

Charge Card Programs

Current Issues

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Increased Program Oversight

- Congressional Hearings
 - Travel Card
 - 1 May 2001
 - Purchase Card
 - 30 July 2001
 - 13 March 2002 (tentative)
- FY 02 DoD Appropriation Act
 - \$100M mark “to reflect savings attributable to improved supervision in determining appropriate purchases to be made using the government purchase card”
 - Navy - \$29 million/USMC - \$3 million

Increased Program Oversight

- GAO Audit
 - Travel Card
 - DoD’s Management of Credit Cards Used for Government Travel
 - Purchase Card
 - “Purchase Cards: Control Weaknesses....”
 - PWC and SSC San Diego
 - Found weak internal controls
 - Follow-on Nov 01 - Feb 02
 - Expanded to a DoD wide review

Increased Program Oversight

- Naval Audit Service
 - Travel Card
 - Focused on charged-off accounts
 - High percentage of charged off balances attributed to “unofficial” expenses
 - Final Report was due Feb 02
 - Purchase Card
 - NAVSEA
 - NAVFAC
 - FSA - Naval Support Activity Washington

IBA Travel Card Program

- Bank of America Concerns
 - Suggested terminating the contract last year
 - Progress with reducing delinquencies during Spring 01 aided DoD in negotiating a contract modification

IBA Travel Card Program

- As part of April 01 contract modification, DoD agreed to:
 - Reduce the number of cards issued to infrequent travelers
 - Implement Salary Offset
 - Effect more stringent in/outprocessing procedures
 - Allow various fee increases (late, expedited, and ATM fees)
 - Reduce cash/credit limits
 - Implement default split disbursement

IBA Travel Card Program

- Bank of America continues to pressure DoD to amend terms of the task order citing post award factors impacting profitability
 - Proposed assessing an earlier late fee
 - Assessed at 45 days rather than at 75 days delinquent
 - Proposed assessing \$1/month inactive account fee

CBA Travel Card Program

- Beginning Oct 01, Bank of America began suspending invoices with balances over 60 days past statement date
 - Still have instances where accounts are in jeopardy of suspension
 - “Manual” payment arrangement with DFAS will not be SOP

Performance Measurements

- USD(C) has established Metric standards for the Travel and Purchase cards
- Travel
 - Percentage of total outstanding balance > 60 days past billing
- Purchase
 - Percentage of total outstanding balance >60 days past billing
 - Differs from DoD PMO metric

Performance Measurements

- Travel Card
 - Centrally Billed Accounts (CBA)
 - OSD proposing 3% standard beginning Sep 02
 - Navy and Marine Corps delinquency rates as of Feb 02 were .02% and 5.5% respectively
 - Individually Billed Accounts (IBA)
 - OSD proposing 4.5% standard beginning Sep 02
 - Navy and Marine Corps delinquency rates as of Feb 02 were 12.4% and 16.8% respectively
 - Industry average (Corporate accounts) is 2.5%

Performance Measurements

- Purchase Card
 - DoD PM standard
 - not to exceed .75% of total outstanding balance 90 days past statement date (60 days past due)
 - DON delinquency rate as of 21 Feb 2002 (billing cycle) was 1.2%
 - USD(C) standard
 - proposing 2% standard beginning Sep 02
 - DON delinquency rate as of 21 Feb 2002 (billing cycle) was 6.8%

Program Management

- ASN(FM&C)FMO continues to serve as the policy coordinator for the travel card program
 - Direct liaison with OSD/DFAS
 - Centrally Billed Account payment monitoring
- ASN (FM&C) FMO retains responsibility for financial aspects of the Purchase Card.

Program Management

- In August 2001, day-to-day operations of the Navy travel card program moved to the DON eBusiness Operations Office
 - HQ USMC continues as Component Program Manager for the Marine Corps
- eBusiness Office assumed day-to-day purchase card operations on 28 Jan 2002

Areas Requiring Attention

Travel Card-IBAs

- Senior management should be aware of command delinquencies
- Delinquencies can adversely affect command readiness:
 - Accounts suspended at 60 days delinquent
 - Accounts cancelled and not reinstated at 126 days delinquent
- Appropriate personnel must be familiar with:
 - DoD FMR Volume 9, Chapter 3
 - Management reports provided by Bank of America
 - eBusiness Operations Office Travel Card Instruction

Areas Requiring Attention

Travel Card-CBAs

- For the Navy to improve on its past due balances and avoid account suspension, commands must:
 - Ensure obligations for are recorded timely
 - Review the GTS website after each update
 - Forward any corrections to FMO, or
 - Obligate funds to clear suspended transactions
 - Report consistent errors by the Commercial Travel Office

Centrally Billed Accounts

- Tools Developed to Improve Process
 - Command Accounts
 - Issued over 86 command accounts
 - Criteria: Generate over \$50k volume per month from a single NAVPTO
 - GTS website, updated 3 times a week (M,W,F)
<https://mzd.mech.disa.mil/stars/gtsweb/>
 - Command CBA Reconciliation Program
 - ATOS / CTO Interface

Areas Requiring Attention

Purchase Card - Financial Considerations

- CitiDirect
 - Work with APCs to ensure proper account set up
 - Lines of Accounting
 - Spending limits
- Monitor accounting system error reports
 - Provide AOs access to accounting and bill payment reports to review suspended transactions

Areas Requiring Attention

Purchase Card - General

- Proper span of control of Approving Officials
- Necessary reviews of purchases
 - Fraudulent/Abuse/Improper
- Split Purchases
- Training
- Receipt/Acceptance

Areas Requiring Attention

- Instances of delinquency, misuse, and abuse must be addressed
 - Department has been criticized by the Congress for not taking disciplinary action
- This area has been left to the discretion of the local command
 - Human Resources
 - Uniform Code of Military Justice
 - Standards of Conduct