



SmartPay[®]

Supporting your mission

U.S. General Services Administration

GSA SmartPay[®] Program Update

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GSA SmartPay[®] TRAINING FORUM

August 6-8, 2024

New Orleans, LA



Continuous Learning Points (CLPs)

For attendees that have an active DAU/FAI CSOD account and provided their DAU/FAI CSOD account information at the time of forum registration:

- CLPs earned during the forum will be automatically uploaded to your DAU/FAI transcript and will count towards your certifications (like FAC-COR, FAC-PM, etc.) that are housed within the DAU/FAI system.
- After the forum, please do not submit a request to upload your earned CLPs to DAU/FAI CSOD on your own.
- Allow 4 - 6 business weeks for the CLPs to be displayed on your DAU/FAI transcript.
- For questions, please contact pshctraining@gsa.gov.

Agenda

- Center for Charge Card Management (CCCM) Objectives
- Generations of GSA SmartPay® Program Growth
- Evolution of Increased Flexibility
- GSA SmartPay® Statistics
- Credit Card Competition Act
- Federal Acquisition Supply Chain Security Act
- American Security Drone Act
- Visa Supplier Matching Services
- Section 889 Tools
- GSA SmartPay® Website
- Maximizing Program Value
- Not for Micro-Purchase Only
- Make Carded Contract Payments Without the Clause
- What? No Prompt Payment Penalties?
- Increasing Purchase Card Benefits
- Increasing Carded Contract Payments
- Travel Card Trends
- Fleet Card Trends

CCCM Objectives

GSA SmartPay® 3 is designed to support participating organizations through FY 2031.

Continue driving contractor bank performance optimization to ensure world class service and modern, secure and easy-to-use payment solutions

Pursue key opportunities to increase agency program benefits

Stay focused on process simplification and payment friction reduction

Work closely with contractor banks to maintain strong system security posture and supply chain risk management compliance

Continuously evolve training and data products

Maintain close relationships with participating agencies

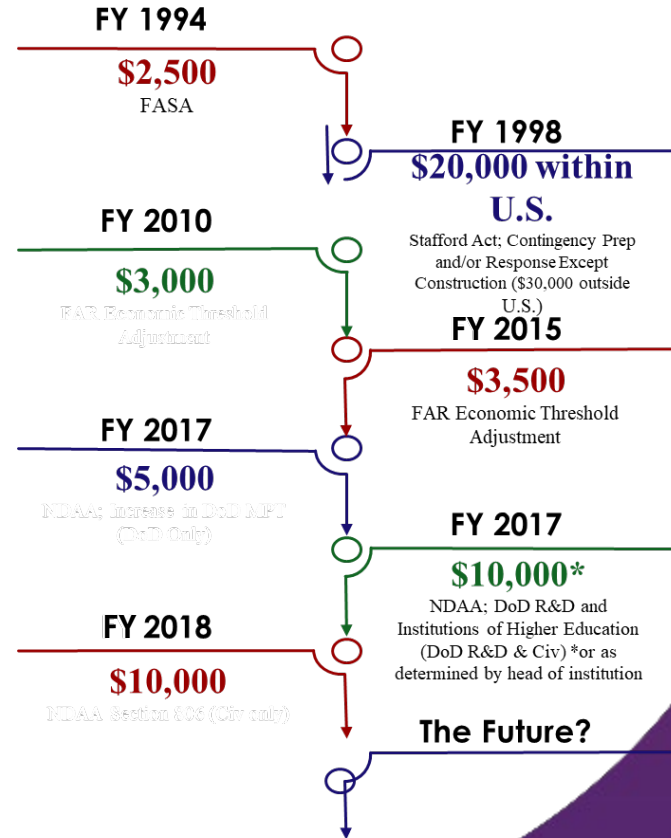
Generations of GSA SmartPay[®]

Growth (through FY23)

| | SmartPay 1 | SmartPay 2 | SmartPay 3 |
|----------------------------|------------|------------|------------|
| Purchase Spend: | \$158.7B | \$190.7B | \$110.7B |
| Travel Spend | \$63.2B | \$84.9B | \$35.0B |
| Fleet Spend | \$9.0B | \$18.9B | \$8.9B |
| Total Spend: | \$230.9B | \$294.5B | \$154.7B |
| Total Transactions: | 849.0M | 946.5M | 385.3M |
| Cumulative Agency Refunds: | \$1.1B | \$3.0B | \$2.1B |

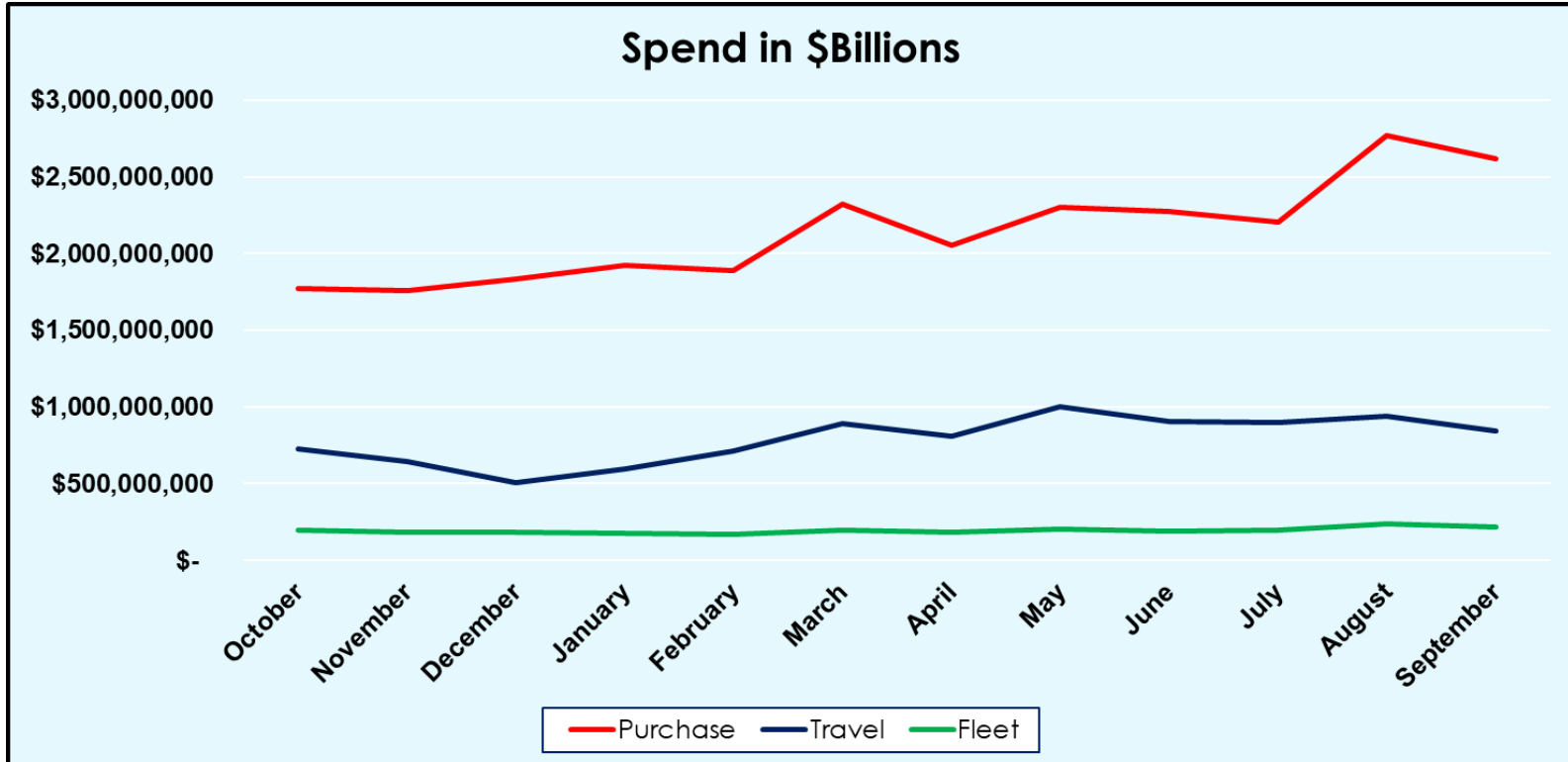
Evolution of Increased Flexibility

- The first MPT was established in 1994 through the Federal Acquisition Streamlining Act (FASA).
- Since that time, the “routine” MPT has been adjusted four times.
- Additionally, multiple MPTs were created to address specific purchasing activities, entities, and/or conditions.
- FAR 13.301(b) also states that agencies may not limit card use to micro-purchases.
- Note: Davis-Bacon Act and Service Contract Labor Standards (formerly McNamara-O’Hara Service Contract Act) thresholds remain unchanged (\$2,000 and \$2,500, respectively).



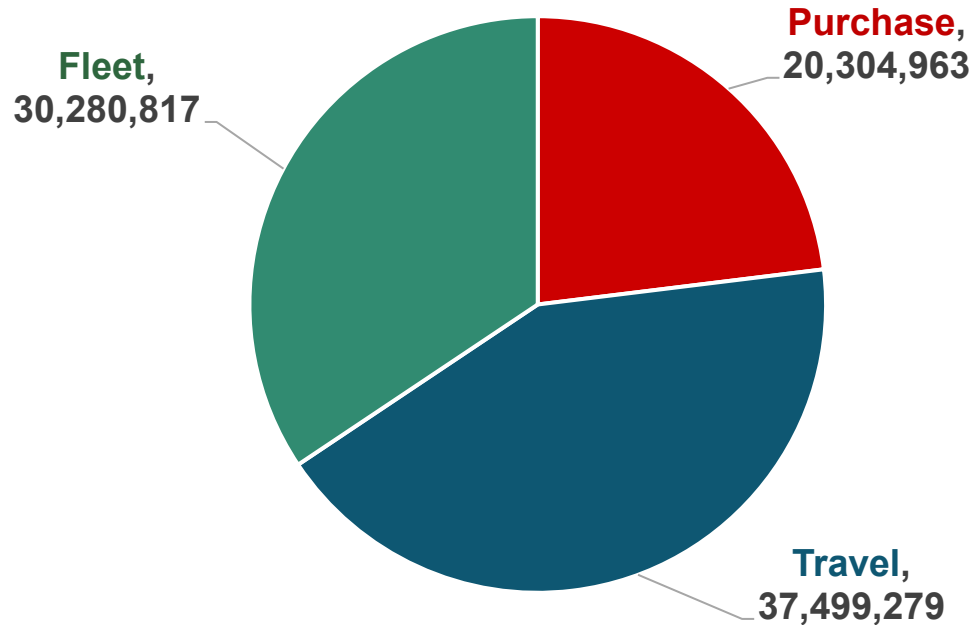
FY23 Spend \$

Government-wide: Purchase, Travel, & Fleet = \$37.5B, ↑ 15% vs. FY22



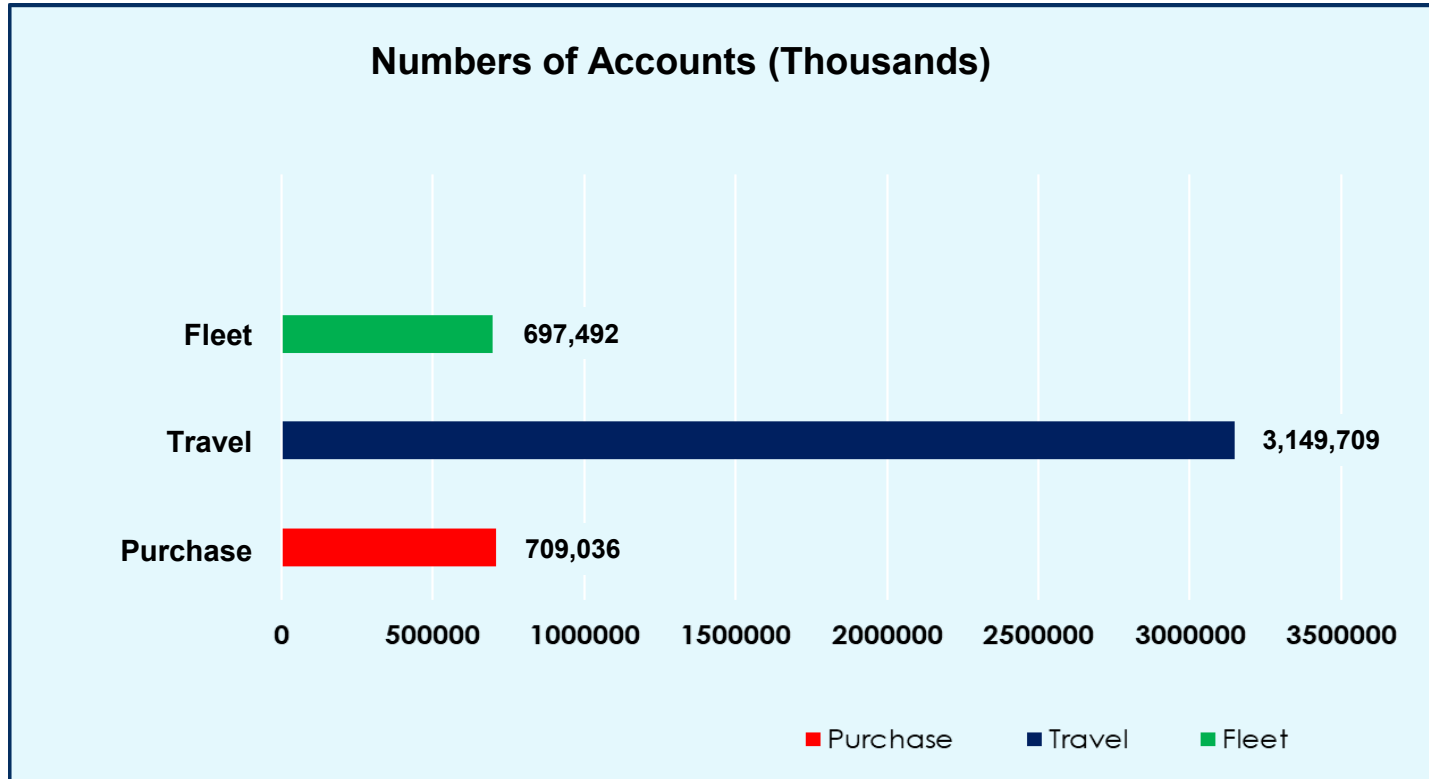
FY23 Transactions

Government-wide: Purchase, Travel, and Fleet = \$88M, ↑ 12% vs. FY22



FY23 Accounts

Government-wide: Purchase, Travel, & Fleet: \$4.6M



FY23 Refunds

**In FY23 the GSA SmartPay Program earned \$ 471.8M
in refunds across the government**



**This is an increase of 10.6% from the previous fiscal
year (FY22), \$426.4M**

Credit Card Competition Act (CCCA) (1 of 3)

- CCCM continues to monitor this proposed legislation.
- Most recent action is a December request from certain members of Congress for a GAO report on the interchange.
- Note that CCCA was not incorporated into the FY24 NDAA.
- Background
 - **Proposed** legislation
 - S.1838
 - H.R. 3881
- Does not differentiate between consumer and corporate cards.
- If enacted, would require issuing banks to offer an alternative processing network to Visa or Mastercard.

CCCA (2 of 3)

- Intent is to reduce “swipe fees” (interchange costs for transaction processing).
 - In the case of GSA SmartPay[®], most of these vendor-paid fees are returned to the government as refunds, systems, training, etc.
- Merchant selects processing network – not the cardholder.
- Could affect merchant/supplier availability.
- Major unknowns at this time.
 - Which additional network(s) would be offered, and if they would support GSA SmartPay[®] requirements.
- CCCM will continue to keep agencies posted.

CCCA (3 of 3)

- At the request of Senator Durbin and others, GAO was requested to develop a report on payment card fees paid by Federal Entities.
- GAO held an entrance conference with CCCM on March 26, 2024.
- CCCM provided an overview of the GSA SmartPay® Program and its benefits.
- GAO requested the entire GSA SmartPay® client list as well as information on refunds earned.
- Additional questions from GAO are expected.
- Other agencies expected to be contacted include Amtrak, Treasury's Bureau of the Fiscal Service and Internal Revenue Service, Smithsonian, and US Postal Service.
- Issuance date for GAO report is not yet known.

Federal Acquisition Supply Chain Security Act (FASCSA)

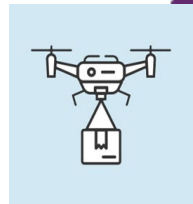
- FAR Case 2020-011 published on October 5, 2023, became effective December 4, 2023.
- Defines procedures for issuance and compliance with FASCSA exclusion (and removal) orders.
- Applies to micro-purchases as well as other actions within the Simplified Acquisition Threshold (SAT) and formal contract.
 - Applicable to commercial items and services.
- Orders may be issued by three organizations:
 - DHS (applicable to civilian agencies)
 - DoD (applicable to DoD activities)
 - DNI (applicable to intelligence activities)

FASCA (continued)

- Exclusion orders will be posted in the System for Award Management (SAM).
 - Covered articles
 - Products
 - Services
- CCCM is working with OGP, OPC and IAE to explore adding the capability to the Easy Search tool to pull public exclusion order information.
- Timeframes for development/implementation are not yet available.
- (Note that unlike Section 889 requirements, there are no vendor representations associated with these orders).

American Security Drone Act of 2023

- On December 22, 2023, the President signed the [National Defense Authorization Act for Fiscal Year 2024](#) (NDAA).
- As part of the NDAA, Sections 1821, 1822, and 1826 contain prohibitions on using the purchase card to buy any covered unmanned aircraft systems from covered foreign entities.
- Section 1826 - PROHIBITION ON USE OF GOVERNMENT-ISSUED PURCHASE CARDS TO PURCHASE COVERED UNMANNED AIRCRAFT SYSTEMS FROM COVERED FOREIGN ENTITIES.
 - Effective immediately, Government-issued Purchase Cards may not be used to procure any covered unmanned aircraft system from a covered foreign entity.
- A cleared list of drone vendors is available from the Defense Innovation Unit.
 - <https://www.diu.mil/blue-uas-cleared-list>.
- More information can be found on the GSA SmartPay® website:
 - <https://smartpay.gsa.gov/resources/tools/american-security-drone-act/>.



Visa Supplier Matching Services

Identify merchants that accept Visa. Create an account to validate if suppliers can accept Visa for payment.



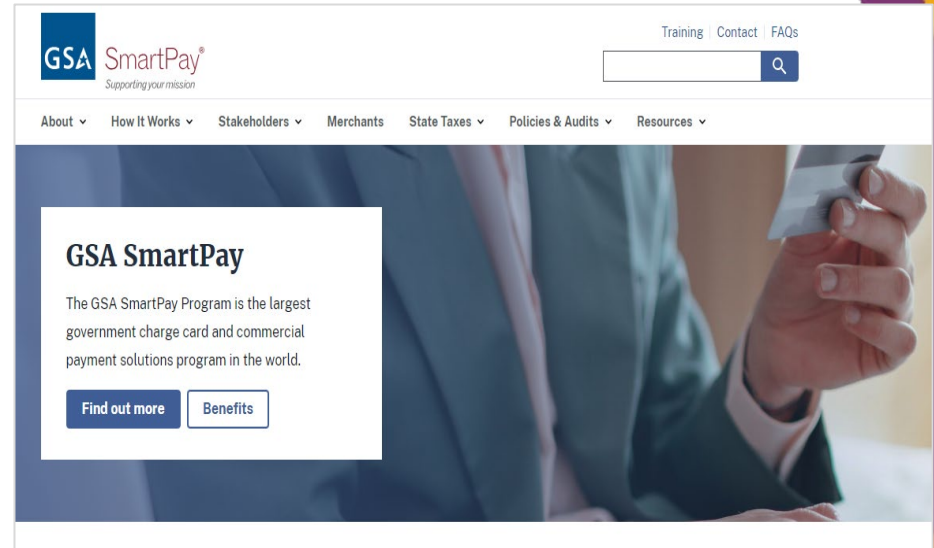
The screenshot shows the GSA SmartPay website interface. At the top left is the GSA SmartPay logo with the tagline "Supporting your mission". To the right are links for "Training", "Contact", and "FAQs", and a search bar. Below the header is a navigation menu with items: "About", "How It Works", "Stakeholders", "Merchants", "State Taxes", "Policies & Audits", and "Resources". The main content area features a "Resources" sidebar on the left with a list of links: "Section 889 Tools", "FASCSA Order Check", "American Security Drone Act Of 2023", "Visa Supplier Matching Service" (highlighted in blue), "Events", "Publications and Videos", and "GSA SmartPay® Training Forum Presentations". The main heading is "Visa Supplier Matching Service". Below the heading is the text: "Identify merchants that accept Visa. Create an account to validate if suppliers can accept Visa for payment." and a highlighted URL: <https://visasm-usgov.otftech.com/SupplierSearch/sign-in>.

Section 889 Easy Search Tool

- GSA—in partnership with NASA—has joined DoD in developing tools to assist card/account holders with finding Section 889 representations.
- **GSA’s Section 889 Easy Search Tool**
 - The Section 889 Easy Search Tool (<https://889.smartpay.gsa.gov/>) checks for Section 889 representations in a vendor’s System for Award Management (SAM) record at SAM.gov (<http://www.sam.gov/>).
 - Only vendors doing business above the micro-purchase threshold (MPT) are required to register in SAM.gov.
 - Contracts that are “For Official Use Only” (FOUO) or classified, and contractors that do not wish for their information to be publicly available, will not show up in search results.
 - If a vendor representation is unavailable, card/account holders may still be permitted to purchase from a listed vendor. However, the card/account holder would be responsible for documenting compliance with Section 889 in accordance with agency requirements.

GSA SmartPay® Website Redesign

- The new GSA SmartPay® program website (smartpay.gsa.gov/) and training website (training.smartpay.gsa.gov/) launched on October 5, 2023.
- Built using agile development principles with a flexible and iterative approach.
- User feedback, collaboration, and customer satisfaction drives how we build.
- Considered our MVP (minimum viable product) or our starting point.
- We will continue to build out these websites as we continue to hear from our users.



Maximizing Program Value

Purchase Card

- FAR part 13 requires agencies to maximize the use of “simplified acquisition procedures,” of which micro-purchasing is a component.
- Agency HQs should review FPDS data for your organization’s spend at \$10K and below for transactions not indicating card use; address further opportunities for streamlining and savings.
- FAR subpart 13.3 states agencies should NOT limit use of the purchase card to micro-purchases (emphasis added).
- Agency HQs should consider servicing contractor bank Accounts Payable (A/P) reviews to start dialog on identifying additional opportunities both below and above the MPT for savings.

Maximizing Program Value (continued)

Purchase Card

- Encourage cardholder use of existing government ordering vehicles and best-in-class contract sourcing—can assist with 889 compliance issues.
- Continue to encourage buying from small businesses when possible—FY 21 small business transaction activity exceeded 30% of annual purchase card spend.
- Consider leveraging GSA Commercial Platform program (see: <https://www.gsa.gov/buying-selling/purchasing-programs/commercial-platforms>).
- If not already available, advocate for changes to your organization's procurement automation and financial systems (as appropriate) to provide an option for contract payment by card.

Not for Micro-Purchases Only!

FAR 31.301:

(b) Agency procedures should not limit the use of the Government-wide commercial purchase card to micro-purchases. Agency procedures should encourage use of the card in greater dollar amounts by Contracting Officers to place orders and to pay for purchases against contracts established under part 8 procedures, when authorized; and to place orders and/or make payment under other contractual instruments, when agreed to by the contractor. See 32.1110(d) for instructions for use of the appropriate clause when payment under a written contract will be made through use of the card.

(Excerpted text; emphasis added.)

Make Carded Contract Payments Without the Clause!

FAR 32.1110 Solicitation/Contract Prescription and Contract Clauses

(d) If payment under a written contract will be made by a charge to a Government account with a third party such as a Government-wide commercial purchase card, then the contracting officer shall insert the clause at 52.232-36, Payment by Third Party, in solicitations and contracts. Payment by a purchase card may also be made under a contract that does not contain the clause at 52.232-36, to the extent the contractor agrees to accept that method of payment. When the clause at 52.232-36 is included in a solicitation or contract, the contracting officer shall also insert the clause at 52.232-33, Payment by Electronic Funds Transfer-System for Award Management, or 52.232-34, Payment by Electronic Funds Transfer-Other Than System for Award Management, as appropriate.

(Excerpted text; emphasis added.)

What?

No Prompt Payment Penalties?

FAR 52.232.-36 Exempts Carded Payments from Prompt Payment Act requirements:

(c) Payment. ...Payments made or due by the third party under this clause are not payments made by the Government and are not subject to the Prompt Payment Act or any implementation thereof in this contract....

(Excerpted text; emphasis added.)

Increasing Purchase Card Benefits— Off the Shelf Training Buys

Agency policy varies.

Government Employee Training Act (GETA) often applies.

GETA in relation to FAR per agency policy for training buys.

Consider use of purchase card up to a certain level; FAR procedures apply above.

SF-182 can be used in concert with purchase card serving as payment method.

Consult with agency Acquisition Policy staff and OGC as appropriate.

Increasing Purchase Card Benefits – Further Thoughts

Break Down Remaining Structural Barriers

- Do agency acquisition, financial and enterprise planning systems support purchase card payment as an option?
- Does agency policy support card use for contract payments?

Consider the Use of Virtual Payment Products

- Can be integrated with procurement automation and finance systems.
- Offer additional payment security.
- Numerous agencies already beginning to implement (purchase and travel).



Increasing Carded Contract Payments

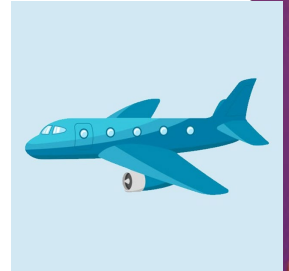
- Major expansion opportunity: agency supply and services Multiple Award Schedules (MAS) delivery and task orders.
- Agencies place thousands of orders against MAS every year.
- MAS contracts include FAR clause 52.232-36, “Third Party Payments.”
- Requires card acceptance for orders at all dollar levels.
- No additional cost.
- Agencies should indicate in orders that they intend to pay by card.
- Huge opportunity to add value to great prices, products and services agencies get through MAS.
- Can help offset Contract Access Fee costs.



Travel Card Trends

Travel Cards:

- Increased use of virtual accounts – VISA Virtual Travel Card Service (VVTS).
- Peace Corps (implemented).
- US Capitol Police (near-term kick-off).
- Especially relevant for international lodging.
- Account numbers are valid for a specific time period only.
- Especially good for use in locations with weak transaction security.
- Note not all electronic travel management systems can yet support.
- Agency HQ determines virtual account availability.



Fleet Card Trends

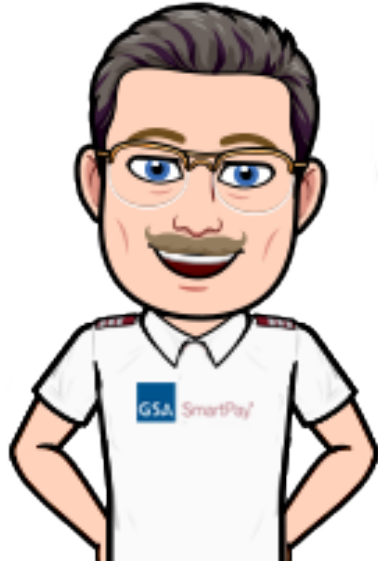
Fleet Cards:

- No clear way forward at present on fleet EV charging payments.
- Solutions are fragmented.
- Commercial charging networks vs. OEMs.
- Focused on consumers, not large fleets.
- As fleets move to EVs, CCCM is working with GSA Fleet, agencies, GSA SmartPay® contractor banks to develop strategy for moving forward.
- Considerations to start thinking through:
 - Ease of payments
 - Fleet utilization data – how best to obtain with minimal user(driver) involvement
 - Take home vehicles use case – how to pay
 - Need to preserve/grow fleet refund revenue



Questions?

Thank you for your time and attention!



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