GSA SmartPay® Program Update
August 2018 Training Forum

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# Agenda

1. **GSA SmartPay: 20 Years of Supporting Agency Missions**
   - GSA SmartPay Program History
   - Spend Trends
   - GSA SmartPay 1 vs. GSA SmartPay 2
   - Evolution of increased Flexibility

2. **Maximizing Value of GSA SmartPay**
   - Recent Issues Wrap-Up
   - EMV Issuance and Transactions
   - Effective Program Oversight
   - GSA SmartPay Online
   - Maximizing Program Use

3. **Looking to the Future of GSA SmartPay Payments**
   - Procurement through e-commerce Portals
   - Innovation
   - GSA SmartPay 3 Tax Advantage Travel Card
   - GSA SmartPay 3 Products and Services
   - FY18 Strategic Program Initiatives
Key Themes for GSA SmartPay in 2018:

- Transition to GSA SmartPay 3
- Ongoing Implementation of FY18 NDAA Title XVIII
- Recent Micro-Purchase Threshold Increases
GSA SmartPay: 20 Years of Supporting Agency Missions
GSA SmartPay Program History

Since inception, GSA SmartPay has enabled over $502B in total spend through 1.7B transactions, generating over $3.8B in agency refunds. (Note: FY18 not included in graphic below)
FY17 Spend & Transactions

Total Spend:
$28.6B
▲ 0.29% vs. FY16.

Total Transactions:
93M
▲ 1.4% vs. FY16.

Spend

Transactions

Accounts

Purchase 20,398,174
Travel 43,596,587
Fleet 28,973,661

290,603
2,641,890
625,881

Purchase ▢ Travel □ Fleet
FY18 Program Spend Trends

**SmartPay Program Spend**

- Total Spend YTD: $13.5B
  - ▲ 6.3% vs. 2017 Q2.

**SmartPay Program Transactions**

- Total Transactions YTD: 43.8M
  - ▲ 2.25% vs. 2018 Q2.
# GSA SmartPay 1 vs. GSA SmartPay 2

<table>
<thead>
<tr>
<th></th>
<th>FY1999-FY2009</th>
<th>FY2009-Present</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase Spend:</td>
<td>$178B</td>
<td>$157B</td>
</tr>
<tr>
<td>Travel Spend:</td>
<td>$72B</td>
<td>$69B</td>
</tr>
<tr>
<td>Fleet Spend:</td>
<td>$10B</td>
<td>$16B</td>
</tr>
<tr>
<td>Total Spend:</td>
<td>$260B</td>
<td>$242B</td>
</tr>
<tr>
<td>Total Transactions:</td>
<td>940M</td>
<td>783M</td>
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<tr>
<td>Cumulative Agency Refunds:</td>
<td>$1.1B</td>
<td>$2.5B</td>
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*Note: Data is through FY18 Q2 due to DOD 3 month delay of data.*
Evolution of Increased Flexibility

- The first Micro-Purchase Threshold 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 and Related Acts and Service Contract Labor Standards (formerly McNamara-O’Hara Service Contract Act) thresholds remain unchanged ($2,000 and $2,500, respectively).

$2,500
FY 1994 - FASA

$3,000
FY 2010 - FAR Economic Threshold Adjustment

$5,000
FY 2017 - NDAA: Increase in DoD MPT (DoD Only)

$10,000
FY 2018 - NDAA Section 805 (Civ only)

$20,000 within U.S.
FY 1993 - Stafford Act, Contingency Prep and/or Response Except Construction ($10,000 outside U.S.)

$3,500
FY 2015 - FAR Economic Threshold Adjustment

$10,000*
FY 2017 - NDAA: DoD R&D and Institutions of Higher Education (DoD R&D & Civ)*or as determined by head of institution

$25,000
Proposed for e-commerce portal (approved commodities only)
Maximizing Value of GSA SmartPay
Recent Issues Wrap-Up

- HQ Transition Best Practices (selected)
  - A/OPC keeps transition tracker up to date – even post TO award
  - Ensure master file is updated – not a one-time shot
  - Interfaces – code, test, and implement (incumbent?)
  - Custom coding – development, testing, and implementation
  - Consider new payment solutions
  - A/P File review – no added bank cost to perform

- DODIG purchase and travel card metrics and confirmed violation reporting (refer to the GSA SmartPay Audit Repository for a link to the audit at: [https://smartpay.gsa.gov/content/resources#sa836](https://smartpay.gsa.gov/content/resources#sa836))

- Data Management Group – agency HQ participation

- OMB A-123, Appendix B Revision – In OMB clearance process

- Kaspersky Labs “Use” prohibition – FY18 NDAA Section 1634 - Effective October 1, 2018

- Industry trends – Goodbye to signatures? (Merchant dependent)
EMV Issuance and Transactions

As of May 2018, **2.95M** GSA SmartPay EMV cards have been issued since Calendar Year 2015. All new plastic issued under GSA SmartPay 3 will include chip technology.

<table>
<thead>
<tr>
<th>GSA SmartPay EMV Cards Issued</th>
<th>GSA SmartPay EMV Transactions</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image" alt="Pie Chart" /></td>
<td><img src="image" alt="Line Chart" /></td>
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</tbody>
</table>

- **CY 2015**
- **CY 2016**
- **CY 2017**
- **CY 2018**
Effective Program Oversight

Maintaining strong internal control procedures to detect and mitigate questionable charges is critical to maintaining program integrity. Best practices include:

✓ Leveraging GSA SmartPay contractor banks’ and brands’ suite of tools to manage and monitor program activity
✓ Being aware of and complying with documentation and approval requirements for card transactions, pre-approval (when required) and documentation retention mandates.
✓ Utilizing CCCM’s posted government-wide metrics data and agency metric dashboards, including disputed charges, single merchant spend, and questionable merchant category codes (available to HQ A/OPCs).
✓ Participating in and making use of CCCM’s quarterly Data Management Working Group (Agency HQ card managers)
✓ Notable recent audit: DoD Reporting of Charge Card Misuse to OMB (available in the GSA SmartPay Audit Repository at: https://smartpay.gsa.gov/content/resources#sa836)
GSA SmartPay® Online

Customer agencies and industry are able to connect with the GSA SmartPay Program through various online platforms:

- All 24 CFO Act Agencies have access to program metric dashboards and refund information via GSA Interact.
- The website has hosted 665,702 visitors in FY18 through April.
- 37% of visitors accessed the website through a mobile device.
- CCCM has developed a GSA SmartPay Mobile App for Travel cardholders.
Maximizing Program Use

AOPCs and card managers can use a combination of available tools to enhance program oversight and increase carded spend/refunds in the following ways:

✓ Use brand tools in conjunction with A/P File reviews and contractor bank tools to discover additional spend to capture under the GSA SmartPay Program.
✓ Use reports/tools to monitor non-card spend, such as ATM Cash Advances, to discover instances in which cards can be substituted to increase refunds to support agency missions.
✓ Use bank/brand tools and reports (where applicable) to monitor for questionable activity.
✓ Use forecasting tools available (applicable brand and bank tools) to estimate agency spend and monitor progress toward goals.
Looking to the Future of GSA SmartPay Payments
Procurement through e-Commerce Portals

Section 846 of the FY 2018 NDAA requires the GSA to establish a program to enable procurement through commercial e-commerce portals.

- The NDAA specifies the program will be carried out through multiple contracts with multiple commercial e-commerce portal providers.
- The program will be implemented in phases with the objective of enabling Government-wide use of portals.
- In January and June 2018, GSA held an industry and stakeholder town hall style meeting with representatives from Amazon Business, Overstock.com, Staples, Ability One, and more.
- In March, GSA released its “Procurement Through E-Commerce Portals Implementation Plan.” This plan proposes increasing the MPT to $25,000 for commodities acquired through the approved marketplace.
The GSA SmartPay program offers innovative solutions to address agency payment challenges. Looking to the future of the program, these advanced solutions will help streamline and enhance transparency, accountability, and internal controls.

<table>
<thead>
<tr>
<th>Procure to pay</th>
<th>Declining balance</th>
<th>Ghost cards</th>
<th>Single use accounts</th>
<th>Mobile Payments</th>
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# GSA SmartPay 3 Products and Services

<table>
<thead>
<tr>
<th>All Business Lines</th>
<th>Purchase</th>
<th>Travel</th>
<th>Fleet</th>
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<tbody>
<tr>
<td>• 24-hour EAS Customer Service</td>
<td>• Convenience Checks</td>
<td>• ATM Access</td>
<td>• No additional business line-specific Tier 1</td>
</tr>
<tr>
<td>• Accounts Payable File Review</td>
<td>• Declining Balance Cards</td>
<td>• Declining Balance Cards</td>
<td>products or services</td>
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<tr>
<td>• Association Program Management Tools</td>
<td>• Foreign Currency Cards</td>
<td>• Foreign Currency Cards</td>
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<tr>
<td>• Chip &amp; PIN / Signature Cards</td>
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<td>• GSA SmartPay Tax</td>
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<tr>
<td>• Email / SMS Alert Service</td>
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<td>Advantage Travel Card Account</td>
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<tr>
<td>• ePayables - Supplier-Initiated Payments (SIP)</td>
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<td></td>
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<tr>
<td>• Ghost Card</td>
<td></td>
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<tr>
<td>• Interchange-Based Government-to-Government (G2G) Transactions</td>
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<tr>
<td>• Mobile Applications</td>
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<tr>
<td>• Mobile Payments</td>
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<tr>
<td>• Net Billing</td>
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<td>• Non-Interchange based Government-to-Government (G2G) Transactions</td>
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<tr>
<td>• Real-Time Web Assistance</td>
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<td>• Single Use Account (SUA)</td>
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<tr>
<td>• Tokenization</td>
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<td>• Virtual Cards</td>
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The GSA SmartPay Tax Advantage Travel Card Account is a new Tier 1 product offering that combines an Individually Billed Account (IBA) and Centrally Billed Account (CBA), intended to assist agencies in obtaining lodging tax exemption at the point of sale. Rental car tax exemption is also being researched.

When using the Tax Advantage Travel Card Account, charges for lodging will be automatically billed to a CBA for payment, taking advantage of the Government's tax exemption status for those types of accounts. Charges for other travel-related purchases such as meals and incidentals:
- Are billed to the IBA portion of the account
- Will still incur tax
- Individual travelers will still be liable for payment to the bank for those charges
- Specific account type and process used will vary based on agency need.
Major Program Initiatives

Recap of key strategic initiatives for the GSA SmartPay Program:

- **GSA SmartPay 3 Acquisition and Transition**: Agency Transition process is underway. GSA SmartPay 3 Transaction processing is scheduled to begin November 30, 2018.

- **FY18 NDAA Title XVIII Requirements**: - OMB Co-Chair identified - Rollout of Version 4.0 Government-wide agency metrics planned for Fall 2018 - Reports from agencies due to OMB December 2018

- **GSA SmartPay FY19 In-Person Training Forum**: Atlanta, GA has been selected for July 16-18 2019.

- **OMB Circular A-123 Appendix B Revision**: Currently in internal OMB clearance process.
Key Themes for GSA SmartPay in 2018:

- Transition to GSA SmartPay 3
- Ongoing Implementation of FY18 NDAA Title XVIII
- Recent Micro-Purchase Threshold Increases
Questions?
Thank you for your time and attention!

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