

**U. S. DEPARTMENT OF COMMERCE
CHARGE CARD PROGRAM NARRATIVE
FISCAL YEAR 2011**

Agency: U.S. Department of Commerce
Contact: David Carter, Procurement Analyst
Email: DCarter@doc.gov Phone: (202)-482-1966

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 "Office of the Secretary's Oversight of its Purchase Card Program Needs Heightened Monitoring and Enforcement," was issued on March 28, 2003. The Office of Inspector General does not release information on scheduled reviews. The Office of Acquisition Management hired a contractor to conduct a performance audit and a report, entitled "Internal Control Review for Department-wide Purchase Card Program," that was issued mid February 2011.

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," that was issued on March 18, 2003. The Office of Inspector General does not release information on scheduled reviews.

Fleet Card

The DOC Office of Inspector conducted a performance audit and a report, entitled "Commerce Should Strengthen Accountability and Internal Controls in Its Motor Pool Operations," that was 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 of delinquency. 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

MasterCard's Expert Monitoring System (EMS) automates real-time screening of daily transactions against 36 merchant category codes (MCC) that could possibly produce questionable items. If questionable purchases are noted, the APC conducts further review and reports suspected fraud, waste or abuse to the Office of Inspector General. Additionally, APCs perform annual purchase card reviews. The Approving Official is responsible for ensuring cardholders reconcile transactions and statements within the reconciliation timeframe; reviewing cardholder's transactions for appropriate documentation, and reporting suspected waste, fraud or abuse of purchase cards to the APC.

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 Expert Monitoring System automates these tasks in real-time and reports are made

available to the APC online. 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 monthly through JP Morgan Chase's PaymentNetG and MasterCard's Expert Monitoring System. Email notifications are sent to the bureau Fleet Managers with a copy to the DOC Fleet Manager. 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. The Expert Monitoring System automates these tasks real-time and reports are made available to the APC online.

- 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 use the servicing bank's Expert Monitoring System to detect instances of fraud, abuse, misuse, and for compliance monitoring. This automated solution will enhance the Department's charge card programs reviews.

In Fiscal Year 2010, the Office of Acquisition Management implemented its purchase card oversight plan to ensure the Department is employing effective internal controls and quality measurements to reduce the risk of fraud, waste, abuse, and misuse of the purchase card. The purchase card oversight plan targets areas of concern for potential internal control weaknesses that may create an environment for potential fraud, waste, abuse, and/or misuse.

APCs are required to use the servicing bank's automated data mining tool to analyze and electronically monitor daily transactional data to present potentially relevant results to decision makers. The automated data mining tool serves an essential internal control program function. It improves surveillance by highlighting selected transactions for APC review and documentation of questionable or unauthorized merchant category codes for potential fraud, waste, abuse and misuse, split disbursements, and purchase card policy noncompliance.

- 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 cardholders 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 and provide the certificate of completion to the agency level program coordinators prior to applying for a purchase card. The training certificates must accompany the purchase card application.
- DOC presently has a ratio of seven cardholders per approving official. Over the years, this ratio has proven to be the most manageable in meeting our oversight and reconciliation requirements.
- The Commerce Acquisition Manual (CAM) 1313.301, Purchase Card Program is required reading by all cardholders and approving officials. Prior to receiving a purchase card, cardholders and approving officials must certify they have read and understand the CAM. The manual contains DOC's purchase card policy and is available on-line at http://oamweb.osec.doc.gov/capps_purchasecard.html.
- Quarterly conference calls are held with APCs to share best practices and review policies.
- APCs are required to perform quarterly purchase card program reviews and publish summary results in an annual report.
- Access to servicing bank's online systems is available for charge card management.
- Real-time email notifications for transaction declines, split transactions, purchases exceeding the single purchase limits, and inactive accounts 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 is working with JP Morgan Chase to provide automated Lost/Stolen/Fraud Status Reports to APCs via email notifications on a daily basis to help reduce the risk of fraud, waste, abuse and misuse of the purchase card.

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.
- All cardholders and APCs are required to take the GSA online travel card and APC training. The certificate of completion must accompany the completed application for a travel card. The training certificate is kept on file with the application as a permanent record in the cardholder's master file. Re-certification is required every three years, and is tracked by APCs.
- Quarterly meetings/conference calls with coordinators are held to share best practices and review policies.
- APCs are encouraged to attend the annual conferences for increased program knowledge.

- APCs conduct ongoing audits and provide training to operating unit APCs in identifying triggers for evaluation.
- 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.

Fleet Card

- Fleet cards are issued to vehicles, airplanes, and marine vessels. The master fleet card single purchase limit is set at \$3,000 and \$5,000 for monthly spending limit. Requests for a larger limit are evaluated based on spend analysis and vehicle, marine vessel and aircraft profile.
- APCs are required to use JP Morgan Chase's and MasterCard's online systems for card management
- DOC plans to implement automated suspicious transaction email notifications to fleet managers on a daily basis to help reduce the risk of fraud, waste, abuse and misuse of the purchase card.

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

Not applicable.