

**U. S. DEPARTMENT OF COMMERCE
CHARGE CARD PROGRAM NARRATIVE
FISCAL YEAR 2015**

Agency: U.S. Department of Commerce
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All agencies are required to report to the Office of Management and Budget, Office of Federal Financial Management, and maintain for their own use, the following narrative information. Those agencies listed in the original Chief Financial Officers Act of 1990 and the Department of Homeland Security are required to report these items on an annual basis. All other agencies are required to report these items on a bi-annual basis.

- 1. What are the date(s) of the most recent and next scheduled independent review (e.g. Office of Inspector General) for all agency charge card programs?***

Purchase Card

The Department of Commerce (DOC) Office of Inspector General conducted a performance audit and a report, entitled "Internal Controls for Purchase Card Transactions Need to be Strengthened," issued May 2, 2013. The Office of Inspector General does not release information on future scheduled reviews.

Travel Card

The DOC Office of Inspector General conducted a performance audit and a report, entitled, "Travel Card Program at National Weather Service Headquarters Needs Additional Management Controls," issued March 18, 2003. The Office of Inspector General does not release information on scheduled reviews.

Ernst & Young has just completed an assessment of the Department's Travel Card Program. Results will be incorporated as part of the Department's overhaul of the program.

The Office of Financial Management has drafted the new Travel Card Handbook with a scheduled release date in January 2015.

Fleet Card

The DOC Office of Inspector General conducted a performance audit and a report, entitled "Commerce Should Strengthen Accountability and Internal Controls in Its Motor Pool Operations," issued September 2010. The Office of Inspector General does not release information on future scheduled reviews.

2. ***Describe the current process for monitoring delinquency. What reports does your agency review? What actions are taken when a problems is discovered?***

Purchase Card

Agency Program Coordinators (APCs) are required to monitor the servicing bank's report for delinquencies. In the event of a delinquent notification, the servicing bank will send an email notification to the Department's APC, who will take corrective action. The DOC Office of Financial Management implemented fast pay method in March 2004, which eliminated purchase card delinquencies.

Travel Card

The Travel Card Agency Program Coordinators monitor the servicing bank's report of delinquency levels, including pre-suspension and pre-cancellation reports on cardholder accounts that have become delinquent. The servicing bank has the discretion to initiate cancellation procedures on individually billed accounts, after going through the suspension process. As necessary, the Travel Card APC provides a monthly delinquency report to management. In appropriate circumstances, the employee's supervisor may take disciplinary action in accordance with Department Administrative Order (DAO) 202-751, entitled Discipline. In addition, APCs have access to delinquency reports for cardholder account monitoring purposes.

Fleet Card

In the event of a delinquent notification, the servicing bank will send an email notification to the Department's Fleet Manager who, in turn, will take corrective action.

3. ***If applicable, describe the steps your agency takes to address protracted turnaround time (> 15 working days) following voucher submission for travel voucher reimbursement.***

Not Applicable.

4. ***Describe the method your agency uses to identify and detect possible card misuse. This includes the use of any specialized information technology solutions, as well as any requests to charge card vendors for data reports.***

Purchase Card

- The Department uses MasterCard's Enhanced Merchant Reporting Tool (a comprehensive reporting and custom query export tool) to monitor questionable Merchant Category Codes (MCC). The Department electronically monitors 36 questionable MCCs 24 hours per day, 7 days a week. Findings are immediately sent via e-mail to the servicing agency program coordinator and approving official for further review.
- APCs review monthly MCC reports for billing cycle transactions. APCs utilize the servicing bank's online system (PaymentNet) to review statements.
- APCs are required to perform monthly, quarterly and annual reviews of the cardholders under their purview in order to evaluate the effectiveness and efficiency of the purchase card program policy, procedures, and internal controls.

Travel Card

The operating unit APC reviews the travel card activity report of all cardholder accounts monthly to identify potential areas of concern. If appropriate, the APC notifies the cardholder's supervisor of any questionable charges and/or transactions. If charges are identified as fraud, misuse, abuse, or outside of Departmental policy, the employee's supervisor is authorized, in appropriate circumstances, to take disciplinary action in accordance with Department Administrative Order 202-751, entitled Discipline. The Electronic Access System (EAS) has transactions reports that are used to monitor suspected fraud, waste or abuse. APCs are required to monitor the available reports on a monthly or quarterly basis. All travel card managers are required to review these reports monthly and report quarterly on actions taken.

Fleet Card

The DOC Fleet Manager reviews fleet card activities. If questionable purchases are noted, the APC conducts further review and reports suspected fraud, waste or abuse to the Office of Inspector General. If charges are identified as fraud, misuse, abuse, or outside of Departmental policy, the employee's supervisor is authorized, in appropriate circumstances, to take disciplinary action in accordance with DAO 202-751, entitled Discipline.

5. ***Describe any future plans (within the next 12 months) to enhance charge card systems by automating reviews to detect instances of abuse, misuse, and fraud.***

Purchase Card, Travel Card and Fleet Card Programs

The Department will enhance use of the servicing bank's Expert Monitoring System to detect instances of fraud, abuse, misuse, and for conducting compliance monitoring. Automated electronic alerts for transactions of possible fraud, misuse, and abuse are sent to agency program coordinators and approving officials for further investigation.

DOC is currently working with the servicing bank to develop enhancements to the Expert Monitoring System so that the tool can be tailored to make the system more intuitive and enhance the end-user's interface. In addition, the agency is exploring alternative data mining options.

The Office of Financial Management has begun a total overhaul of the Department's Travel and Fleet programs.

6. ***Describe any best practices the agency employs in charge card management.***

Purchase Card

- The majority of DOC cardholders have single purchase limits of \$3,000 or less. Single purchase limits above the micro-purchase threshold are limited to warranted contracting officers who meet the contracting officer warrant requirements as outlined in Commerce Acquisition Manual 1301.6.

- All cardholders and approving officials are required to take the GSA online purchase card training as well as DOC online customized purchase card training which is housed in the Departments Learning Management System – Commerce Learning Center (CLC). The training certificates must accompany the purchase card application.
- Annual refresher training is mandatory for all agency program coordinators, approving officials and cardholders. Failure to comply with refresher training requirements results in suspension of cardholder accounts.
- Purchase card refresher training is available on the Department’s Learning Management System (LMS). The LMS offers enhanced oversight through reporting features which enable program managers to track individuals that have successfully completed refresher training requirements.
- All DOC Purchase Card APCs are required to obtain GSA Charge Card Management Certification.
- DOC presently has a ratio of seven cardholders per approving official. Over the years, this ratio has proven to minimize risk in meeting our oversight and reconciliation requirements.
- All cardholders and approving officials are required to read Commerce Acquisition Manual (CAM) 1313.301, Purchase Card Program . Prior to receiving a purchase card, cardholders and approving officials must certify that they have read and understood the CAM. The manual is available at:
http://www.osec.doc.gov/oam/acquistion_management/policy/commerce_acquisition_manual_cam/documents/CAM%201313%20301%20Revised%20May%202012_Final.pdf
- Checklists are available for cardholders and approving officials to provide step-by-step guidance and ensure all federal and Departmental policies and processes are adhered when making purchases for the Department -both pre-and-post transactions.
- Reporting templates are available for monthly, quarterly, and annual purchase card reviews to enhance internal efficiency, and ensure consistency with A-123 internal controls and Departmental policy/process compliance.
- Quarterly conference calls are held with APCs to identify areas of concern, review policy and compliance, and share best practices.
- APCs conduct ongoing reviews and oversight. In addition, APCs are required to perform monthly and quarterly purchase card program reviews and publish summary results in an annual report.

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- Access to the servicing bank's online systems is available to cardholders, approving officials, and APCs for charge card management.
 - Real-time email notifications for transaction declines, split transactions, purchases exceeding the single purchase limits, and inactive account reminders are sent to cardholders, approving officials and APCs on a daily basis to help reduce the risk of fraud, waste, abuse and misuse of the purchase card.
 - DOC utilizes its servicing bank's Lost/Stolen/Fraud Status Reports to help reduce the risk of fraud, waste, abuse and misuse of the purchase card.
 - A customized DOC purchase card training curriculum was developed and delivered to agency program coordinators, approving officials and cardholders within the Department. –.
 - A web-space was created on OMB Max which provides DOC management and agency program coordinators with information relative to purchase card spending patterns, internal reviews, and policy and guidance.
 - An agency newsletter was created to share best-practices, policy updates, and new initiatives within the charge card program – the *APC Digest*.

Travel Card

- The master travel card profile limit is set at \$5,000, and requests for a larger limit are evaluated based upon the number of trips and estimated cost of travel.
- DOC manages a web page that provides links to travel card forms and agency policy.
- APCs utilize JP Morgan Chase's and MasterCard's online systems for card management.
- APC span of control is limited to a maximum of 500 cardholders.
- APCs are required to conduct monthly, quarterly, and annual reviews to assess the health of the Travel Card Program.
- APCs are required to conduct annual deactivation reviews.
- The Department conducts annual reviews of all travel Central Billed Accounts (CBA) to determine justification for use of accounts.
- Conduct monthly reviews of unused ticket reports.
- E-Mail notification distributed to APCs regarding delinquencies and potential misuse.

- Host quarterly meetings to ensure program participants are well informed of travel policy requirements.

Fleet Card

- Fleet cards are issued to vehicles, airplanes, and marine vessels rather than individuals.
- APCs are required to use JP Morgan Chase's and MasterCard's online systems for card management.

7. Department's plans for implementing paperless statements.

Purchase Card, Travel Card and Fleet Card Programs

JP Morgan Chase's electronic management system, PaymentNet allows individual access for cardholders to view and print monthly transaction statements.

8. Provide any additional useful information regarding charge card programs.

Not applicable.