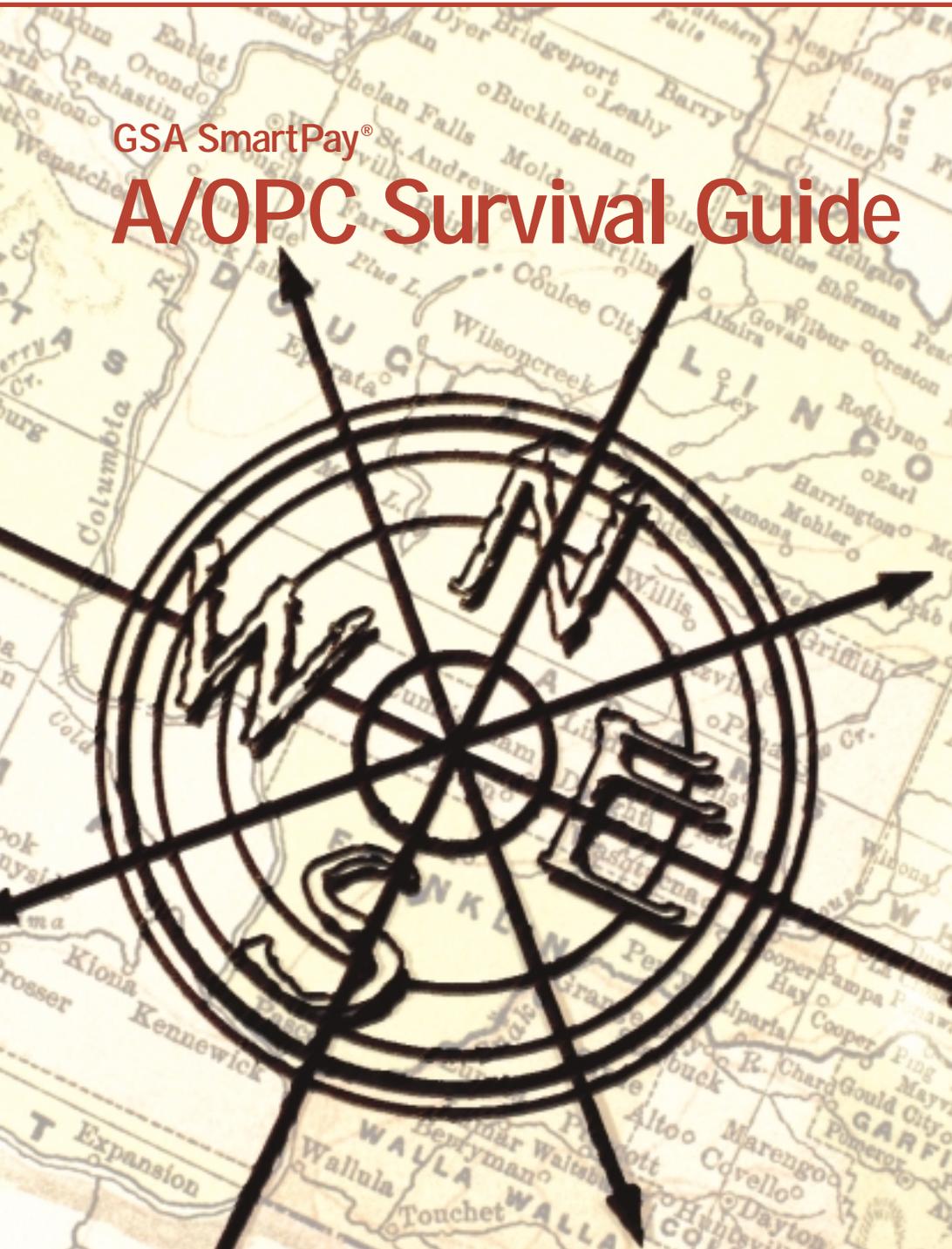


GSA SmartPay®

A/OPC Survival Guide



GSA SmartPay®

A/OPC Survival Guide

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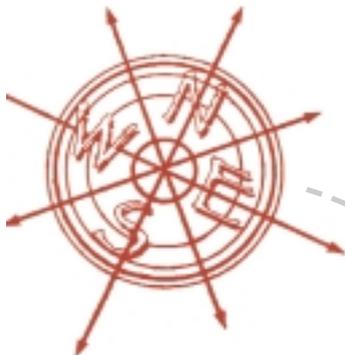
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Overview



Do you need direction on how to manage travel cardholders and help them perform their mission? Feel lost in the wilderness without a guide? This manual serves as a **survival guide** for managing delinquency related to **individually billed travel cards**.

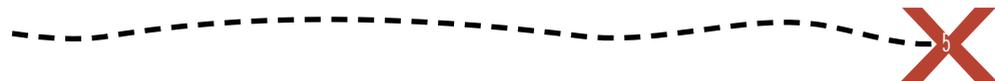
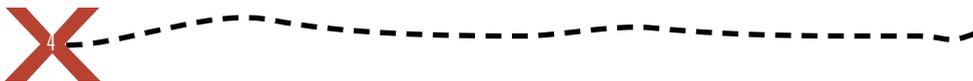
Use this as your compass to help make your way through the travel card "jungle."

This manual is **not** a government-wide policy handbook. Rather, it is intended to serve as an information source for delinquency management. It provides helpful hints, best practices and suggestions in developing agency risk mitigation policies.

LIST OF ACRONYMS

Here are some acronyms you will find in this manual.

A/OPC	Agency/Organization Program Coordinator
ATM	Automated Teller Machine
IBA	Individually Billed Accounts
CBA	Centrally Billed Accounts
CFO	Chief Financial Officer
CTO	Commercial Travel Office
DBO	Designated Billing Office
DCFO	Deputy Chief Financial Officer
FEMA	Federal Emergency Management Agency
FTR	Federal Travel Regulation
GSA	General Services Administration
MCC	Merchant Category Code
OGE	Office of Government Ethics
OIG	Office of the Inspector General
TMC	Travel Management Center
TTRA	Travel and Transportation Reform Act of 1998



GSA SMARTPAY® CONTRACTS

In 1998, GSA awarded contracts to four banks to provide travel card services. Each agency issued a task order to one of the banks for travel card services.

There are two types of accounts available under the GSA SmartPay® contracts — individually billed and centrally billed. Individually billed cards are issued to employees to pay for official travel and travel related expenses. The Government reimburses employees for authorized expenses. The employee is responsible for making payment to the bank. Centrally billed accounts are established by some agencies to pay for official travel expenses. Centrally billed accounts are paid directly by the Government to the bank.

GSA SmartPay® is the primary payment mechanism used to purchase tickets at reduced fares under the Airline City Pair Program. The travel card allows individual employees to pay for travel expenses and receive cash advances. In many instances, use of the card has eliminated the need for travel advances by the agency. The GSA SmartPay® contracts assist agencies with the

management of their travel card program through:

- Reports
- Internet/Intranet card management systems
- Training for A/OPCs
- Automated controls on expenditures
- Contractor knowledge and experience

WHAT IS DELINQUENCY?

Delinquency is caused by an employee's failure to pay a financial obligation incurred on an individually billed travel card in accordance with the terms of the Cardholder Agreement. Payment of undisputed charges is the obligation of the employee.

The employee must pay all undisputed charges directly to the bank in full by the **billing due date** as printed on the billing statement. This date will be 25 to 30 days after the closing date on the statement, depending on the bank. The closing date is often referred to as the billing cycle date and is assigned by the bank for your accounts. This date will generally be the same each month for all accounts under your control.

It is important to remember that under the terms of the Master Contract,

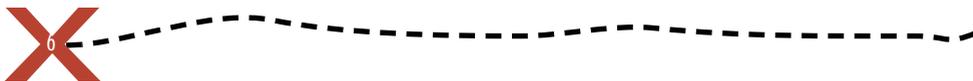
an account is considered **past due** if payment for the undisputed principal amount has not been received 45 calendar days from the closing date on the statement of account in which the charge appeared.

- For suspension purposes, the bank may suspend the account, unless otherwise directed by the A/OPC, if the payment for the undisputed principal amount has not been received 61 calendar days from the closing date on the statement of account in which the charge appeared.
- For cancellation purposes, if payment for the undisputed principal amount has not been received 126 calendar days from the closing date on the statement of account in which the charge appeared, the bank may cancel the account, unless otherwise directed by the A/OPC.

Another category of delinquency is credit losses or write-offs. The banks are required to show balances older than 180 days as losses on their profit and loss statements. In turn, these losses are defined as write-offs to the bank. The bank may make recoveries against these losses after they have been written off.

WHY SHOULD AGENCIES MANAGE DELINQUENCY?

- Agencies are responsible for ensuring that employees observe the Standards of Ethical Conduct for Employees of the Executive Branch and agency ethics rules. (Visit the Office of Government Ethics Web site at www.usoge.gov/home.html).
- Agencies are responsible for ensuring that employees follow the Federal Travel Regulation. (Visit the Office of Government-wide Policy Web site at www.policyworks.gov).
- As participants in the GSA SmartPay® program, agencies are responsible for following the terms of the Master Contract, including the requirements to ensure cardholders use the card correctly, monitor account activity, manage delinquency, and mitigate suspension/cancellation of accounts. (Visit the GSA SmartPay® Web site for a copy of the Master Contract at fss.gsa.gov/services/gsa-smartpay).
- As fiscal officers, agencies are to ensure that we maximize refunds paid to our agency. Agency refunds are negatively impacted by slow payments and/or credit losses.



Chapter One

Understanding Your Role as A/OPC

As an A/OPC, you play a diverse role in the management of your agency's travel card program. You serve as the intermediary between the cardholder, the bank, and your agency's management. This guide serves as a source of information on one aspect of your role: managing delinquency.



UNDERSTANDING TRAVEL

As an A/OPC, you may be asked questions on travel cards, as well as other travel related issues. It would be beneficial to familiarize yourself with other aspects of travel in your agency, such as per diem rates, Airline City Pair contracts, Travel Management Center contracts and Commercial Travel Offices, agency travel reimbursement processes, and personnel policies. Many of these areas will overlap with the use of the travel card.

The Internet has made it easier than ever to inform travelers by establishing links to existing sites. As the A/OPC, you can ensure that your cardholders know where to go to get the information they need before they travel.

A/OPC guides available from your bank will assist you in performing your role by addressing other critical areas, including account setup and maintenance, forms, disputes, and reports. As an A/OPC you are responsible for the following:

- Educating cardholders on the proper use of their travel cards
- Familiarizing yourself with the Federal Travel Regulation
- Understanding and implementing your agency policy related to travel cards
- Ensuring that you receive or know how to generate appropriate reports to monitor cardholder activity
- Reviewing reports and following through regarding delinquent cardholder accounts

BEST PRACTICES



- *Develop a traveler hotline number or Web site to respond to questions.*
- *Publish frequently asked questions related to travel on your agency Web site.*
- *Develop and maintain a travel specific Web site for your agency.*
- *Send semi-annual reminders to cardholders on agency travel policies.*
- *Hold orientation sessions with new cardholders (a 15- to 30-minute Q&A regarding the proper use of a travel card, dos and don'ts, travel claims, etc.)*

UNDERSTANDING THE MASTER CONTRACT TERMS AND CONDITIONS—SUSPENSION/CANCELLATION

Your bank has entered into a contract with GSA under which your agency has issued a task order. The Master Contract has specific **terms and conditions** which the bank must adhere to for suspension and cancellation of delinquent accounts.

- **Suspension:** Under the terms of the Master Contract, Section CB.17, the Contractor may **suspend** an account if payment for the undisputed principal amount has not been received **61 calendar days**

from the closing date on the statement of account in which the charge appeared. Suspended accounts are reinstated by the bank upon payment of the undisputed principal amount.

- **Cancellation:** Under the terms of the Master Contract, Section CB.18, the Contractor may initiate **cancellation** of an individually billed travel account if:

1. It is past due 126 days from the closing date on the statement of account in which the charge appeared **or**



Management Support

2. The account has been suspended two times during a 12-month period and is past due again **or**
3. The card is used for other than authorized purchases, and cancellation is approved by the A/OPC.

Once an account has been cancelled, the bank is **not** required to reinstate the account even if full payment is made. Further, the bank may take additional steps including reporting the individual to credit bureaus, referring the debt to outside collection entities and imposing late fees.

A/OPCs may request that an account not be suspended or cancelled due to mission-related extenuating circumstances. A/OPCs are encouraged to use their best judgment to determine when this exemption should apply. This exemption is often used when the individual is on travel and unable to submit payment.



Management plays a key role in controlling travel card delinquency. Management can determine the resources, implement electronic solutions, establish training, and develop and enforce travel card policies.

GETTING MANAGEMENT INVOLVED

- Create hierarchies that include delinquency notification at the supervisory level.
- Notify senior officials (CFOs, DCFOs) about travel card delinquencies.
- Provide delinquency reports to upper management.
- Appoint/designate a central A/OPC for Travel Policy and Management to issue guidance, agency-wide notices and conduct training.
- Announce goals, objectives and mandates to reduce or eliminate delinquencies and foster support among other agency heads such as Human Resources, General Counsel, OIG, Employee Unions, etc.

AGENCY HIERARCHY



Cardholder hierarchy is determined by the agency and is often associated with billing

and organizational structures. Hierarchy structures vary from agency to agency to meet their unique requirements. The hierarchy structure will determine how many cardholders you will manage, as well as where issues may occur or escalate within your organization.

Agencies should review their hierarchy from time to time to determine if it still meets the needs of the organization. It is important that delinquent accounts are managed by the appropriate organization. Hierarchy determines which cardholders are included in your reports and where refunds are paid. If a cardholder is included in an incorrect hierarchy, your reports and refund payments will be inaccurate.

What is the appropriate ratio of A/OPC to cardholders? The answer is dependent on the A/OPC's role in delinquency management and the amount of time available to the A/OPC for travel cards. Many A/OPCs manage travel cards as one of many responsibilities. Agency management should review their needs to ensure that the appropriate number and level of A/OPCs are available to manage their program.

A/OPC TRAINING

A multitude of sources are available for training A/OPCs and are provided at no cost:

- GSA-sponsored training is provided annually at a single location. The training includes such topics as policies, delinquency management, reports, electronic access systems and best practices. There is no registration fee although attendees pay their travel costs. This conference is for A/OPCs and billing officials.
- Bank-provided, on-site training for groups of 25 or more A/OPCs at the request of the agency.

- An A/OPC Guide is available from the bank. The guide covers account setup and maintenance, disputes, suspension and cancellation procedures, reports, and electronic access system functionality. These guides are available in paper and/or online at the bank Web site. (For a complete listing of bank Web sites, see Web Site Index)
- A User Manual for the Electronic Access System is offered by some banks and provides a detailed description of system functionality. These are available online at the bank Web site. You may need to contact your bank to obtain a password.
- GSA regional sponsored training sessions.

BEST PRACTICES



- *Create online training tools for A/OPCs.*
- *E-mail updates to A/OPCs on program changes.*

MAKING IT WORK TOGETHER

The process of managing delinquency requires many components within your organization. However, it is important to remember as an A/OPC, you have the ability to take the necessary action in managing travel card delinquency. An A/OPC can:

- Suspend or cancel the card.
- Set limits on the card (e.g. monthly spend, cash, MCC blocking, etc.).
- Report a delinquency problem to the employee's supervisor.
- Report a delinquency problem to upper management or the Human Resources Office.

Communication is the key to changing behavior. Below are suggested processes for communication within your agency:

- Work with Human Resources, Office of Finance, etc., to develop a plan of action for each step of the delinquency process (pre-suspension, suspension, pre-cancellation, cancellation, etc.).
- Advise management of your plan of action.
- Advise cardholders of the plan of action.

- Carry out the plan consistently.
- Document the process by keeping copies of correspondence, reports, e-mails, etc.
- After implementation, evaluate the process to make sure it is reducing delinquency or credit losses.

IMPLEMENTATION OF PUBLIC LAW 105-264

The Travel and Transportation Reform Act of 1998 (Public Law 105-264) mandates use of the Government Travel Charge card for employees on official business. With the implementation of the Act, employees are now required to use the travel card for all official expenses unless an exemption has been granted (For a copy of the FTR Mandatory Use of the Travel Charge Card, Final Rule visit [fss.gsa.gov/services/gsa-smartpay/smpayindex.cfm](https://www.gsa.gov/services/gsa-smartpay/smpayindex.cfm) or www.policyworks.gov).

If an employee's card has been cancelled or suspended due to non-payment, the agency has several options. The agency can provide a stored-value card; pay the travel costs with a centrally

billed account; or exempt suspended or cancelled cardholders from mandatory use. The head of a Federal agency or his/her designee(s) may exempt any payment, person, type or class of payments, or type or class of agency personnel if the exemption is determined to be necessary in the interest of the agency. If the agency grants an exemption from use of the travel card, the agency may authorize one or a combination of the following methods of payment: (1) personal funds, including cash or personal charge card; (2) travel advances; or (3) Government Transportation Request (GTR).



Agencies may elect to collect from an employee's disposable pay any undisputed delinquent amounts owed to the bank. The due process to be used for collecting delinquent amounts is provided in the TTRA, as

reflected in FTR Part 301-76. Agency implementation of collection of undisputed delinquent amounts on behalf of the bank will require coordination with the bank to develop a process that meets the intent of the law. For more information regarding collection of undisputed delinquent amounts on behalf of the bank see **Chapter 6 Preventing Delinquency**.

Agencies must reimburse employees within 30 calendar days after receipt of a proper travel claim by the approving official. The agency must notify employees within seven days of any error in the travel claim, which would prevent payment within 30 calendar days. When travel claims are not paid within 30 calendar days of submission, agencies must calculate and pay the employee (1) late payment fees using the prevailing Prompt Payment Act Interest Rate and (2) an amount equivalent to any late fee charges that the bank would have been able to bill the employee if the employee had not paid the bill.

BEST PRACTICES



- *To speed up the reimbursement process, provide employee training on how to fill out a proper travel claim.*
- *Employees on extended travel should submit interim travel claims as needed to ensure the timely receipt of funds required to make payments to the bank.*
- *Train employees on proper use of the travel card.*
- *Employees should be reminded that their obligation to pay the bank by the billing due date is not contingent upon receipt of a travel reimbursement from the agency.*



Monitoring Delinquency

STANDARD REPORTS

Electronic reports are available for A/OPCs to monitor and track individually billed travel card delinquency. Paper reports are available if you are unable to use the electronic reports. As an A/OPC, you will require a User ID and password to access the electronic reports. If you have not received a password, contact your bank to obtain one. Electronic reports present several advantages such as timeliness, flexibility and expanded data. Each bank has a slightly different suite of reports available, so review your A/OPC guide or get on line to learn about the specific reports offered.

Be aware of the timeliness of the data you are reviewing. Electronic reports are generally updated within two to three days after a transaction. Paper reports are generally provided once a month. Some reports are only updated at the end of the billing cycle (pre-suspension, suspension, etc.).

The following is a list of reports required under the contract. Your bank may offer additional reports to assist you with delinquency management.

- **Pre-suspension/Pre-cancellation Report:** Listing of accounts eligible for suspension or cancellation.

- **Suspension/Cancellation Report:** Listing of accounts that have been suspended or cancelled.
- **Delinquency Report:** Lists account status for each bucket (30, 60, 90, 120 or more days).
- **Write-Off Report:** Lists the amounts written-off for non-payment.
- **Exception Reports:** Declined authorizations, MCC reports for non-travel expenditures, ATM withdrawals, high volume accounts, etc. These reports vary from bank to bank.

AD HOC REPORTS

Each transaction processed by the bank includes several data elements, such as merchant name, amount of transaction, cardholder name, MCC, etc. Your bank may offer an **ad hoc** reporting tool, which enables you to create customized reports with the data elements you specify. When available, these tools will assist you in generating additional reports to monitor delinquency. Contact your agency headquarters or your bank to learn more about the availability of ad hoc reports and training for the use of these tools.

BEST PRACTICES



- *Use the ad hoc reporting tool to customize and/or develop your own agency reports.*
- *Eliminate manual calculations by developing ad hoc reports that can be generated as needed.*

BEST PRACTICES



- *Notify employees that appear on the Pre-Suspension/Pre-Cancellation Report by telephone, e-mail and/or correspondence. Advise employees that immediate action must be taken.*
- *Review reports monthly and track trends in delinquency rates and write-offs.*
- *Use exception reports to detect misuse of the card or unusual patterns in spending.*

ACCOUNT ACTIVITY

As the A/OPC, you have access to cardholder transactions at any time, day or night. By using the bank's electronic system, you can track cardholder transactions as well as payments. All you need to know is the cardholder's name, account number or SSN. Simply enter the information in the inquiry field and the system will show you the current monthly statement, as well as previous monthly statements. This process provides current, accurate information within seconds. If you are unable to access the online tool, you may contact the bank's customer service department to request information about a specific account.

BEST PRACTICES



- *Ensure that cardholder information is properly secured and confidentially maintained in accordance with the security and privacy regulations of your agency, as well as with the Privacy Act.*

KEY INDICATORS

While each bank provides standard reports, it is recommended that you track certain key indicators to understand trends in performance. Comparing your performance over time or against other areas in your organization will allow you to measure the outcome of your management processes. The following indicators are commonly used to measure payment performance patterns:

Net Charge Volume

All purchases and other charges, less credits. This includes traveler's checks, ATM and any other fee generating products/services.

Net Credit Losses

Balances in individually billed accounts that reach 180 calendar days past the closing date on the statement of account in which the charges appeared for the month, less recovered amounts. Recovered amounts are net of recovery fees paid to third parties.

Average Net Receivable

Average outstanding balance of the receivable for the month.

Percentage of Delinquent Dollars

Balance which has not been paid within 30 days (60 days, 90 days and 120+days) / outstanding balance.

Percentage of Cash to Spend

Monthly cash advance amount/ Monthly Net Charge Volume.

Net Credit Loss Ratio

Monthly Net Credit Losses/ Monthly Net Charge Volume.

How Do I Interact with Employees Who Are Delinquent?

Employees who have an individually billed account are responsible for **all** charges made on the card and must make payments directly to the bank in full by the **billing due date**.

The Cardholder (employee) is personally **liable and responsible**:

- For charges and fees associated with his/her travel card, unless the card is lost or stolen or the transactions are under dispute.

- For paying any balance by the billing due date.
- For complying with the terms and conditions of the bank's Cardholder Agreement.

As the A/OPC, you are responsible for serving as the intermediary between the cardholder, the bank and your agency's management. So communication plays a key role in addressing and resolving delinquent accounts.

AS A REMINDER



*The employee must pay all undisputed charges directly to the bank in full by the **billing due date** as printed on the billing statement. This date will be 25 to 30 days after the closing date on the statement, depending on the bank. Under the terms of the Master Contract, an account is considered past due if payment for the undisputed principal amount has not been received **45 calendar days** from the closing date on the statement of account in which the charge appeared.*

Calendar Days Past the Closing Date	Account Status/Action
45 days	Pre-Suspension
61 days	Suspension/Pre-Cancellation
126 days	Cancellation

Notify employees who have continuing, recurring or serious delinquencies that the bank or agency may suspend or cancel their travel card.

NOTIFY THE EMPLOYEE REGARDING PAST DUE ACCOUNTS BY:

- Telephone
- Letter/correspondence/memorandum
- Electronic mail
- Personal visit

Notify upper management (e.g., employee supervisor), senior personnel, Human Resources and your Office of Finance by sending them a list of delinquent travel cardholder accounts.

IMPLEMENT AGENCY POLICIES:

Inform employees who are delinquent that disciplinary actions will be taken if payments for delinquent accounts are not received in a timely manner.

Although Travel Card Delinquency Policies vary from agency to agency, remind employees of the consequences for repeated delinquencies and/or misuse of their travel card. Disciplinary actions that may occur are:

- Counseling
- Oral and/or written reprimand
- Salary offset
- Suspension without pay
- Removal from Federal service employment

It is important to notify employees that cancelled individually billed accounts may be:

- Reported to credit bureaus or similar entities by the bank in accordance with Section CB.18.3 and 20.5 of the GSA Master Contract.
- Referred to an outside collection agency by the bank in accordance with Section CB.16 and CB.18.4 of the GSA Master Contract.
- Subject to late fees for which they will not be reimbursed.

BEST PRACTICES



- Create a monthly newsletter/memorandum to reinforce Agency Travel Cardholder Policies for misuse and/or account delinquency.
- Develop and implement an agency-established Penalty Guide/Procedures outlining appropriate disciplinary action for undisputed delinquencies and non-official use of the travel card by employees.
- Review Attachment I for FEMA's policy on use of the Government issued charge card, provided by the agency's Office of Human Resources Management.
- Perform an annual review of all issued cards to determine if each employee meets the criteria for continued participation in the Government Travel Card Program (e.g., agency policy that employee must be expected to travel on official business at least twice during a 12-month period).



Disciplinary Action

CAUSES OF DELINQUENCY

Delinquency results when a cardholder fails to make payment in a timely manner. Even if the agency does not reimburse the employee in a timely fashion, the employee must make timely payments to the bank.

Delinquency results when one of the following situations occurs:

- Employee withdraws cash or uses card for non-official travel expenses and does not pay the bank.
- Employee fails to file for reimbursement and does not pay the bank.
- Reimbursement is not paid in a timely manner by the agency, and the employee does not pay the bank.
- Employee receives reimbursement but fails to pay the bank.

INITIATING ACTION

Prior to taking disciplinary action, it is important to analyze the situation and determine the cause of the delinquency. If the delinquency is due to failure of the agency, this factor should be considered in determining the disciplinary action.

You should become familiar with the standards of conduct applicable to employees at your agency. Your agency should implement a penalty guide that addresses the range of actions which may be taken by the supervisor if the standards of conduct are violated. Your agency should consider including a provision in your agency's penalty guide that specifically addresses misuse of travel cards. As the A/OPC you are responsible for advising the appropriate personnel (supervisor, Human Resources, IG, Ethics Office, etc.) when an employee has misused the card or failed to make payment.

The A/OPC does not generally initiate the personnel action but is often called upon to provide supporting documentation.

Penalties imposed by agencies include letters of counseling or reprimand, suspension and termination. The penalty imposed is dependant upon whether it is a first or second offense and the nature of the offense. Employees may also be subject to legal actions by the bank.

Many agencies use exception reports to track misuse and provide letters to employees if violations occur, even if the accounts do not become delinquent. **Educating the cardholder is key to ensuring that misuse does not occur.**

Sample Agency Travel Card Penalty Guide

TYPE OF DELINQUENCY OR MISCONDUCT	PENALTY FOR FIRST OFFENSE	PENALTY FOR SUBSEQUENT OFFENSE
a. Failure to act on a notice of delinquency within 15 days of receipt.	Verbal counseling to written warning.	Reprimand.
b. Notice of delinquency (debt more than 60 days delinquent) without proof of payment or an approved repayment agreement.	Written warning.	Suspension. Third offense (within two years)=removal.
c. Unauthorized use of card for other than official purposes (includes purchases and ATM withdrawals less than \$500.00).	Suspension of 5 to 10 workdays.	Removal.
d. Unauthorized use of card in excess of \$500.00.	Suspension of 15 workdays to removal.	Removal.
e. Authorizing another to use the Cardholder's card for an unauthorized purchase/withdrawal.	Removal.	Removal.

The following factors must be considered, as appropriate, when applying this *Penalty Guide*:

- If the agency contributed to the delinquency by improperly delaying payment to the traveler after receipt of a timely and proper travel claim.
- The nature and seriousness of the offense(s).
- The misconduct and its relation to the employee's duties, position and responsibilities.
- Whether the misconduct was intentional, technical or inadvertent; or was committed maliciously or for gain; or was frequently repeated.
- Knowledge, or lack thereof, on the appropriate use of the card.
- Evidence that the employee has taken full responsibility for repaying the improper charges to the account.
- The employee's previous employment record and/or previous payment record.
- Potential, or lack thereof, for rehabilitation.

Note: In all situations where disciplinary action may be warranted, before any action is imposed, Human Resources must be consulted in coordination with

the Office of General Counsel, to ensure consistency and fairness, that facts have been established and that employees are given proper due process.



ETHICAL STANDARDS

Executive agency employees are subject to the OGE Standards of Ethical Conduct for Employees of the Executive Branch. These standards, among other things, state that:

- Public service is a trust, requiring employees to place loyalty to the Constitution, the laws and ethical principles above private gain.
- Employees shall not use public office for private gain.
- Employees shall satisfy in good faith their obligations as citizens, including all just financial obligations, especially those — such as Federal, state, or local taxes — that are imposed by law.

By issuance on January 20, 2001, President George W. Bush reiterated these standards of conduct.

GETTING THE MESSAGE OUT

It is important to put the cardholders on notice that they will be subject to your agency's standards of conduct.

BEST PRACTICES



Provide your cardholders with:

- A semiannual reminder.
- A statement insert/statement message.
- The cardholder *Dos and Don'ts* (available free from GSA at fss.gsa.gov/services/gsa-smartpay/smpayindex.cfm click on *But I didn't know — Helpful Hints for Travel Cardholders*).
- An annual letter from agency director reminding employees of responsibilities.
- Proper card use in ethics training.

Preventive Actions

A/OPC CONTROLS

While we have discussed management of delinquent accounts, A/OPCs may proactively implement controls to prevent or minimize the occurrence of delinquency. These controls can include setting card spending limits, limits on the employees to whom cards will be issued, or payments of some travel expense reimbursements directly to the bank, rather than to the employee (often referred to as split disbursement). The combination of controls and enforcement will result in a well-balanced program that meets cardholder needs. Controls are used to ensure proper use of the card and minimize risk to all parties. While there can be a cost to implement certain controls, the initial costs

should be balanced against downstream costs to manage accrued delinquency.

CREDIT LIMITS/ATM LIMITS

Credit limits/ATM limits restrict the monthly, weekly or daily expenditures made with the card. Your bank can provide data on spending patterns within your agency. From these patterns you can set reasonable limits. You may have a group of travelers who have historically high spending patterns (e.g. executives, international travelers, etc.). You may set higher limits for these travelers to ensure that they will have adequate funding while on travel. The chart below provides sample limits that are used by other agencies:

Agency	Monthly Credit Limit	Daily ATM	Weekly ATM
A	\$2500	\$250	
B	\$2000	\$500	
C	\$1550	\$400	\$700
D	\$5000		\$350

MERCHANT CATEGORY CODES (MCC)

MCCs are established by the bank card associations or banks to identify different types of businesses. Merchants select the codes that best describe their business. The codes cover a broad range of categories which may or may not be related to travel expenses. Agencies may elect to block cardholder access to certain types of merchants based on their MCC. Agencies generally issue policy which dictates how these controls will be set.



PUBLIC LAW 105-264

Public Law 105-264, the Travel and Transportation Reform Act of 1998 (the Act), mandates use of the Government contractor-issued travel charge card for all employees on official business. The Act allows an agency to collect from an employee's disposable pay any undisputed delinquent amounts

that are owed to a travel card contractor, upon written request from the contractor. Each agency must follow the due process requirements of the Act as laid out in the FTR before collecting undisputed delinquent amounts on behalf of the charge card contractor. Each agency must reach agreement with its bank on the process to be used for submittal of the request and handling of the request internally. Specific issues to be addressed by the agency include:

- Determining whether the individual is still employed by the agency.
- Determining whether the employee has been reimbursed for travel expenses.
- Determining the amount of disposable pay available for collection. Salary may be subject to other garnishments, etc.
- Payroll's ability to process the request and provide a payment to the bank.
- Legal compliance with the terms of the Act.
- Union notification, if applicable.

A multi-functional team will be required to implement this process. Depending on your

organization's structure, this team would be comprised of the A/OPC and representatives from travel policy, payroll, human resources, labor relations and Office of General Counsel. It is suggested that you work closely with your bank to establish a process that works for all parties.

SPLIT DISBURSEMENT

Split disbursement provides for payments to be made by the agency on behalf of the agency on behalf of the cardholders. At the cardholder's direction, disbursement is split. The bank receives a direct payment by the agency of a cardholder-specified/claimed amount. The rest of the payment is disbursed to a cardholder account or directly to the cardholder. Large ticket items such as common carrier, hotel and rental car charges, are commonly paid directly to the bank on behalf of the cardholder while other disbursements (e.g., per diem) are paid to the employee.

Split disbursement is an effective tool to reduce delinquency and improve refunds paid to the agency. It will require coordination

with the bank to ensure proper payments are made by the government and properly posted to a cardholder's account. A pilot to test the process is highly recommended.



DEACTIVATING CARDS

A/OPCs may deactivate cards when cardholders are not on official travel. The card is not cancelled and can be reactivated by the A/OPC either electronically or through customer service. Shortly before the cardholder is scheduled to depart, he/she must notify the A/OPC. The A/OPC will initiate reactivation with the bank. If you intend to use this process, be sure you understand any relevant timeframes for reactivation.

REVISING THE STANDARD TIMEFRAMES

Agencies may elect to revise the standard timeframes for suspension, cancellation or late fees. Agencies may elect to impose these measures earlier than provided for in the Master Contract. Any task order specific measures would require revisions to the standard Cardholder Agreement and when appropriate, successful union negotiations.

CREDIT CHECKS

Credit checks are available for the purpose of identifying alternate payment mechanisms or setting lower account limits. The agency and the bank will agree on the criteria for credit check screenings.

The bank shall not deny card issuance to any individual on the basis of the credit check nor shall it report any of the account history or performance to a credit bureau or similar entity. Credit checks shall not be conducted to deny an individual a card; rather, to provide the agency limited information (i.e., pass/fail credit check) so that the agency can

determine if an alternative card payment mechanism (e.g., pre-funded card) or lower limits are appropriate. The agency will make the final determination as to the type of card issued (i.e., regular, pre-funded or other payment mechanism).

Inclusion of credit checks at the task order level is contingent upon the agency's successful negotiations with union officials, as appropriate. The cardholder must provide written consent to the bank (e.g., through the Cardholder Agreement) prior to any credit check. The cardholder retains the right to revoke his/her consent to the credit check at any time.

PRE-FUNDED CARDS

Pre-funded cards provide the convenience of card acceptance and reduce the need for tracking delinquency. The agency would fund the card as needed. The employee would be issued a card that could be used once or reloaded depending on the circumstances. This card is sometimes referred to as stored value.

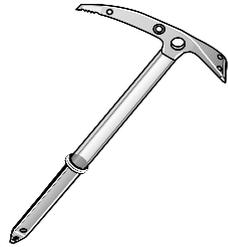
Contract-Specific Information

This quick reference guide provides an A/OPC with a consolidated look at the Master Contract. This guide will help you answer questions about contract terms and conditions and what your roles and responsibilities are as a travel card A/OPC.

WHAT IS THE SCOPE OF THE MASTER CONTRACT?

The purpose of the Master Contract is to provide a worldwide procurement, payment and functional data storage mechanism to support authorized purchases, expenses, and/or streamline purchase and payment systems for the Fleet, Travel and Purchase Card Programs, as well as an integrated solution. All financial, management and administrative products and services, current and emerging, which assist in the support of authorized purchases, expenses and/or streamline purchase and payment systems, fall within the scope of this contract. Other services offered under the Master Contract include

traveler's checks, debit cards, and value-added products and services.



WHAT TYPE OF CONTRACT VEHICLE IS USED FOR THE TRAVEL CARD?

- This is a Fixed-Price Indefinite Delivery, Indefinite Quantity (IDIQ) task order contract. The contract period is 11/30/98 – 11/29/03 with five one-year option periods.
- A Fixed Price IDIQ contract is a contract that provides a price not subject to any cost adjustment based on the Contractor's cost, and the exact times and/or exact quantities of future supplies or services are not known. This means your agency has the flexibility to procure both core requirements and value-added services as needed.

WHAT IS THE PURPOSE OF THE GOVERNMENT-WIDE TRAVEL CARD PROGRAM?

- To provide commercial charge cards and associated services in support of official domestic and international travel and travel-related expenses.
- To streamline the travel process by allowing employees to purchase negotiated tickets, and book hotels and rental cars through their Travel Management Centers (TMCs) and Commercial Travel Offices (CTOs).
- To improve Government operations by simplifying the financial process.
- To allow a platform to improve Government operations and accountability.

WHAT IS A MANDATORY/ NON-MANDATORY USER OF THE CONTRACT?

- A Mandatory User is an agency, which at the onset of the Master Contract **agreed to use** one or more of the core business line(s). This agency may not purchase similar core services outside of the GSA Master Contract. Contractors **are required** to accept orders from mandatory users.

- A Non-Mandatory User is an agency that has **not agreed** at the onset of the Master Contract to be a mandatory user and uses one or more of the core business line(s) under the GSA contract. These agencies may choose to use the GSA contract for these services but are under no obligation to do so. Contractors **may or may not accept** orders from Non-Mandatory Users.
- In order to find out if your agency is a Mandatory User, go to fss.gsa.gov/services/gsa-smartpay/. Select Agency Information, once you are in Agency Information, select Background Information, then select Solicitation. Under Solicitation, you will see amendment 7 (attachment 1). Select the correct tab for the particular business line you are looking for. The spreadsheet will give you a list of agencies that are Mandatory Users.

WHAT IS AN INDIVIDUALLY BILLED ACCOUNT?

A card/account established by the Contractor at the request of the agency/organization. Payments for individually billed accounts are the cardholder's responsibility; the Government assumes no liability for individually billed accounts.

WHAT IS A CENTRALLY BILLED ACCOUNT?

A card/account established by the contractor at the request of the agency/organization. These accounts may be card/cardless, and payments are made directly to the Contractor by the agency/organization.

HOW CAN MY AGENCY UTILIZE TRAVEL CARD SERVICES?

Your agency's Chief Financial Officer, Chief Administrative Officer and/or Procurement Executive will decide how your agency will place a task order with their selected contractor. The task order will designate who has authority within the agency to administer the program (set up accounts, receive reports, etc.)

WHAT ARE THE BASIC RESPONSIBILITIES AND ROLES OF THE TRAVEL CARDHOLDER?

It is the cardholder's responsibility to understand his or her agency's internal policies and procedures regarding the use of the card. The cardholder is responsible for understanding the Cardholder Agreement, record keeping, reconciliation, payment of his or her monthly statement and reporting lost/stolen card(s).

The cardholder is additionally responsible for reconciling the account and notifying the Contractor within 60 days of a disputed invoice. There are several reasons why an authorized cardholder may dispute transactions made on an individual account, e.g., non-delivery of services/unresolved transactions, and billing errors such as duplicate or unauthorized charges. The cardholder should make every effort to resolve discrepancies directly with the merchant or the Contractor's customer service representative. A dispute form must be completed by the cardholder and sent to the

Contractor in order to receive a credit for the particular charge. If the Contractor determines that the billing error did not occur, the transaction will be posted on the next statement of account.



HOW ARE ACCOUNTS SET UP?

The A/OPC is responsible for the set-up and maintenance of centrally/individually billed accounts. Individually billed account set-up forms must be completed by each cardholder and approved by an A/OPC. You can acquire the account set-up forms from the A/OPC guide or from your contractor's Web site (A/OPC Guide). Completed forms can be sent to the contractor via fax or mail. ATM

cash access and withdrawal limits should be established at account set up if applicable. In cases where there is an emergency, an A/OPC can give verbal directions to the Contractor to set up an account with electronic/ written confirmation to follow within three business days.

The A/OPC is responsible for the authorization of cash advances for travelers. During the application process, the A/OPC will identify the cardholders who require ATM access. The A/OPC will set daily, weekly and/or monthly cash withdrawal limits on the account set-up form. It is important that cardholders understand that cash withdrawals may be subject to policies of the banking institutions owning/operating the ATMs.

The Contractor shall provide traveler's checks at the request of the A/OPC. As the A/OPC, you should contact your account manager to set up a traveler's check program for your agency. Traveler's checks can be obtained in U.S. dollars or in foreign currency.

CAN THE A/OPC SUSPEND OR CANCEL AN ACCOUNT?

An A/OPC has the authority to suspend or cancel accounts under his/her purview. You must document the reason for cancellation or suspension and send in a maintenance form to your Contractor in order to initiate suspension or cancellation procedures. Alternatively, you may cancel an account through your Contractor's electronic access system.

WHAT TYPE OF INVOICES MAY BE ISSUED?

- **Centrally Billed Accounts** - invoicing will occur on a monthly basis by billing cycle unless otherwise specified by the agency. Copies of the invoice may be provided to the agency TMC and/or CTO at the request of the agency.
- **Individually Billed Accounts** - within five business days at the end of each billing cycle, the Contractor will issue a Statement of Account giving the individual cardholder all posted activity/charges made against the account.

➤ **Settlement of Centrally Billed Accounts** -

Settlement of centrally billed accounts are made directly by the agency. The Contractor shall accept payment from multiple sources electronically and post such payments within two business days of receipt of payment to the agency's specified account.

➤ **Settlement of Individually Billed Accounts** -

Settlement of individually billed accounts are made by the cardholder. Once travel is completed, the cardholder shall file a proper travel claim within five working days. This will allow your agency time to reimburse the travel expenses in order to settle the individually billed account. The cardholder must pay all charges incurred directly to the bank in full by the **billing due date** as printed on the billing statement. This date will be 25 to 30 days after the closing date on the statement, depending on the bank.

WHAT INTER/INTRANET TOOLS ARE AVAILABLE TO THE A/OPC?

The Contractor will provide an electronic access system in order for the A/OPC to implement, manage, receive and complete all reporting requirements. The electronic access system will allow the A/OPC to view statements, send in program forms, set up accounts, maintain accounts, activate/deactivate accounts, update authorizations and download reports.

WHAT IS THE LIABILITY FOR LOST OR STOLEN CARDS?

The liability of the cardholder for a lost or stolen card shall not exceed the lesser of \$50 or the amount of money, property, labor, or services obtained before notification to the Contractor. The agency/organization has no liability for unauthorized use. Unauthorized use means the use of the 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. A new card with a new account number will be issued to

the cardholder within 24 - 48 hours. Any previous authorized activity, disputed and undisputed, will be transferred to the new account number.

WHEN CAN THE CONTRACTOR SUSPEND AN INDIVIDUALLY BILLED ACCOUNT?

The Contractor may suspend an account if payment for the undisputed principal amount has not been received 61 calendar days from the closing date on the statement of account in which the charge appeared. Suspended accounts are reinstated by the Contractor upon payment of the undisputed principal amount.

WHEN CAN THE CONTRACTOR CANCEL AN INDIVIDUALLY BILLED ACCOUNT?

The Contractor may initiate cancellation of an individually billed travel account if:
(1) It is past due 126 days from the closing date on the statement of account in which the charge appeared **or**

Web Site Index

Web site addresses are not listed alphabetically.

- (2) The account has been suspended two times during a 12-month period and is past due again **or**
- (3) The card is used for other than authorized purchases and cancellation is approved by the A/OPC.

The Contractor shall notify the cardholder and the A/OPC of cancellation. In addition, cancellation actions must be documented and, if requested, such documentation must be provided to the A/OPC.



<http://www.usoge.gov/home.html>

The Office of Government Ethics (OGE) Web site provides the Standards of Ethical Conduct for employees of the Executive Branch; see publications, brochures and pamphlets for copies.

fss.gsa.gov/services/gsa-smartpay/

The GSA SmartPay® Web site provides a copy of the Master Contract, Traveler's Do's and Don'ts, and the FTR Mandatory Use of the Travel Charge Card, Final Rule.

<http://www.policyworks.gov>

The Office of Government-wide Policy (OGP) and the Federal Travel Regulation Web site provides the travel policy for Federal agency travelers while on official business for the Government.

<http://www.bankofamerica.com>

Bank of America Web site

<http://www.bankone.com>

Bank One Web site

<http://www.citibank.com/us/gcs>

Citibank Web site

<http://usbank.com/cgi/cfm/home.cfm>

US Bank Web site

Attachment 1:
FEMA Agency Policy for Government-Issued Charge Card



A L E R T

OFFICE OF HUMAN RESOURCES MANAGEMENT

No. 01-01 February __, 2001

REMINDER!!!

GOVERNMENT-ISSUED CHARGE CARD POLICIES

Most FEMA employees abide by the policies covering the use of government-issued charge cards. However, there are some who have violated these policies and sometimes claim they are unaware of the charge card policies. So, this is the agency's reminder of the rules for proper use of the cards to assure all employees are properly informed.

The policies and procedures are outlined in the "Contractor-Issued Government Travel Charge Card Program," FEMA Instruction 6200.2, dated August 1999, and the "Government-Wide Commercial Credit Card Service," dated October 1995. In addition, the Office of Financial Management (OFM) periodically publishes CFO Bulletins to remind cardholders of their responsibilities and rules of the programs.

We recognize that this alert does not apply to all FEMA staff — the majority consistently abide by the agency's charge card policies. It is not our intent to embarrass, threaten or offend anyone — we merely want to help eliminate violations in the programs, and ensure that FEMA staff is aware of and becomes familiar with FEMA's charge card policies.

Travel Charge Card

Employees who are called upon to travel on official business for FEMA have been issued travel charge cards, strictly, for travel purposes. Yet some employees have chosen to use the cards for unauthorized purposes (e.g., personal purchases), failed to pay their accounts in a timely manner (e.g., payment is due in full by due date shown on the billing statement, yet bills have gone unpaid for over 60 days, 180 days or longer after having been reimbursed for travel expenses), or allowed other,

unauthorized individuals to use cards for unauthorized purposes. All employees have signed an agreement with the charge card company to abide by the rules of the program, but in some cases, that agreement has been ignored. Each of the examples represent violations of the charge card program and constitutes misconduct where appropriate action may be taken (e.g., warning, reprimand, suspension without pay, removal), in addition to loss of charge card privileges.

As you may recall, in the Director's Weekly Update, dated May 29, 2000, it was stated that FEMA employees had accumulated a debt to Citibank of over \$800,000, due to failure to make timely payment on charge card accounts. It was stated that this was the highest delinquency rate among Federal agencies participating in the government-wide charge card program. That figure has gone down to approximately \$400,000. Although this is a significant improvement, it is still not acceptable. Employees are required to pay their charge card accounts in full by the due date shown on the billing statement. Employees are reimbursed for authorized travel expenses; therefore, delinquent accounts should be non-existent.

In a notice dated January 31, 2001, OFM notified all travel cardholders that Citibank will implement new measures, within the confines of the Master Contract, to deal with delinquent cardholder accounts. Charge card accounts will be cancelled by Citibank and appropriate disciplinary action may also be taken by FEMA for the following reasons: 1) An account has been suspended two times during a 12-month period for undisputed amounts and is past due again; and 2) an account shows two or more non-sufficient (NSF) checks within a 12-month period.

We are asking each cardholder whose account is delinquent to take immediate and appropriate action to bring the account current. Also, when making a payment by personal check, sufficient funds must be available in the checking account to cover the payment. Employees who have delinquent accounts should contact Citibank to make arrangements to pay off their debts, in a timely manner. These employees should also notify their supervisor and charge card coordinator of their efforts to liquidate their debts. In addition, travel vouchers should be filed in a timely fashion so that receipt of the travel reimbursement does not contribute to the delinquency of an account. The reimbursement should be used to pay off the charge card bill, but in some cases, it is not.

Purchase Charge Card

Some employees have been delegated authority by OFM to make charge card purchases for their organization, and thus have been entrusted with a purchase charge card. Although there are established policies and procedures for use of this card, again, in many cases, these policies have been ignored. Some of the problems include making purchases in excess of funds available, splitting purchases to avoid the maximum allowed for a single purchase, making unauthorized purchases and making purchases without executing proper documentation. Violations of this nature could result in appropriate disciplinary or performance based action (e.g., warning, reprimand, suspension without pay, failure of a critical element and issuance of a performance improvement plan, if appropriate, or removal), in addition to decertification of procurement authority.

Monitoring Use of Charge Cards

OFM develops FEMA policies and manages the charge card programs. In doing so, OFM monitors employee use of charge cards by reviewing monthly charge card activity reports. OFM is responsible for ensuring that charge cards are used for their intended purposes, for taking appropriate steps to address any problems detected to protect the integrity of the program and to preserve the relationship with the charge card company. The charge card coordinator(s) in each organization are responsible for reviewing monthly reports and reporting problems to the employee's supervisor for appropriate action. The Employee and Labor Relations Division of OHRM works closely with OFM, charge card coordinators and appropriate supervisors to gather information in order to determine what action is appropriate to correct problems. Please be mindful that the same expectations for adhering to agency charge card policies apply to all employees, supervisors and managers.

The objective is to eliminate abuse and misuse in the charge card programs so that it does not become necessary to impose discipline on any FEMA employee. Everyone who has a government-issued charge card must follow the rules established for that card. If you have been granted charge card privileges and are not familiar with the policies and procedures of the program, you may obtain copies of the policies from the Printing, Publications and Graphics Branch, Operations Support Directorate. You may seek assistance from the charge card coordinator for your office or contact OFM for proper guidance.

Avoid the Stress

Dealing with a disciplinary action is stressful and unpleasant for all involved. Supervisors are burdened by the administrative process and are uncomfortable taking such action against their employees; however, it is their responsibility to address these matters in accordance with agency policy. Employees become embarrassed and fear losing portions of their paychecks or jobs when confronted with these issues. If the card is used for its intended purposes, and rules of the programs are not violated, disciplinary action will not be taken. Proper use of the card eliminates the necessity to cancel charge card privileges, administrative burden on the agency could be reduced, there would be less stress for all involved, and the reputation of FEMA and its employees would be preserved.

Standards of Conduct

The following excerpts pertinent to this topic are from *Title 5, Code of Federal Regulations, Part 2635, "Standards of Ethical Conduct for Employees of the Executive Branch"*:

Section "2635.101 Basic Obligations of Public Service," state the following:

- **Public service is a public trust, requiring employees to place loyalty to...laws and ethical principles above private gain.** (For example, do not take advantage of the charge card privileges for your personal use.)
- **Employees shall put forth honest effort in the performance of their duties.** (For example, abide by the agency policy in carrying out your responsibilities as a cardholder.)
- **Employees shall not knowingly make unauthorized commitments or promises of any kind purporting to bind the government.** (For example, do not make purchases with the purchase card if funds are not available and have not been authorized.)
- **Employees shall not use public office for private gain.** (For example, do not use the charge card to make a personal unauthorized purchase.)
- **Employees shall satisfy in good faith their obligations as citizens, including...all just financial obligations.** (For example, pay your charge card bill on time. A check returned for insufficient funds does not demonstrate good faith in paying your bill.)

— *Employees shall endeavor to avoid any actions creating the appearance that they are violating the law or the ethical standards set forth in this part. (For example, do not avoid agency policies and procedures for administrative convenience.)*

Should it become necessary to address violations of the travel charge card program, the penalty guide outlined in the Memorandum for All FEMA Employees, dated May 3, 1995, is used in determining the appropriate penalty (excerpts attached). The Disciplinary/Adverse Actions Procedures, Table of Disciplinary Penalties, FEMA Manual 3310.1, dated September 1981, is used in assessing penalties for violations of the purchase card program (excerpts attached).

Please remember — not being familiar with FEMA’s charge card policies, or having personal or financial problems, does not justify violating the rules. It is your responsibility to become familiar with agency policies and to abide by them in order to avoid negative consequences (i.e., a disciplinary action).

Financial Counseling

If you are having financial problems, you may contact an Employee Assistance Program (EAP) counselor for help. All headquarters employees and non-title 5 employees (i.e., DAE, CORE, DTE, and Cerro Grande employees) may call 1-800-222-0364 to reach a counselor. Regional employees may contact their Operations Support Division for the appropriate EAP Counselor’s phone number. There is no cost for your use of the EAP program. Consultations with a counselor are strictly confidential — no information can be released to anyone unless you give the counselor written permission to do so. You may also consult with a counselor about any job-related or personal matter that you believe has an impact on your performance and/or conduct at work.

If you have any questions regarding either of the charge card programs, please contact the appropriate program manager in OFM. If you have questions or concerns about the disciplinary procedures or a potential disciplinary issue, you may contact the servicing Employee Relations Specialist for your organization or the ELR Division at 202-646-4083.

It is important to note that the majority of FEMA employees who have access to government-issued charge cards abide by agency policy. Those who, for whatever reason, have not followed agency policy are advised to correct the problem immediately.

GOVERNMENT-ISSUED TRAVEL CHARGE CARD MISCONDUCT **(Implemented May 3, 1995)**

I. Government-issued charge card problems are increasing. More employee accounts are becoming delinquent, and unauthorized usage is on the rise.

A strategy has been developed to deal with this problem. This strategy incorporates employee informational notices, supervisory tracking of charge card activity, employee counseling and disciplinary penalty guides for employees.

The Office of Financial Management (OFM) is responsible for providing guidance to cardholders on the authorized and unauthorized use of government-issued charge cards. OFM issuances supplement information provided routinely by the charge card company. OFM is also responsible for providing supervisors, through the office coordinators, with timely reports of delinquencies on a monthly basis.

Each FEMA organization is responsible through the office coordinator for tracking charge card activity using monthly printouts provided by the charge card company, and arranging for employee counseling when an employee’s account is delinquent for more than 60 days.

Supervisors are responsible for ensuring that cardholders meet the basic requirements for having cards. This includes cancelling cards when employees no longer meet requirements.

Disciplinary actions must be consistent with the following penalty guides. This will ensure reasonable fairness and increase the likelihood that corrective measures are upheld, when challenged.

II. The following penalty guide, dated May 3, 1995, was originally established for PFT employees. However, this guide is also used in imposing discipline against non-title 5 employees on full-time fixed work schedules on appointments of one year or more (e.g., CORE , DTE, and Cerro Grande employees):

**GOVERNMENT-ISSUED CHARGE CARD PENALTY GUIDE
PERMANENT FULL-TIME EMPLOYEES**

TYPE OF DELINQUENCY OR MISCONDUCT	PENALTY FOR FIRST OFFENSE	PENALTY FOR SUBSEQUENT OFFENSE
a. Failure to act on a notice of delinquency within 15 days of receipt.	Counseling to written warning.	Reprimand.
b. Notice of delinquency (debt more than 60 days delinquent) without proof of payment or an approved repayment agreement.	Written warning.	Suspension for one to five workdays. Third offense (within two years) = removal.
c. Unauthorized use of card for other than official purposes (includes purchases and ATM withdrawals less than \$500).	Suspension of 5 to 10 workdays.	Removal.
d. Unauthorized use of card in excess of \$500.	Suspension of 15 workdays to removal.	Removal.
e. Authorizing another to use the cardholder's card for an unauthorized purchase/withdrawal	Removal.	Removal.

The following factors must be considered, as appropriate, when applying this Penalty Guide:

- If FEMA contributed to the delinquency by improperly delaying payment to the traveler after receipt of a timely and proper voucher.
- The nature and seriousness of the offense(s).
- The misconduct and its relation to the employee's duties, position and responsibilities.
- Whether the misconduct was intentional, technical or inadvertent, was committed maliciously or for gain, or was frequently repeated.
- Factors which may have caused the misconduct (i.e., handicapped condition, with a showing that the condition caused the misconduct).
- Knowledge, or lack thereof, on the appropriate usage of the card.
- Evidence that the employee has taken full responsibility for repaying the improper charges to the account.
- The employee's previous employment record.
- Potential, or lack thereof, for rehabilitation.

III. The following Penalty Guide for Disaster Assistance Employees (DAEs) shall be applied in the following manner, using a five-point system:

**GOVERNMENT-ISSUED CHARGE CARD PENALTY GUIDE
DISASTER ASSISTANCE EMPLOYEES**

TYPE OF DELINQUENCY OR MISCONDUCT	PENALTY FOR FIRST OFFENSE	PENALTY FOR SUBSEQUENT OFFENSE
a. Failure to act on a notice of delinquency within 15 days of receipt.	Counseling to written warning.	One Recorded Point.
b. Notice of delinquency (debt more than 60 days delinquent) without proof of payment or an approved repayment agreement.	Written warning.	Two Recorded Points. Third offense (within two years): removal.
c. Unauthorized use of card for other than official purposes (includes purchases and ATM withdrawals less than \$500).	Three Recorded Points.	Five Recorded Points.
d. Unauthorized use of card in excess of \$500.	Four-Five Recorded Points.	Five Recorded Points.
e. Authorizing another to use the cardholder's card for an unauthorized purchase/withdrawal	Five Recorded Points.	

All recorded incidents within a three-year period shall be counted in totaling points. Five or more points (within three years) will cause the termination of the DAE's employment and bar future disaster employment with FEMA for a period of not less than three years.

IV. General questions concerning credit card usage, including the verification of timely voucher payments, should be directed to the Office of Financial Management. The Office of Human Resources Management should be contacted when disciplinary measures are indicated. The Employee Assistance Program may be of assistance for financial counseling.

NOTE: The employee will receive a written notice to document the recorded points and a copy of the notice will be filed in the employee's Official Personnel Folder, remaining there for three years.



Attachment 2:

Undisputed Delinquent Travel Card Debt

Offset of Biweekly Pay for Delinquent Travel Card Debt:

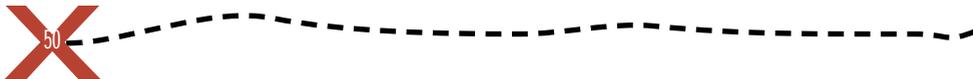
GSA ORDER PFM P 4253.1, ACCOUNTS RECEIVABLE POLICY HANDBOOK, CHAPTER 14, PART 5, SECTION 4. COLLECTION FROM GSA EMPLOYEES' DISPOSABLE PAY OF UNDISPUTED DELINQUENT AMOUNTS OWED TO THE CONTRACTOR ISSUING THE INDIVIDUALLY BILLED TRAVEL CHARGE CARD.

1. **General.** This section details the procedures and policies for collection by GSA of undisputed delinquent debt on the contractor issued individually billed travel charge card.
2. **Authority.** Public Law 105-264, October 19, 1998, (codified at 5 U.S.C. section 5701, note) authorizes Federal agencies to collect undisputed delinquent amounts incurred on an employee's individually billed travel charge card from an employee's disposable pay. This statute is implemented by Federal Travel Regulation (FTR), Part 301-54 and 301-76.
3. **Request for Collection.**
 - a. The Director, Finance Initiatives Division (BCD), Washington, D.C., is designated to receive the written request from the travel card contractor for collection from an employee's pay of undisputed debt on a contractor issued travel card.
 - b. The travel card contractor must make a written request to the agency, with a copy to the employee, for collection of this debt. The request must include:
 1. The delinquent debtor's name and travel card account number.
 2. The amount of debt will be itemized by purchase and represent undisputed amounts owed on the travel charge card. No interest will accrue on amounts presented for collection.
 3. Copies of monthly statements showing the amount was properly billed to the employee.
 4. The travel card contractor's routing information for electronic payment of the employee's debt.

5. A contact at the travel card contractor with information to allow the employee an opportunity to make a written agreement to repay the debt and clarify that amount presented will not be increased.

4. Offset Process Responsibilities.

- a. The Director, Finance Initiatives Division (BCD), will receive the written request from the travel card contractor to collect the undisputed delinquent debt by offset from the employee's biweekly pay. The Relocation Management and Travel Policy Branch (BCDT) will review the written request and documentation, and determine that charges are undisputed and owed by the GSA employee. BCDT will reconcile any discrepancies for amounts owed with the travel card contractor before any further steps are taken. After review is completed, BCDT will send documentation to support undisputed charges with the written request to Accounts Payable (6BCP).
- b. Accounts Payable (6BCP) will review travel payment records and determine that all properly submitted travel expense vouchers have been paid to the employee. If the review shows that GSA has not reimbursed all payments, 6BCP will advise BCDT of the amounts and the expected date of payment to the employee. BCDT will notify the travel card contractor if any of these travel payments will delay the offset process. If all properly submitted travel expenses have been paid, 6BCP will forward all documentation to the National Payroll Center (NPC) to initiate the offset of biweekly pay.
- c. The NPC will review the employee's payroll records and determine that the employee has the ability to pay the debt. If the employee does not have the ability to pay the debt, NPC will notify BCDT by e-mail, and no further action will be taken by NPC. BCDT will notify the travel card contractor in writing that the employee cannot pay the debt by offset due to other debt collection with higher priority.



- d. If the employee has the ability to pay the claim, the NPC will notify the employee of GSA's intention to collect the debt by offset, the amount of the biweekly deduction and provide copies of the documentation to the employee of the undisputed amounts owed to the travel card contractor. This notice to offset will be sent by certified mail, return receipt requested, to the home address contained in the employee master record. This notice will advise the employee that he/she will have 30 days from the date on the signed receipt requested to review the information and make a written agreement with the contractor to repay the debt.
- e. The employee will provide a copy of the written agreement to the NPC. If the employee does not make an agreement with the travel card contractor to repay the debt after 30 days from the date the employee signed the return receipt requested, the NPC will advise the employee that biweekly deductions will begin the next available pay period. If the employee makes an agreement with the travel card contractor at a later date, the NPC will stop the offset after receipt of a written agreement between the employee and the travel card contractor.

5. Due process.

- a. Notice to employee. When the GSA determines that collection can begin, the employee must be notified and provided with the following due process protections. Notice will be mailed to the employee's home address, return receipt requested. The written notice must include the following:
 - 1. The type and amount of the claim, identifying the card contractor and account number.
 - 2. GSA's intention to collect the claim by deduction from the employee's disposable pay as described in Federal Travel Regulation, Part 301-54 and 301-76.
 - 3. Copies of monthly account statements showing itemized charges that substantiate the undisputed debt owed.

- 4. An opportunity for a review within GSA of GSA's decision to collect the amounts.
- 5. An opportunity to make a written agreement with the contractor to repay the delinquent amounts.

- b. GSA's responsibilities. GSA is responsible for assuring that the employee has been afforded due process before any amounts are collected from the employee's disposable pay.

- 1. A review will be made to determine that the amounts requested represent undisputed delinquent debt owed by the employee on the contractor issued travel charge card.
- 2. The employee will be afforded 30 days from date the employee signed the return receipt requested as described in paragraph 4(d) to make a written agreement with the travel card contractor.
- 4. If the employee wants a review within the agency, the request must be in writing or by e-mail, and collection cannot begin until the review has been completed.
- 5. A copy of the written agreement will be obtained by NPC from the employee. If no agreement has been reached, collection may begin.

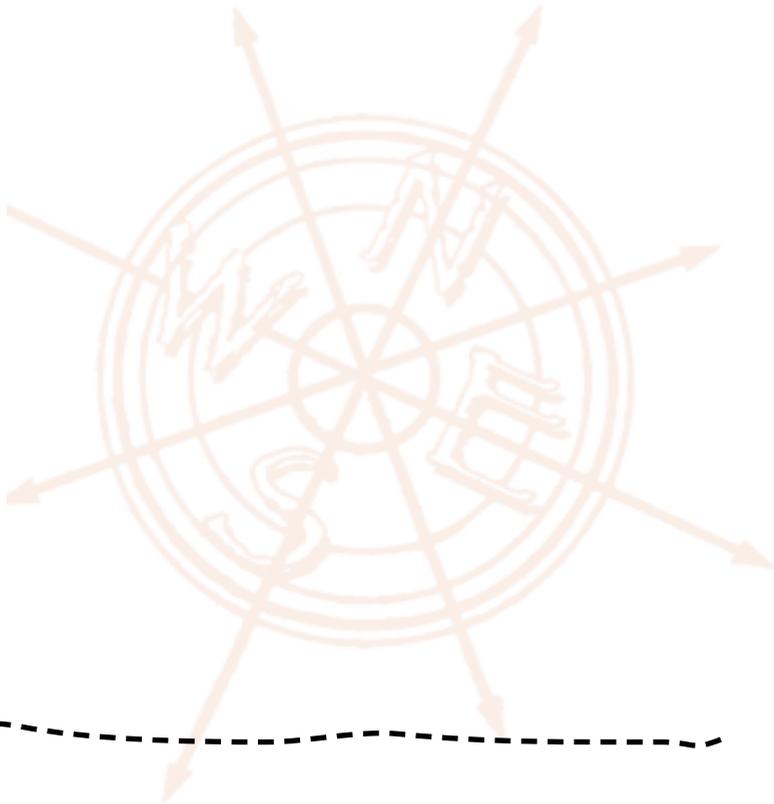
- 6. Collection by National Payroll Center.** Once all due process requirements are satisfied, NPC will proceed with collection. NPC will calculate the employee's disposable pay using the definition at FTR Part 301-76.2. The NPC will calculate the amounts that will be deducted and the number of pay periods over which collection will occur. Once all prerequisites are met, NPC will notify the employee and the travel card contractor that collection will begin the next pay period.
- a. Maximum collection amount. No more than 15% of the employee's disposable pay per pay period will be collected under this procedure.
 - b. Priority of collection. The debt covered by this collection procedure is lower in priority to all other involuntary collection, garnishment, and offset actions, and will not be collected if higher priority debt

Attachment 3:
Sample Memoranda

would result in more than 15% of the employee's disposable pay for any given pay period from being collected.

c. Termination of collection. Collection under this section will be terminated when the full amount of debt is collected, or the employee enters into a written agreement with the travel card contractor to repay the travel card contractor, or when the employee separates from GSA.

7. **Voluntary repayment.** Nothing in this GSA order shall preclude a voluntary agreement between the employee and the travel card contractor for repayment. If a voluntary collection agreement is made, the parties must notify GSA in writing so that collection can be terminated. Voluntary repayment may be accomplished through a voluntary allotment of pay initiated by the employee, but will not be affected through this procedure.



MEMORANDUM FOR HEADS OF SERVICES AND STAFF OFFICES
REGIONAL ADMINISTRATORS

From: [REDACTED]
CHIEF FINANCIAL OFFICER [REDACTED]

Subject: Citibank Delinquency Problems for February 23, 2001

The attached listing provides the names of those employees within your organization who were 60 days or more past due on their [REDACTED] travel accounts for February 23, 2001. Although some accounts may have already been settled upon your receipt of this listing, these individuals were late in making payment and should receive further attention.

Under the terms of the U.S. Government's contract with [REDACTED], cardholders must submit full payment within 25 days of the statement date. Any employee having failed to comply with the payment terms as stipulated in the cardholder's agreement, is then subject to suspension or cancellation of charge privileges.

Under the contract with [REDACTED], if payment for the undisputed balance has not been received within 66 days, the account is suspended with charge privileges not to be restored and expired cards not to be renewed until the account is current. Upon 120 days delinquency, [REDACTED] will initiate cancellation of the account. After an account is 180 days delinquent, [REDACTED] will forward the account to outside sources for collection and will report the delinquency to the credit bureaus.

Occasionally, there may be extenuating circumstances beyond the employee's control (e.g., employee hospitalized, extended travel in remote location) that have caused the account to go delinquent. In such instances, the cardholder or his/her supervisor should immediately contact the employee's servicing [REDACTED] coordinator for assistance.

The suspension or cancellation of [REDACTED] cardholders' accounts could adversely affect the success of our ongoing missions. Furthermore, as the current charge card contract provides a rebate for agencies with a good payment history, late payments reduce this rebate and cost [REDACTED] money.

In order to restore these accounts to a current status and encourage timely remittance in the future, I am requesting that for each employee, you provide the necessary counseling and/or disciplinary action, as appropriate.

If you have any questions, please contact [redacted] or by e-mail.

Attachment

cc: official/reading file - [redacted]
[redacted]
[redacted]:vs:ae:10/04/00:501-0070
Trvdiq01

[redacted] _____ Date _____
[redacted] _____ Date _____
[redacted] _____ Date _____
[redacted] _____ Date _____

**[redacted] AGED ACCOUNTS
REGIONAL OFFICE EMPLOYEES
APRIL 25, 2001**

Region	Account Name	Account Balance	31-60 Days Delinquent	61-90 Days Delinquent	91-120 (B) Days Delinquent	121+ Days Delinquent
Travel Card Accounts						
1						

- (A) Account is suspended when oldest portion of balance is in this category.
- (B) Account is cancelled when any portion of balance is in this category.
- (C) Account is in hands of collection agency when entire balance is considered over 121 days delinquent.

**MEMORANDUM FOR DELINQUENT EMPLOYEE
FIRST NOTICE**

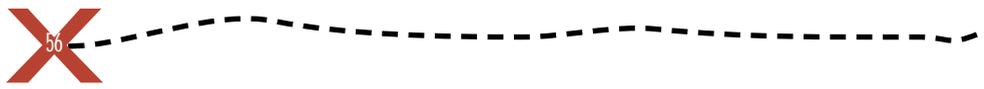
To:
From:
Date:
Subject: Delinquent [redacted] Travel Card Account

The latest monthly [redacted] report indicates that you have a delinquent outstanding balance on your travel card account. [redacted] records do not indicate that you have any disputed charges on your account. However, if you delayed paying your bill because of a disputed charge, please pay the undisputed portion. If you need assistance in resolving a disputed charge, please contact xxxxxxxx, an agency program coordinator, at (202) xxx-xxxx. If you have paid the balance, please ignore this memo.

If your account is still delinquent and [redacted] does not receive payment for your delinquent charges, it will suspend your account on or about the XXth of this month. Further, if your account becomes delinquent again in the future, you may be subject to disciplinary action.

If you have not made your account current prior to the receipt of this memorandum please do so immediately.

cc:



MEMORANDUM FOR DELINQUENT EMPLOYEE
SECOND NOTICE

To:
From:
Date:
Subject: Delinquent [REDACTED] Travel Card Account

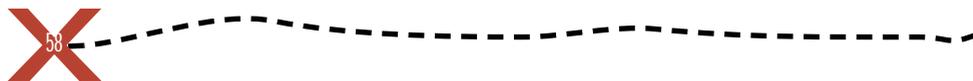
The latest monthly [REDACTED] report indicates that you failed to pay the delinquent outstanding balance on your travel card account. [REDACTED] records do not indicate that you have any disputed charges on your account. However, if you delayed paying your bill because of a disputed charge, please pay the undisputed portion. If you need assistance in resolving a disputed charge, please contact XXXXXXXX, an agency program coordinator, at (202) XXX-XXXX. If you have paid the balance, please ignore this memo.

If your account is still delinquent and [REDACTED] does not receive payment for your delinquent charges, it will cancel your account on or about the XXth of next month. If you have not made your account current prior to the receipt of this memorandum you are strongly encouraged to do so immediately.

As stated in the XXXXXXXX memorandum of DATE, employees who do not pay their delinquent travel card bills may be subject to disciplinary actions that range from "reprimand to removal." If your delinquent account balance remains outstanding after another 30 days or becomes delinquent in the future, XXX may initiate disciplinary action.

We ask that you give this matter your immediate attention.

cc:



MEMORANDUM FOR DELINQUENT EMPLOYEE
FINAL NOTICE

To: Employee
From:
Date:
Subject: [REDACTED] Government Travel Card

We have previously notified you about problems involving your [REDACTED] Government Travel Card. Because these problems have not been resolved or they have recurred, we are forwarding the matter to your manager for further review and consideration of the need for appropriate action. We have also notified XXX's Human Capital Office of the matter. If you delayed paying your bill because of a disputed charge, please notify us within seven (7) days.

cc: Employee's Manager



MEMORANDUM TO EMPLOYEE FROM A/OPC
DELINQUENT NOTICE

To:
From: Agency/Organization Program Coordinator (A/OPC), Travel Card
Date:
Subject: Delinquent Notice for the Government Charge Card

Our review of the monthly activity reports provided by (insert bank) Government Travel Management Services indicates that your account may be 60 or 90 days past due.

The agreement that you made with [REDACTED] requires that all outstanding charges be paid upon receipt of your monthly statement. Your charge privileges may be subject to interruption if you do not bring your account to a current status.

Any questions concerning your statement should be reported to me and addressed by mail to:

[REDACTED]

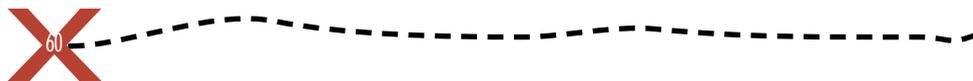
by telephone to [REDACTED]

or by fax to [REDACTED]

Please submit your payment for the total balance, both current and past due, to [REDACTED] promptly.

If you have any other questions, please contact the Agency/Organization Program Coordinator (A/OPC) at (insert number).

cc:



MEMORANDUM TO EMPLOYEE FROM A/OPC
INAPPROPRIATE USE NOTICE

To:
From: Agency/Organization Program Coordinator (A/OPC), Travel Card
Date:
Subject: [REDACTED] Charge Card Use

A review of the [REDACTED] monthly activity charge card reports indicates that your [REDACTED] Government Charge Card appears to have been used for expenses other than your authorized official travel.

As part of our commitment to provide service to employees participating in the Government Charge Card program, we would like to remind you of the responsibilities that employees have in using the [REDACTED] travel charge card.

Employees who participate in the travel charge card program shall, to the maximum extent possible, utilize the charge card to pay for expenses connected with official government travel (e.g., lodging, meals and automobile rentals). Employees should use the card **only** for authorized travel expenses on agency business. You should not use the charge card to pay for personal travel expenses or for any other purpose, which is not related to your authorized **official** government business.



MEMORANDUM TO EMPLOYEE FROM A/OPC
UNAUTHORIZED USE NOTICE

To:
From: Agency/Organization Program Coordinator (A/OPC), Travel Card
Date:
Subject: ██████████ Charge Card—Unauthorized Use

Our review of the monthly activity reports provided by ██████████ has brought to my attention several instances of apparent unauthorized use of your government travel charge card. These charges have included the use of the card for unauthorized personal retail purchases and/or unauthorized Automated Teller Machine (ATM) withdrawals. The unauthorized use occurred despite each employee having agreed upon signing the travel card application to use the card *only* for charges and ATM withdrawals made in conjunction with official travel.

Unauthorized use of the travel card may result in the suspension or cancellation of the travel card privileges, the forwarding of a delinquent account notice to a collection agency, or in case of court judgments, a garnishment of salaries, as well as agency disciplinary action. If your account status is not resolved promptly, this matter may be turned over to your supervisor, the Division of Personnel, the ██████████ Ethics Officer, or the Office of the Inspector General for review and resolution.

MEMORANDUM TO DEPARTMENT HEAD
DELINQUENT ACCOUNT SUMMARY

To:
From:
Date:
cc:
Subject: ██████████ Travel Card Delinquencies

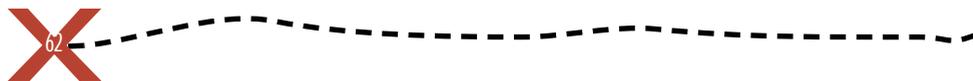
The message below on ██████████ delinquencies was sent to each business unit. The message included the file of delinquencies for that business unit.

We have recently received the ██████████ listing from ██████████ of all individual travel credit card delinquent accounts and amounts. The file below contains the cardholder delinquencies for your business unit. We are asking assistance from you to ensure that the manager of each cardholder in the proper office is notified of the delinquent cardholder account and amount. We are also asking you to ensure that managers are provided the following reminder and guidance in their meetings with delinquent cardholders:

- Failure to properly make payments on government credit cards is a violation of the Rules of Conduct and can lead to disciplinary action, based on the facts in each case. Therefore, managers should be advised to contact their servicing Labor Relations staff prior to discussing the delinquencies with their employees.
- Any discussions with bargaining unit employees concerning the reasons for their failure to make payments on their credit cards would be considered a 7114 disciplinary meeting, and the employee must be advised of the right to union representation in accordance with Article 5, section 4 of the ██████████ agreement. *(Provided as an example only)*

If you have any questions, please contact me at (insert number). We appreciate your assistance.

Thank you.





Smarter Solutions



Summer 2001

**GSA Federal Supply Service
Services Acquisition Center**

U.S. General Services Administration
1941 Jefferson Davis Highway, Room 507
Arlington, VA 22202
www.gsa.gov