



GSA Federal Supply Service

Tips on Implementation of OMB Circular A-123, Appendix B

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Purpose of OMB Guidance

- Consolidate and update current government-wide charge card program requirements.
- Establish standard minimum requirements and suggested best practices.



Goal of OMB Guidance

- To maximize benefits to the Federal Government
 - Reducing administrative costs and time
 - Ensuring the most effective controls are in place to mitigate the risk of fraud, misuse, and delinquency;
 - Improving financial and administrative, as well as other benefits offered to the government;
 - Using government charge card data to monitor policy compliance and inform management decision-making to drive a more cost effective card program; and
 - Assuring recovery of state and local taxes paid on fleet cards.

Card Management Plan

- Each agency must develop and maintain written policies and procedures for the appropriate use of charge cards.
- The plan should be updated annually, or more frequently, if necessary to remain current.
- Agencies shall submit a copy of their plan to OMB, Office of Federal Financial Management, on an annual basis, not later than January 31 of each calendar year.

Management Plan Elements

- Identification of key management officials and their responsibilities for each charge card program
- Establishment of a process for formal appointment of cardholders and approving officials
- Implementation of a process to ensure the credit worthiness of new charge card applicants
- Description of agency training requirements

Management Plan Elements

- Management controls, policies, and practices for ensuring appropriate charge card usage and oversight of payment delinquencies, fraud, misuse, or abuse;
- Establishment of appropriate authorization controls;
- Implementation of policies and practices to ensure strategic sourcing.



Card Management Plan

- Explanation of how available reports and data are used for monitoring delinquency, misuse, performance metrics, spend analysis, and other relevant transactions and program management issues; and
- Documentation and record retention requirements.





Card Management Plan

- Recovery of charge cards and other documentation when employees terminate employment, and if applicable, when an employee moves to a different organization; and
- Description of how the agency will ensure the ongoing effectiveness of the actions taken pursuant to this Guidance.





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Training

- Certification that training was received
- Refresher training every three years
- Record of training



Risk Management

- Ensuring that cardholder statements of account and supporting documentation are reviewed and utilized to monitor delinquency, misuse, and other transaction activities;
- Ensuring separation of duties among key functions such as making purchases, authorizing purchases and payments, certifying funding, and reviewing and auditing;
- Reviewing available data (including the use of data mining where appropriate) to detect instances of delinquency, fraud, and misuse and identify trends and outliers in relevant indicators of charge card program performance;

Risk Management

- Maintaining a policy that ensures that administrative and/or disciplinary actions are initiated in the event cardholders or other program participants fail to meet their responsibilities with respect to appropriate use and timely payment of the charge card; and
- Communicating the agency's policy with respect to administrative and/or disciplinary actions to cardholders, and other program participants, including when referral to an agency Office of Inspector General is appropriate and/or required.

Risk Management

- Closely monitor delinquency reports from charge card vendors;
- Contact appropriate personnel (including Agency/Organization Program Coordinator, Approving Officials, Cardholder, or other accountable/billing officials) to ensure that delinquent payments are addressed and corrective actions are taken to prevent further occurrence;



Risk Management

- Transmit a formal communication to the cardholder advising the individual that if the delinquent amount is not paid within a specified timeframe, the supervisor may initiate disciplinary action;
- Implement split disbursement and salary offset procedures for travel card programs.



Metrics

- Travel and purchase cards:
 - Number of cards;
 - Number of active accounts;
 - Percentage of employees that are cardholders;
 - Net number of new accounts (new less cancelled);
 - Charge card dollars spent; total refunds earned; percentage of potential refunds earned;
 - Number of cases reported to the agency Office of Inspector General or agency/organization program coordinator for possible card misuse and/or abuse; and
 - Number of administrative and/or disciplinary actions taken for card misuse, including delinquency (if known).



Metrics

- Travel cards only:
 - Number and percentage of travel cards with monthly and/or transaction limits (\$0 - \$2,500; \$2,500 - \$5,000; \$5,000 - \$7,500; \$7,500 – above.);
 - Number and percentage of travel cards with ATM withdrawal limits (\$0 - \$2,500; \$2,500 - \$5,000; \$5,000 - \$7,500; \$7,500 – above.); and
 - Percentage of travel cardholders that travel less than 5 times annually.





Metrics

- Purchase cards only:
 - Ratio of approving officials to purchase cardholders (span of control);
 - Average number of monthly purchase card transactions reviewed per approving official (span of control);
 - Number of purchase cardholders with contracting warrants above \$2500; and
 - Number of purchase cardholders with transaction limits of \$2,500 or more that do not hold contracting warrants (i.e., ordering officials).





Metrics

Those agencies listed in the original Chief Financial Officers Act of 1990 and the Department of Homeland Security are required to report these items on a quarterly basis. All other agencies are required to report these items on an annual basis





Reports

- All agencies are required to report to the Office of Management and Budget, Office of Federal Financial Management, and maintain for their own use, the following narrative information:
 - The date(s) of most recent and next scheduled independent review (e.g., Office of the Inspector General) for all agency charge card programs;
 - A description of the current process for monitoring delinquency, including what reports the agency reviews and what actions are taken when a problem is discovered;



Reports

- A description of the method the agency utilizes to identify and detect possible card misuse
- Agency future plans (within the next 12 months) to enhance charge card systems by automating reviews to detect instances of abuse, misuse, and fraud;
- A description of any best practices the agency employs in charge card management; and
- Any additional useful information regarding charge card programs.



Reports

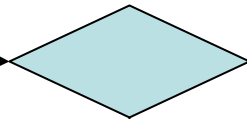
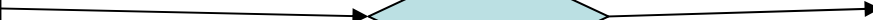
Those agencies listed in the original Chief Financial Officers Act of 1990 and the Department of Homeland Security are required to report these items on an annual basis, all other agencies are required to report these items on a bi-annual basis



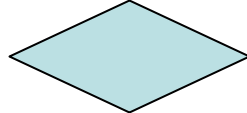


Request Employee Credit Check

Employee agree



yes



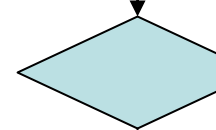
No

660 or above



Issue standard card

Alternate credit assessment



Bad

Good



Issue restricted card

No card



Refunds

- Proper management of refunds is critical to ensuring that agencies maintain cost-effective charge card programs.
 - Obtain the best competitive deal from charge card vendors in terms of sales and productivity refunds offered balanced against the services provided;
 - Utilize proper cash management decision-making to maximize agency sales productivity refunds; and
 - Employ the necessary internal controls to identify and collect corrective refunds.



Refund Use

- Unless specific statutory authority exists allowing refunds to be used for other purposes, refunds must be returned to the appropriation or account from which they were expended
- This section must not be construed to apply to non-refund payments from charge card vendors to agencies, such as signing bonuses or other monetary inducements





Strategic Sourcing

- A thorough spend analysis, including contract data, delivery order data, and purchase card data
- A balanced approach considering socio-economic goals and prioritized objective
- Performance measures to assess progress toward achieving agency strategic sourcing goals





Strategic Sourcing

- Establishment of key roles and responsibilities, including identification of the official responsible for achieving agency strategic sourcing goals;
- Communication and training strategy; and
- Development of internal control mechanisms to ensure agency compliance with the requirements of this Chapter.





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Questions?





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Agency Chief Financial Officers

Department of Agriculture
Department of Commerce
Department of Defense
Department of Education
Department of Energy
Department of Health and Human Services
Department of Housing and Urban Development
Department of the Interior
Department of Justice
Department of Labor
Department of State
Department of Transportation
Department of the Treasury
Department of Veterans Affairs
Environmental Protection Agency
National Aeronautics and Space Administration





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Agency Chief Financial Officers

Agency for International Development
Federal Emergency Management Agency
General Services Administration
National Science Foundation
Nuclear Regulatory Commission
Office of Personnel Management
Small Business Administration

