GSA SmartPay® 3 Master Contract Basics

GSA SmartPay Training Forum

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Office of Contract Operations
Polling the Audience

How many audience members are new to the GSA SmartPay Training Forum this year:

A. This is my first year!

B. I have attended the GSA SmartPay Training Forum
Overview

More than 560 Federal government agencies/organizations obtain charge card products and services through GSA’s SmartPay 3 Master Contract.

- 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:
  - U.S. Bank
  - Citibank, N.A.

- Agencies/organizations pay no direct fees for using the GSA SmartPay program.
There are a number of benefits to using the GSA SmartPay Program as a payment solution, including:

- **Safety and Transparency** – Provides secure solutions for efficient payment transactions
- **Electronic Access to Data** – Provides agencies/organizations with immediate access to complete transaction level data, helping to mitigate fraud, waste, and abuse
- **Refunds** – Agencies/Organizations earn refunds based on a single rate which considers both volume of spend and speed of pay. In Fiscal Year 2017, net refunds totaled approximately $298 million
- **Worldwide Acceptance** – Provides access to merchants around the globe
- **Pool: Favorable Pricing** – Expanding point-of-sale recognition through strategic sourcing and GSA schedule contracts
Master Contract Lifecycle

The GSA SmartPay Master Contract is an indefinite-delivery, indefinite-quantity contract with a 13 year period of performance.

- The 4-year base period will begin on November 30, 2018
- Agencies/organizations should assess GSA SmartPay programs to determine if the program is meeting their needs

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<tbody>
<tr>
<td>(4 year base period)</td>
<td>(3 year option)</td>
<td>(3 year option)</td>
<td>(3 year option)</td>
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Task Order Types

There are four task order types under the GSA SmartPay 3 Master Contract, and these include:

- **Standard**: Contains the same requirements as the Master Contract
- **Tailored**: Includes agency/organization specific requirements
- **Tag-along**: Uses another agency’s/organization’s task order
- **Pool**: Occurs when two or more agencies/organizations collaborate to issue one task order which will meet the multiple agency/organization needs
Pricing Structure

Tier 1 (Required) Product and Service Offerings:

- Same for each Contractor
- Not Separately Priced Contract Line Item Numbers (CLINs) - (Refund-based)
- Separately Priced CLINs (Fee-based)

Tier 2 (Value-Added) Product and Service Offerings:

- Varies by Contractor
- Separately Priced CLINs
## Payment Solutions

### Tier 1 Product and Service Offerings:

<table>
<thead>
<tr>
<th>Core Requirements</th>
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</thead>
<tbody>
<tr>
<td>Chip Cards</td>
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<tr>
<td>Declining Balance Cards</td>
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<tr>
<td>Foreign Currency Cards</td>
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<tr>
<td>Ghost Cards</td>
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<tr>
<td>Single Use Accounts</td>
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Tier 1 Product and Service Offerings:

<table>
<thead>
<tr>
<th>Core Requirements</th>
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<tbody>
<tr>
<td>Email/Short Message Service Alert Service</td>
<td>ePayable – Supplier Initiated Payments</td>
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<tr>
<td>Mobile Payments</td>
<td>Mobile Applications</td>
</tr>
<tr>
<td>Tokenization</td>
<td>Interchange-based Government-to-Government Transactions</td>
</tr>
<tr>
<td>GSA SmartPay Tax Advantage Travel Card Account</td>
<td>Accounts Payable File Review</td>
</tr>
</tbody>
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Payment Solutions cont.

Tier 2 Product and Service Offerings:

<table>
<thead>
<tr>
<th>Value-Added Requirements</th>
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<tbody>
<tr>
<td>Emerging Technology</td>
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<tr>
<td>Additional Authorization Controls</td>
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<tr>
<td>Additional Data Mining Tools</td>
</tr>
<tr>
<td>Combined Charge Card and Identification Card Technology</td>
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<tr>
<td>Telematics</td>
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</tbody>
</table>
There are two types of accounts: Centrally Billed Accounts (CBA) and Individually Billed Accounts (IBA):

- CBAs are established for the agency or organization’s use and the agency/organization is liable for payment of all activity on the CBA.
- IBAs are for official travel and related expenses:
  - The cardholder is liable for payment.
  - The government reimburses employees only for authorized and allowable expenses.
  - Employees are responsible for amounts charged in excess of the allowable reimbursement.
Refunds are a monetary payment provided by the Contractor to agencies/organizations, based on the dollar or “spend” volume during a specified time period.

- Expressed in terms of basis points (bps) or cents per transactions ($). Note: 1 bp = 1/100th of 1% or (or .01%, or .0001)
- Expressed as a single rate that takes into consideration both spend volume and speed of pay
- May include additional payments from the Contractor to the agency/organization to correct improper or erroneous payments or make an invoice adjustment
Refunds vs Fees

Refund-based pricing in the GSA SmartPay 3 Master Contract:

- For products and services that generate interchange
- Expressed in terms of basis points or cents per transactions
- The minimum allowable refund for the product and service
- GSA SmartPay 3 Contractors must provide the minimum rate or higher at the task order level
Refunds vs Fees cont.

Fee-based pricing in the GSA SmartPay 3 Master Contract:

- For products and services that do not generate interchange
- Expressed in terms of cents and/or dollars per the unit of measure indicated
- The maximum allowable fee for the product and service
- GSA SmartPay 3 Contractors may provide discounts at the task order level
Calculation of Refunds

Refunds are calculated and aggregated for quarterly remittance in accordance with the GSA SmartPay 3 Master Contract Section B.3.3 Calculation of Refunds. Steps to calculate refunds:

- Determine net charge volume
- Identify convenience check spend from net charge volume
- Determine the gross credit losses
- Subtract convenience check spend and gross credit losses from net charge volume to determine refund eligible net charge volume
- Calculate gross refund and GSA Contact Access Fee to determine net refund amount
Additional Task Order Requirements

- If a participating agency/organization develops additional requirement(s) for products and services not offered under their current task order during the period of performance of the Master Contract, the agency/organization will first consider their current GSA SmartPay 3 Contractor for the requirement(s).

- If the agency’s/organization’s current Contractor cannot fulfill the requirement(s), the agency/organization will give consideration to all other GSA SmartPay 3 Contractors before competing the requirement(s) outside of the Master Contract.
Additional Task Order Requirements cont.

- If the agency/organization makes a written determination as required by agency/organization procurement policies that additional requirement(s) cannot be met by any GSA SmartPay 3 Contractor, or that the requirement(s) are out of scope of the Master Contract, the agency/organization may procure their requirement(s) outside of the Master Contract.
Question

True or False? My agency/organization has very unique needs, therefore, the terms and conditions of the GSA SmartPay 3 Master Contract can be amended or deleted by a task order contract?

➢ True
➢ False

Answer: False. The GSA SmartPay 3 Master Contract cannot be amended or deleted by a task order, however agencies/organizations may include requirements in task orders if the requirements are within the scope of products/services.
Restrictions

Master Contract Restrictions include:

- Task orders may not increase the scope, period, or maximum value of the Master Contract under which the task order is issued.

- Unique to the Travel Card Program, a standard or tailored task order may not split agency requirements between individually and centrally billed accounts; if an agency places a task order, they may not issue one task order for individually billed accounts with one Contractor and another task order for centrally billed accounts with a different Contractor.

- Ordering agencies/organizations shall not alter GSA’s Contract Access Fee (CAF) as part of the task order award process.
Question

Yes or No? GSA SmartPay 3 contractor banks are encouraged to propose improvements to the services, features, or other requirements of the master contract?

- Yes
- No

**Answer: Yes.** *Section H.16 Service Improvements* of the Master Contract encourages the banks to propose improvements that may save money, improve technology or performance, or for any other purpose with presents a service advantage to the Government.
Service Improvements

After contract award, the Government may solicit, and the Contractor is encouraged to proposed independently, improvements to the services, features, or other requirements of the master contract.

- In accordance with the GSA SmartPay 3 Master Contract Section H.16 Service Improvements
- Improvements may be proposed to save money, to improve technology or performance, or for any other purpose which presents a service advantage to the Government
- Proposed service improvements that are acceptable to the Government will be processed as modifications to the master contract
Pilot Programs

In accordance with the GSA SmartPay 3 Master Contract Section H.16 Service Improvements, customized services proposed or requested as pilot programs shall include substantial modification or changes to core products and services within the Master Contract:

- Services may run for a period of time shorter than the Master Contract or task order period of performance
- May have additional requirements for evaluation, feedback, and reporting to substantiate program viability
- Priced separately as negotiated between the GSA Contracting Officer and Contractor
Pilot Programs for GSA:

- Initiated by GSA with government-wide applicability
- Customized training materials for payment solutions programs
- Pilot or demonstration of new processes
- Contractor suggested or government-suggested service improvements
Pilot Programs for Agencies/Organizations:

- Customized agency/organization specific training materials
- Production and submittal of agency/organization 1099 information to the Internal Revenue Service
- Pilot or demonstration of new processes
- Contractor suggested or government-suggested service improvements
- Priced separately as negotiated between the agency/organization and the Contractor
- Agency/organization may not modify or change the terms and conditions of the Master Contract
Program Stakeholders

Below is a graphic illustration of the programmatic relationship between GSA SmartPay stakeholders:

- **Office of Management and Budget**
  - Oversight of government-wide charge card program

- **Agency/Organizations**
  - Use card products and services to support missions

- **Network Brands**
  - Provides the transaction network for GSA SmartPay 3 charge cards

- **Banks**
  - Provide charge card products and services through GSA SmartPay 3 Master Contracts
  - Issue charge cards

- **Center for Charge Card Management**
  - Provides overall program management and advocacy
GSA SmartPay Bank Responsibilities

Contractor banks partner with brands to provide solutions under the Master Contract. Services include:

- Commercial billing and payment solutions
- Single refund rate which considers both volume of spend and speed of pay
- Internal controls for mitigating fraud and abuse
- Electronic systems for statements, payment history, and account information
- Training and training support
- Required reports, data analysis, reports
- Assistance with audits and investigations
Question

True or False? GSA SmartPay cardholders have responsibilities for managing GSA SmartPay solutions appropriately.

- True
- False

Answer: True. In accordance with the Master Contract, cardholders are required to comply with the rules and responsibilities outlined in the GSA SmartPay cardholder training and agency/organization specific training.
Contracting Officer Leading Practices

To support GSA SmartPay programs in agency/organizations, contracting officers are encouraged to:

- Understand the establishment of task orders in accordance with the Federal Acquisition Regulation (FAR), as set forth at 48 CFR 16.505
- Develop and award agency/organization task orders
- Serve as the ordering official for agencies/organizations
- Maintain lines of communication with Agency/Organization Program Coordinators (Contracting Officer and Contracting Officer’s Representative Responsibilities)
Record Retention

In accordance with C.7.2.4 Record Retention and Retrieval of the Master Contract, banks are required to maintain electronic records of all transactions for a period of six (6) years after final contract payment:

- Final contract payment is defined as the final payment for the particular charge under each agency’s/organization’s task order
- Online access shall be provided to GSA and the agency/organization for six (6) years after the concurrence of each transaction
- Review/approval and reconciliation data are considered to be parts of the transaction and shall be subject to the same six (6) record retention requirement
Transition

There are four types of transitions under the GSA SmartPay 3 Master Contract:

- Start-up/implementation transition
- Technological advance transition
- Agency/organization transition
- Post contract transition
Transition cont.

Master Contract Transition:
- Master contract kick-off forum and presentation packages
- Preparation to begin transaction processing
- Transition from previous contract
- Implementation of services
- Technology transitions
- Post contract transition

Agency/Organization Transition:
- Task order process (standard or tailored)
- Task order competition and award
- Preparation to begin transaction processing
- Transition from previous contract
- Implementation of services
Resources – GSA SmartPay Website

https://training.smartpay.gsa.gov

https://smartpay.gsa.gov

- Benefits
- Program Statistics
- SmartTax
- Bank POC

- Managing Your Program: Travel, Purchase, Fleet, Integrated

- Online Training for Cardholders and A/OPCs
Additional GSA SmartPay Courses

GSA SmartPay 3 Master Contract Basics
GSA SmartPay Online Tools
GSA SmartTax – Leading Practices and Lessons Learned for State Taxes
GSA SmartPay Program Update
GSA SmartPay Purchase Management Essentials
GSA SmartPay Travel Management Essentials
GSA SmartPay Fleet Management Essentials
GSA SmartPay 3 Innovative Payment Solutions
GSA SmartPay Transition Topics
Use of Data Analytics for Effective Program Oversight
Thank you for your time and attention!

Contact Information
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Don’t forget to visit the GSA SmartPay website at: https://smartpay.gsa.gov