is more serious as it is a criminal offense, and depending on the type of fraud the account holder can be convicted and subject to fines and/or imprisonment.

## **2. What are some examples of misuse?**

Account misuse can take many different forms, but here are some of the most common examples:

- Purchases exceed the account holder's authorized limit. Account holders may be limited to a specific dollar limit per transaction, per day, or per monthly billing cycle. As an A/OPC you should set authorization controls so that transactions exceeding the authorized limits would be declined at the point of sale. For instance, if an account holder is not authorized to

spend more than \$2,000 per billing cycle, you should not set the monthly spend limit at more than \$2,000. This protects the account?holder and the government from misuse.

- Purchases for which no funding is available. Federal law requires that funds must be available before any government purchase is made. It is up to the account?holder to ensure that the funds are available prior to making any transaction.
- The account?holder allows other people to use his/her purchase account. Account?holders must take steps to ensure the security of their account. This means the purchase account must be used only by the account?holder and only for official government business. If the account?holder allows others to use the purchase account, the account?holder will be held personally liable to the government for any unauthorized transactions. As an A/OPC, you should make sure that the account?holder understands that the purchase account is not to be shared and must be properly safeguarded when not in use.
- Split Transactions. The FAR limits the dollar threshold for micro-purchases. Any purchase that, as a whole, would exceed the micro-purchase limit but is separated into smaller transactions in order to avoid the micro-purchase limit is considered to be a split transaction. Split transactions are prohibited. Let's assume that Joe, an account?holder, needs to buy one hundred widgets, and the total value of the transaction is \$4,000 (or \$40.00 per widget). Joe knows that the micro-purchase threshold is \$3,500. In order to make the transaction "fit" under the micro-purchase limit, he asks the store to split his order into two separate transactions: one for \$2,800 (70 widgets) and one for \$1,200 (30 widgets). This action is called a "split transaction" and is a violation of Federal procurement regulations. As an A/OPC, you should make sure that your assigned account?holders are aware of the prohibition on split transactions and should monitor account?holder use to check that split transactions are not occurring. The most common indicator of a split transaction is multiple transactions with the same vendor for the same items on the same day (or within a period of a few days), where the total amount of the transactions exceeds the micro-purchase limit.
- Products or services that do not meet the government's requirements. Account?holders must use discretion when making purchases to ensure that they meet the government's requirements. Due to the wide array of products and services available, there may be occasions when account?holders may be requested or tempted to buy luxury or deluxe versions of products and services that exceed the government's actual requirements. For instance, it would be questionable for an account?holder to buy a \$500?designer fountain pen when there are many quality fountain pens available for \$50 or less. As an A/OPC, you should be prepared to question any purchase that appears to be excessive or unreasonable.
- Purchases for personal consumption. All purchases must be for official government use only. Thus, any purchase made that is for the account?holder's personal use rather than for official government purposes is considered to be misuse. For example, an account?holder who uses the purchase account to buy himself lunch because he had no cash available that day is misusing the purchase account. As an A/OPC, you should be aware of transactions that appear to be for personal use only.
- Purchases that are not authorized by the agency/organization. Your agency/organization may have additional limits on the use of the purchase account, such as limiting certain categories or types of products or services. As an A/OPC, you should be aware of your specific agency's/organization's restrictions to ensure account?holder compliance.

### 3. What are some examples of fraud?

As with misuse, fraud can occur in a number of different ways. There are three broad categories of fraud with the purchase account: account?holder fraud, non-account?holder fraud, and merchant fraud.

**Account holder fraud** occurs when the account?holder engages in fraudulent activity. Here are some examples:

- **Kickbacks.** The account?holder receives a sum of money from a merchant each time the account?holder makes a transaction with the merchant. The kickback can be either for supplies or services actually needed and received by the Government or for supplies or services that the Government either did not need or receive.
- **Falsified transactions.** The account?holder either acts alone or conspires with others to create transactions for supplies and/or services that are not required by or not received by the agency/organization. The account?holder receives some or the entire amount of the false transaction.
- **False statements.** The account?holder makes false statements about his or her use of the purchase account.

**Non-account?holder fraud** involves the use of the purchase account or account?holder data by an unauthorized person. Here are some of the most common examples:

- **Purchase charge card never received.** A new or replacement purchase charge card has been mailed to the account?holder but was never received by the account?holder. Instead, it was intercepted and used by a third party without the account?holder's knowledge or consent.
- **Lost or stolen purchase account.** The account?holder's purchase account was lost or stolen and used by a third party without the account?holder's knowledge or consent.
- **Counterfeit purchase account .** A third party obtains account information and uses that information to make purchases with a counterfeit purchase account.
- **Account takeover.** This is also known as identity theft. In this case the account?holder's identity has been compromised, and a third party requested a new purchase charge card by providing confidential information about the account?holder.

**Merchant fraud** involves fraud committed by merchants either with or without the knowledge or consent of the account?holder, such as:

- **False charges/transactions.** The merchant charges for supplies/services never provided.
- **Mischarges.** The merchant charges a different amount than the actual transaction. For instance, if a cardholder makes a transaction for \$20.00 but the merchant processes the transaction for the amount of \$200.00.
- **Bribes and gratuities.** The merchant offers bribes or gratuities to the account?holder to engage in fraudulent activity.

### 4. What are the consequences of account?holder misuse or fraud?

Misuse or fraud by the account?holder may have the following potential consequences for the account?holder:

- Revocation of purchase account privileges and cancellation of the account?holder's purchase account
- Notation in the account?holder's personnel file and/or performance evaluation
- Counseling
- Reprimand
- Suspension of employment
- Termination of employment
- Criminal prosecution

Your agency/organization's policies and procedures relating to misuse or fraud involving the purchase account?will dictate how the account?holder is disciplined. In addition, changes to the OMB Circular A-123, Appendix B may also help with preventing misuse and fraud and provide information on disciplinary actions.

## 5. What should I do if I suspect misuse or fraud?

As an A/OPC, you must report suspected misuse or fraud. You must identify the responsible official(s) and report them through the proper channels. Your agency/organization may ask you to report suspected misuse or fraud to:

- the Approving Official
- the Paying/Finance Officer
- the Office of Inspector General (via the hotline), OR the Office of Special Investigations (for Defense agencies)

## 6. What tools do the banks provide to assist agencies in minimizing instances of misuse and fraud?

GSA, in developing the GSA SmartPay?2 Master Contract, took into account the need for program management tools and required the banks to provide those tools at no cost to the government.

- **Credit limits** - Credit limits restrict single purchase, daily, weekly, or monthly expenditures by the account?holder. In accordance with agency/organization policy, an A/OPC may set the limits which best meet the agency's needs. Setting limits that are realistic but not excessive will deter account?holder misuse. By reviewing account?holder spending patterns, you may be able to lower limits without disrupting the agency's mission. A/OPCs also have the authority to raise limits at any time in response to emergency or unforeseen situations.
- **Merchant Category Code (MCC) Blocks** - Merchant Category Codes (MCCs) are established by the bankcard associations or banks to identify different types of businesses. Merchants select the codes best describing their business. You may limit the types of businesses where the account will be accepted by limiting the MCCs available to the account?holder. Your bank has established sample templates that may assist you in

determining which MCCs should be restricted. In the event that an account holder needs to make a purchase outside of his/her restricted MCCs, as the A/OPC, you are authorized to override the restriction for a transaction by contacting the bank's customer service representative. Agency/ Organization policy should specify who is authorized to perform overrides.

- **Internet Reports** - As discussed in Section 4, A/OPCs have access to many reports via the Internet. The banks provide standard reports and ad hoc reports. Please refer to Section 4 of this training for an overview of the reports available to you from the banks.
- **Account Deactivation** - In those instances when the purchase account is not needed on a continuous basis, deactivation of the account may serve as a deterrent to fraud and/or misuse. You may deactivate the account when an account holder is not using or is not planning to use the purchase account. By understanding the account holder's need and use of the account, you can work with the account holder to establish deactivation guidelines. Deactivation and reactivation can be completed through the bank's EAS or by calling the bank's customer service phone number.
- **Guides** - The issuing banks have developed written guides for A/OPCs and account holders, as follows:
  - **A/OPC Guide** - This guide addresses issues of concern to the A/OPC, including responsibilities of program participants, account setup and maintenance, account suspension/cancellation, disputes, reports and invoicing procedures. The guide is available from the banks in hard copy and/or via the Internet.
  - **Account Holder Guide** - This guide addresses authorized uses of the purchase account, disputes and billing.

## **7. How do these tools make it easier to audit and manage the use of purchase account?**

By providing electronic reports and transaction files, auditors and agency/organization program managers have immediate access to information such as merchant name, type of merchant, dollar amount of transaction, and date of transaction. These tools make it easier to identify questionable transactions and follow through to ensure that the transactions were proper.

In some instances, merchants also provide line item detail of transactions, including quantities, prices and product descriptions. While only a limited number of merchants are providing this additional information today, GSA continues to work with the associations to increase availability of line item detail.

## **8. What tools does GSA provide to assist agencies/organizations with preventative measures/program management for the purchase program?**

- GSA developed and hosts an online training course for account holders that discusses the proper use of purchase account.
- The GSA SmartPay Forum for A/OPCs provides training on the bank's EAS, best practices, and program management.
- Free online resources <sup>[7]</sup> to assist purchase A/OPCs in detecting and preventing misuse and fraud.
- Helpful Hints for Purchase Account Use <sup>[8]</sup> is a card-sized brochure that provides information on the purchase account. This brochure can be ordered online and can be

passed out to account holders when they receive their purchase accounts.

# Resources

Here are some resources to help you manage your agency/organization's purchase program:

## Bank Contact Information

In order to effectively manage the purchase program for your agency/organization, it is important to know the bank's contact information. It will be helpful to get to know your bank's customer service representatives/ account managers. They can provide a wealth of information and are able to answer questions to help you manage your program. Remember, many of your responsibilities as an A/OPC involve a working relationship with the bank.

Here is a listing of the bank's websites and phone numbers. Give your bank a call, ask questions, and get involved. They are available to give you the technical assistance you need as an A/OPC!

### Citibank:

- (800) 790-7206 (within United States)
- (904) 954-7850 (collect calls from outside United States)
- [Citibank Online Account Access](#) <sup>[4]</sup>

### JP Morgan Chase:

- (888) 297-0783 (within United States)
- (847) 488-4441 (collect calls from outside United States)
- [JP Morgan Chase Online Account Access](#) <sup>[5]</sup>

### U.S. Bank:

- (888) 994-6722 (within United States)
- (701) 461-2232 (collect calls from outside United States)
- [U.S. Bank Online Account Access](#) <sup>[6]</sup>

Remember that your bank provides A/OPC guides to assist you. Request a copy from your bank to help you with your A/OPC duties!

## Office of Charge Card Management Contact Information

For general information about the program or for escalated issues, please contact the GSA SmartPay program support team:

GSA SmartPay Program Support  
Phone: (703) 605-2808

## List of Acronyms

Acronym	Description
A/OPC	Agency/Organization Program Coordinator
AO	Approving Official
DBO	Designated Billing Office
EAS	Electronic Access System
FAR	Federal Acquisition Regulation
IG	Inspector General
MCC	Merchant Category Code
TDO	Transaction Dispute Office/Official
TIN	Taxpayer ID Number

## Website Index

### ***GSA SmartPay?related websites***

- **GSA SmartPay Website** [10]  
The GSA SmartPay?website provides a wealth of information including a copy of the GSA SmartPay?2 Master Contract [11], contractor guides, publications, training, performance summaries, and a list of GSA representatives you can contact with questions.
- **Environmental Protection Agency (EPA)** [12]  
Provides a list of products, the EPA's recommendations on recycled content products and additional information.
- **Ethics Resource Library** [13]  
Provides references to the text of applicable Executive Orders, statutes, regulations, advisory letters (opinions), and other resource materials related to the executive branch ethics program.
- **Prompt Pay Regulations** [14]  
The Prompt Payment Final Rule (formerly OMB Circular A-125, "Prompt Payment") requires Executive departments and agencies to pay commercial obligations within certain time periods and to pay interest penalties when payments are late..
- **Federal Acquisition Regulations** [15]  
The FAR contains numerous parts that are beneficial to review.
- **Federal Procurement Data Systems (FPDS)** [16]  
Provides instructions for submitting data. It also provides a complete list of departments, agencies and other entities that submit data to FPDS.
- **Office of the Federal Environment Executive (OFEE)** [17]  
Provides information and guidance on buying biobased products.

# Quiz on GSA SmartPay Purchase (A/OPC)

Now that you have completed the training portion of the GSA SmartPay Purchase A/OPC?Online Training, you are ready to take your quiz. ?Once you have completed and successfully passed your quiz, you will receive your completion certificate. ?The certificate can be saved or printed from the training website.

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**Source URL:** <https://training.smartpay.gsa.gov/gsa-smartpay-purchase-card-training-aopc>

## Links

- [1] <https://training.smartpay.gsa.gov/printpdf/book/export/html/66>
- [2] <http://www.section508.gov>
- [3] <https://www.smartpay.gsa.gov/program-coordinators/contract-documents/master-contract>
- [4] <https://home.cards.citidirect.com/CommercialCard/Cards.html>
- [5] <https://gov1.paymentnet.com/>
- [6] <https://access.usbank.com/cpsApp1/index.jsp>
- [7] <http://smartpay.gsa.gov/content/resources#a2>
- [8] <http://smartpay.gsa.gov/content/resources#sa253>
- [9] [mailto:gsa\\_smartpay@gsa.gov](mailto:gsa_smartpay@gsa.gov)
- [10] <https://smartpay.gsa.gov>
- [11] <http://smartpay.gsa.gov/content/about-gsa-smartpay#a2>
- [12] <http://www.epa.gov/cpg>
- [13] <http://www.oge.gov/>
- [14] <http://www.fms.treas.gov/prompt/index.html>
- [15] <https://www.acquisition.gov/far/>
- [16] <https://www.fpds.gov/>
- [17] <http://www.ofee.gov/>