# GSA SmartPay- Purchase Management Essentials

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**GSA SmartPay**
**TRAINING FORUM**

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- ➢ 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

# Overview

# GSA SmartPay Program Overview

➢ More than 250 Federal Government agencies/ organizations can access charge card products and services through the GSA SmartPay 3 Master Contract

➢ Over 4.6 million accounts

➢ GSA SmartPay Master Contract awarded in 1998

➢ Enables authorized employees to make purchases on behalf of the Federal Government in support of their agency's mission

# GSA SmartPay Program Overview

➤ Federal Government agencies/organizations issue task orders against the GSA SmartPay 3 Master Contract for charge card products and services from one of two contractor banks: Citibank and U.S. Bank

➤ Agencies/organizations pay no direct fees for using the GSA SmartPay Program

➤ Agencies/organizations have the opportunity to earn refunds

# Banks and Brands

| GSA SmartPay Account Service Providers | |
|---|---|
| **Citibank** | **U.S. Bank** |
| • Mastercard<br>• Visa<br>• WEX (Fleet) | • Mastercard<br>• Visa<br>• Voyager (Fleet) |

# GSA SmartPay Master Contract

➢ Fixed price, IDIQ contract

➢ Maximum base period for the initial order is
4 years with three 3-year options (13 years)

➢ The 4-year base period ended on November 29, 2022.

➢ Agency awarded a task order to a GSA SmartPay contractor
bank and to a brand

➢ Download a copy at smartpay.gsa.gov

**We are here!**

| 2018–**2022** | **2022–2025** | **2025–2028** | **2028–2031** |
|:---:|:---:|:---:|:---:|
| (4-year base period) | (3-year option) | (3-year option) | (3-year option) |

# Key Participants

# GSA SmartPay Key Participants

# A/OPC Roles and Responsibilities

➢ Focal point for answering charge card program-related questions

➢ Setting up, maintaining, renewing, and terminating accounts

➢ Serves as a liaison between account holders and the contractor bank; assists with training account holders

➢ Providing ongoing advice and assistance to account holders

# A/OPC Roles and Responsibilities

➢ Developing agency policies and procedures, as needed

➢ Auditing accounts as required by your agency policy

➢ Using the bank's Electronic Access System (EAS) to perform account management and oversight

# Suspending/Canceling Accounts

| Number Calendar Days | Account Status/Action |
|---|---|
| 46 days from the billing date | Pre-Suspension |
| 61 days from the billing date | Suspension/ Pre-Cancellation |
| 126 days from the billing date | Cancellation |
| 180 days from the billing date | Charge-Off/Write-Off |

# Closing/Terminating Accounts

➢ Immediately notify the contractor bank

➢ Follow the account close-out procedures from your contractor bank

➢ Instruct the account holder to destroy/dispose of the card

➢ Review the master file/account holder listing to ensure the account is closed

# Lost or Stolen Account

Instruct account holders to report a lost/stolen purchase account to:

➢Contractor bank

➢A/OPC

➢Supervisor

# GSA SmartPay Purchase Business Line

# Tier 1 Offerings

➤ Required product/service offerings

➤ Same for each contractor bank

# Tier 1 Offerings

| All Business Lines | | Purchase Business Line |
|---|---|---|
| • **24-hour EAS Customer Service**<br>• **Accounts Payable File Review**<br>• **Association Program Management Tools**<br>• **Chip and PIN/Signature Cards**<br>• **Email/SMS Alert Service**<br>• **ePayable—Supplier-Initiated Payments (SIP) (refund based)**<br>• **Ghost Card**<br>• **Interchange-Based Government-to-Government (G2G) Transactions** | • **Mobile Applications**<br>• **Mobile Payments**<br>• **Net Billing**<br>• *Non-Interchange Based Government-to-Government (G2G) Transactions (Fee-based)\**<br>• **Real-Time Web Assistance**<br>• **Single Use Account (SUA)**<br>• **Tokenization**<br>• **Virtual Cards** | • *Convenience Checks (Fee-based)\**<br>• **Declining Balance Cards**<br>• **Foreign Currency Cards**<br><br>**\* Most Tier 1 products/services are provided at no additional cost with two exceptions:**<br>**Non-Interchange G2G and Convenience Checks require a fee for use.** |

# Tier 2 Offerings

➢ Value-added product/service offerings

➢ Varies by contractor bank

# Tier 2 Offerings

| All Business Lines | Purchase Business Line |
|---|---|
| **Vary by Bank (Proprietary Offerings)** | **Vary by Bank (Proprietary Offerings)** |
| • **Additional Authorization Controls**<br>• **Additional Data Mining Tools**<br>• **Additional International Customer Service**<br>• **Combined Charge Card/ID Card**<br>• **Commercially Offered Convenience Services**<br>• **Emerging Technology**<br>• **ePayables—Buyer Initiated Payments (BIP)**<br>• **ePayables—Straight-Through Processing (STP)**<br>• **Software** | • **Optional ATM Access**<br><br>**Most all Tier 2 products/services are fee-based (i.e., requires payment of a fee to use).** |

# Policy and Regulation

# What is a Micro-Purchase (MPT)?

➢ From FAR 13.201(b):
"The Governmentwide commercial purchase card shall be the preferred method to purchase and to pay for micro-purchases (see FAR 2.101)."

➢ From FAR 2.101:
"Micro-purchase means an acquisition of supplies or services using simplified acquisition procedures, the aggregate amount of which does not exceed the micro-purchase threshold."

# Evolution of the MPT (FAR Subpart 2.101)

**FY2019 NDAA Section 821—MPT (DoD)—$10,000**

**FY2018 NDAA Section 806—MPT (Civilian)—$10,000**

**FY2017 NDAA—Institutions of Higher Learning, Nonprofit Entities and Research Orgs (DoD)—$10,000**

**FY2017 NDAA—DoD Basic Research Prog and Science/ Technology Reinvention Labs—$10,000**

**FY2017 NDAA—MPT (DoD)—$5,000**

**FY2015 FAR ETA—$3,500**

**FY2010 FAR ETA—$3,000**

**FY1994 FASA—$2,500**

# MPT Exception for Construction

**Definition**: Construction, alteration, or repair of buildings, structures, or other real property

➢ Altering, remodeling, and installation on-site of items fabricated off-site

➢ Dredging

➢ Painting* and decorating (at the time of construction or as an alteration or repair)

*when performed as part of construction, alteration, repair, or improvement; > 200sf when done separately.

**MPT = $2,000**

# MPT Exception for Services

**Definition**: Services directly engage the time and effort of a contractor whose primary purpose is to perform an identifiable task.

➢ **Services** are performed by skilled and unskilled persons and include job categories subject to the Service Contract Labor Standards (SCLS) (formerly the Service Contract Act). **MPT = $2500**

➢ **Professional Services** are performed by persons who are recognized professionals based on a prolonged course of study and not subject to SCLS. **MPT = $10,000**
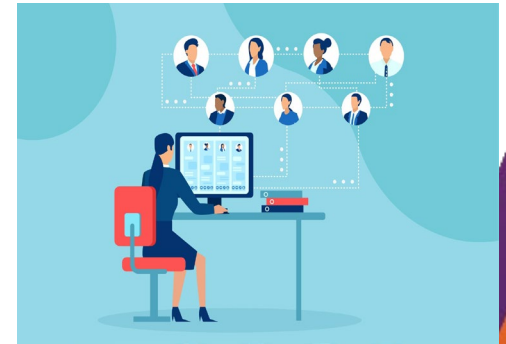
# MPT for Supplies

**Definition:** All property except land or interest in land (FAR 2.101).

**MPT = $10,000**

**FAR Subpart 8.405-1:** Eligible ordering activities can use Federal Supply Schedules (FSS) (also called "GSA Schedules") to place orders for supplies at or below the MPT. Ordering activities are not required to solicit quotes from a specific number of Schedule Contractors but should rotate orders among all qualified Schedule Contractors.

# MPT Exception for Contingency Operations

➢ To support contingency ops or facilitate defense against or recovery from cyber, nuclear, biological, chemical, or radiological attack

➢ MPT is **$20,000** if awarded and performed, or if purchase to be made **INSIDE** the United States

➢ MPT is **$35,000** if awarded and performed, or if purchase to be made **OUTSIDE** the United States
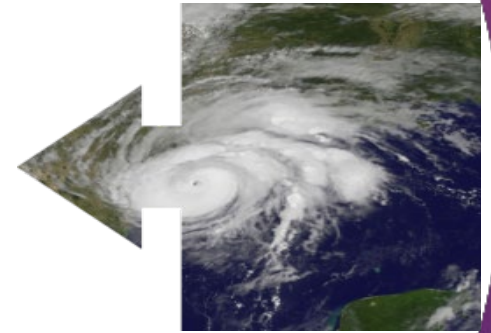
INCLUDES: (1) Requests from the Secretary of State or Administrator of the USAID for international disaster assistance pursuant to 22 U.S.C. 2292, et seq.; or (2) Support response to an emergency or major disaster pursuant to 42 U.S.C. 5122 as described in FAR 13.201(g)(1), *excluding* construction subject to Wage Rate Requirements (Construction) (41 U.S. C. 1903).

# Methods of Use (FAR 13.301)

**Within the confines of the MPT and the authority of the account holder, purchase accounts can be used as...**

| **Procurement Mechanism** | **Ordering Mechanism** | **Payment Mechanism** |
|---|---|---|
| Acquire and pay for goods and services by means other than the use of an existing contract. (i.e., Open Market) | Order goods and services under an existing contract only if authorized in the contract itself. | Pay for goods and services when the contractor agrees to accept contract payment(s) using the card. |

# Uses Under/Over the MPT ([FAR 13.301](FAR 13.301))

| MPT | Who | Procure | Order | Pay |
|---|---|---|---|---|
| < or = MPT | All Account Holders | Yes | Yes | Yes |
| > MPT | Account Holder who is also a Contracting Officer/Ordering Officer (for orders) or Payment Official (for payments) | No [1] | Yes [2&3] | Yes [4] |

[1] Transactions over the MPT must comply with applicable Federal procurement laws, regulations, and agency policies (i.e., public notification, competition, selection, etc.).

[2] Both the account holder limit AND the Contracting Officer/Ordering Officer authority (warrant) limit applies to the transaction. (e.g., Unlimited Warrant and a single transaction limit of $250,000, orders cannot exceed $250,000.)

[3] Certification of funds availability is required prior to making the purchase.

[4] Exceptions for cards used solely for contract payments.

# Micro-Purchase Mythbusting

➢ OMB Circular A-123 Appendix B, Section 3.7 and FAR subparts 6.001, 8.405-1, 8.405-2, 9.104-7 and 13.301.

➢ FAR requirements that do not apply at or below the MPT include:

- o Do Not Pay List
- o System for Award Management (SAM)
- o Representation/Certification of Corporations Regarding Delinquent Tax Liability or Felony Conviction
- o Written Quotes
- o Competition (instead, rotate vendors)

# Required Sources—FAR 8.002(a)(1) & (2)

| Sources (Consider in Numerical Order) | Supplies | Services |
|---|:---:|:---:|
| Inventories of the requiring agency (FAR 8.002(a)(1)(i)) | 1 | |
| Excess from other agencies (FAR 8.103) | 2 | |
| Federal Prison Industries (FPI) (operates under the trade name UNICOR) (FAR 8.603) **www.unicor.gov** | 3 | 2 |
| AbilityOne (includes National Industries for the Blind (NIB) and SourceAmerica jointly)—supplies and services found on the Procurement List (FAR 8.704) **www.abilityone.gov/procurement_list/index.html** | 4 | 1 |
| Wholesale supply sources, such as stock programs of GSA, DLA, VA (FAR 8.002(a)(1)(v)) | 5 | |
| Commercial Sources | 6 | 2 |

# Section 508 of the Rehabilitation Act

➢ OMB Circular A-123, Appendix B, Chapter 9
➢ Applies to Information and Communication Technology (ICT) purchases.
➢ Account holders making purchases subject to 508 requirements should:
  o Understand Section 508 responsibilities
  o Spend a reasonable amount of time on market research
  o Consider the degree of risk for accessibility
  o Use available tools and resources
➢ The Accessibility Requirements Tool (ART) can be found at app.buyaccessible.gov/
➢ Check out the U.S. Access Board at access-board.gov

# Sustainability/Environmental Consideration

➢ OMB Circular A-123, Appendix B, Chapter 10

➢ Agencies are required to account for the sustainability of products procured with the purchase card

➢ Green Procurement Compilation (GPC) consolidates Federal green purchasing information into one location

# New 889 Search Tool

➤ Protect your agency by checking the prohibited vendor list before making any telecommunications purchases

➤ Easy to use search tool

➤ Search by vendor name, website, CAGE code, or UEI code

➤ Provides PDF if registered in SAM.gov

➤ Visit www.smartpay.gsa.gov

➤ Check out Smart Bulletin 33

# Convenience Checks

➤ Intended only for the use of authorized purchases with merchants that do not accept other forms of payment, such as a GSA SmartPay purchase card

➤ Provide thieves with an easy way to commit fraud

➤ Do not offer the same kinds of consumer protections that other GSA SmartPay solutions offer

➤ Deducted from total agency spend when calculating refunds

➤ Agencies are charged a fee for each check written

# Convenience Checks
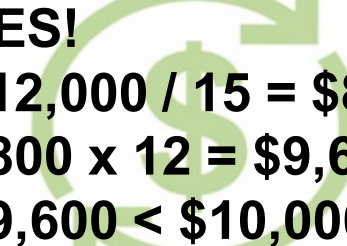
**Do not use Convenience Checks:**

➤ If the vendor otherwise accepts the purchase card

➤ To pay for modifications to work under another method of acquisition

➤ To reimburse an employee

➤ For cash advances, salary payments, cash awards, or any transaction processed through the payroll system

➤ For travel-related transportation tickets (air, bus, rail, boat) or meals and/or lodging while an employee is on travel except as related to emergency incident response

➤ For any other restricted purchase as determined by agency policy

# Recurring Payments

**General Rule**: If the aggregate total of the payments over a 12-month period (or less if the contract duration is shorter) does not exceed the single transaction limit of the account holder, the purchase card may be used.

**Scenario:** An account holder has a single transaction limit of $10,000. The account holder is asked to make fifteen (15) equal monthly payments totaling $12,000 on an order. Can they make the recurring payments using the purchase card?

**YES!**
**$12,000 / 15 = $800**
**$800 x 12 = $9,600**
**$9,600 < $10,000**

# Split Purchases

Dividing a single transaction into two or more smaller transactions to stay under the MPT or single transaction limit.

**Scenario:** An account holder has a single transaction limit of $10,000. The account holder needs to purchase a flat-bed trailer for a strategic customer with delivery required within 48 hours. The total cost is $12,000. The account holder calls the vendor, who has one trailer in stock for delivery tomorrow. The account holder is crunched for time, so they ask the vendor to charge their card $10,000 today and $2,000 tomorrow to complete the purchase. **Is this a split purchase?**

**YES!**

# Tax Exemption and Surcharges

## Tax Exemption

- Purchase Cards are centrally billed accounts (CBAs) and are exempt from sales taxes in all 50 states and U.S. territories
- Some states require tax exemption forms.
- Visit smartpay.gsa.gov and click on the SmartTax icon for more information.

SmartTax

## Surcharges

- May be assessed by a retailer and added to the cost of a purchase.
- Surcharges should be disclosed in advance and itemized on the receipt.
- Several states do not allow or limit use of surcharges.

**See GSA SmartPay® Smart Bulletins 17 and 20 for more information.**

# Third Party Payment Processors

**Third Party Payment Processors are non-bank entities that provide payment processing services to merchants.**

GSA SmartPay Smart Bulletin 23 (March 22, 2024)
"...if a merchant is well known or there is prior purchase history with the merchant, third party payment methods can be safe. Cardholders should still ensure any processing terms and conditions remain advantageous to the Government."

# Disputing Transactions

➢ Unauthorized or incorrect charges
➢ Charges for merchandise that has not been received
➢ Charges for returned merchandise
➢ Statement does not include credits issued to the account holder

**Disputes must be reported to the bank within 90 days of the transaction's processing date, or dispute rights are lost.**

Information can be found in the GSA SmartPay 3 Master Contract, Section C.3.3.14.1, Billing Discrepancies.

# Recordkeeping and Retention

- GSA SmartPay® Smart Bulletins 25 and 28
- FAR Subpart 4.703—*Contractor Records Retention, Policy*
- Office of Management and Budget (OMB) Circular A-123, Appendix B, Improving the Management of Government Charge Cards (as revised)
- https://www.archives.gov/files/records-mgmt/grs/grs01-1.pdf (April 2020)—GRS 1.1, *Financial Management and Reporting Records*

# Misuse and Fraud

# Misuse/Abuse

**Common examples:**

- ➢ Purchases exceed the authorized limit
- ➢ Purchases for which no funding is available
- ➢ Allows others to use his/her purchase account
- ➢ Split transactions
- ➢ Products or services that do not meet the Government's requirements
- ➢ Purchases for personal consumption
- ➢ Purchases that are not authorized by the agency/organization

# Suspected Misuse/Abuse

If a situation occurs where you must report suspected misuse:

- ➢ Contact the account holder
- ➢ If you still have questions, compile all the information (e.g., statement, exception report, documented contacts between you and the account holder, copies of receipts, etc.) before you report it
- ➢ Report to all required parties

# Consequences

➢ Reprimand
➢ Counseling
➢ Suspension of employment
➢ Termination of employment
➢ Criminal prosecution

*Note: Some agencies have agency-specific penalties and consequences for misuse/abuse of the purchase account.*

# Fraud

Fraud is a deception deliberately practiced with the motive of securing unfair or unlawful gain.

# Fraud

**Types:**

➤ Counterfeit Accounts

➤ Lost or Stolen

➤ Non-Receipt

➤ Card Not Present

➤ Phishing

➤ Identity Theft

# Fraud

As a Program Coordinator, you must inform your account holders to:

➢ Be alert to the indicators of fraud

➢ Report suspected fraud immediately through the proper channels at your agency

# Tools to Reduce Misuse/Fraud

**Program Management Tools:**

➢ Implement credit limits.

➢ Use Merchant Category Code (MCC) blocks

➢ Review online reports

➢ Deactivate accounts

➢ Guides

# Tools to Reduce Misuse/Fraud

**Purchase A/OPCs can:**

➢ Establish policies and procedures to detect fraud, waste and abuse

➢ Emphasize standards of conduct and clearly state consequences for misuse

➢ Manage delinquency and implement proper training

# Best Practices

# Best Practices—Suggestions

➢ Train account holders on the proper use of the purchase account; use ethics training as another source for instruction

➢ Develop a purchase hotline to respond to account holder questions

➢ Develop and maintain a purchase-specific website for your agency

➢ Create a monthly newsletter for agency purchase policies and procedures

# Best Practices—Suggestions

➢ Publish "Frequently Asked Questions" on the agency's internal website
➢ Send periodic reminders on agency purchase policies and procedures
➢ Hold orientation sessions with new account holders
➢ Email updates to A/OPCs at all levels on program changes
➢ Perform annual reviews

# Best Practices—Reporting

➢ A/OPCs have access to reports to manage your purchase program effectively through your bank's Electronic Access System (EAS).
➢ A/OPCs should reach out to your bank for User ID/password.
➢ EAS allows for the monitoring of account holder transactions at any time.

# Best Practices—Reporting

➤ Take the time to understand all available reports.
➤ Proactively review reports regularly.
➤ Use exception reports to detect misuse of the purchase account or unusual spending patterns.
➤ Use ad hoc reporting tools to customize and/or develop your own agency reports.
➤ Save copies of all generated electronic reports, particularly statistical or summary reports.

# Resources

# Centralized Mail List Service (CMLS)

CMLS Information

Phone Number: (800) 488-3111

Email: ncsccustomer.service@gsa.gov

Helpful Hints for Purchase Account Use

# Forum PowerPoints

➢ Go to gsasmartpayforum.org
➢ Click on the "Presentations/CLPs" page
➢ Then, you'll see how to access GSA PowerPoints, as well as bank/brand PowerPoints
➢ GSA PowerPoints are housed on smartpay.gsa.gov

# GSA SmartPay Program Website
## smartpay.gsa.gov

# GSA SmartPay Training Website
## training.smartpay.gsa.gov

training.smartpay.gsa.gov

An official website of the United States government  Here's how you know

**GSA** SmartPay®
*Supporting your mission*  |  **TRAINING**

Card/Account Holders & Approving Officials ⌄      Program Coordinators ⌄      Access Past Certificates

## GSA SmartPay® Training

We offer GSA SmartPay training to all agency card/account holders, approving officials, and program coordinators.

## Select Your Training Course

Each training course takes approximately 45 minutes to complete and is worth 1 CLP. To receive credit and your certificate, you must pass your quiz with a score of 75% or higher.

### Training for Card/Account Holders and Approving Officials

**Travel Training**

Learn about the basics about your role and responsibility as a card/account holder, the Federal Travel Regulations (FTR), and other government travel policies.

**Access the travel training**

Take the quiz

**Purchase Training**

Learn about the basics about your role and responsibility as a card/account holder, the Federal Travel Regulations (FTR), and other government travel policies.

**Access the purchase training**

Take the quiz

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# GSA's Center for Charge Card Management

gsa_smartpay@gsa.gov

Monday–Friday
8:00 a.m.–4:00 p.m. ET
Excluding Federal holidays

# Citibank

➢(800) 790-7206 (within United States)

➢(904) 954-7850 (collect calls from outside the United States)

➢Citibank Online Account Access

# U.S. Bank

➢(888) 994-6722 (within United States)

➢(701) 461-2232 (collect calls from outside the United States)

➢U.S. Bank Online Account Access

# Thanks for Joining!!



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