

## ***CONTROLLER ALERT: Government Charge Cards***

*Controller Alerts are designed to bring your attention to emerging financial management issues where the Office of Management and Budget (OMB) believes further action may be warranted, but do not constitute official guidance or include specific tasks for agencies beyond consideration of appropriate steps to address the issue. These Alerts are intended to make sure that the Chief Financial Officer (CFO) community is aware of key issues. This Alert includes notice to the Council of the Inspectors General on Integrity and Efficiency (CIGIE) because of reporting specific for Inspectors General. Additional Controller Alerts are available at <https://max.omb.gov/community/x/ihXjJg>.*

This Controller Alert on Government Charge Cards describes the recently signed [Executive Order – Improving the Security of Consumer Financial Transactions](#); provides information on submitting annual reports for the [Government Charge Card Abuse Prevention Act of 2012](#) (Charge Card Act); and informs agencies on General Services Administration (GSA) efforts to develop charge card metrics.

### ***Implementation of the Executive Order - Improving the Security of Consumer Financial Transactions***

On October 17, 2014 the President signed an Executive Order (EO) directing the Federal government to improve payment security by requiring the adoption of enhanced security features for all payment cards. GSA's Office of Charge Card Management is working with agencies and servicing banks to provide the GSA SmartPay program plan on behalf of its user community (i.e., no agency plans for cards issued under the GSA SmartPay program are required). The Department of the Treasury (Treasury) will provide a plan to replace any prior-generation payment processing terminals with new terminals capable of accepting chip enabled security features at Federal agencies. Any agency with credit, debit, and other payment card programs, which GSA or Treasury actions do not cover, are required to provide OMB plans ensuring the cards they are using or accepting will have enhanced security features in accordance with the EO. These plans are due by January 1, 2015. Reporting templates and additional information are available through OMB MAX (<https://community.max.gov/x/H4APLg>).

### ***Annual Reporting required by the Government Charge Card Abuse Prevention Act of 2012 and OMB Memorandum M-13-21***

On September 6, 2013, OMB issued [OMB Memorandum M-13-21](#) (*Implementation of the*

*Government Charge Card Abuse Prevention Act of 2012*). M-13-21 requires agencies to establish and maintain internal controls for purchase cards, travel cards, integrated cards, and centrally billed accounts. Included among these requirements is a semi-annual Joint Purchase and Integrated Card Violation Report due to OMB every six-months. In addition, the Charge Card Act also requires IGs to conduct annual risk assessments to be provided to the agency head and to submit an annual purchase and travel card audit recommendation status report to OMB by January 31 each year for compilation and transmission to the Congress and the Comptroller General of the Government Accountability Office. To help Agencies and IGs complete and submit their required annual and semi-annual reporting on charge card programs, tools and templates are available through OMB MAX (<https://community.max.gov/x/TYD9Bw>) and the GSA SmartPay website (<http://smartpay.gsa.gov/about-gsa-smartpay/policies/OMB-M-13-21>).

### **Implementation of charge card government-wide metrics through GSA SmartPay**

As part of Federal efforts to improve card security, the GSA SmartPay program has available data analytics and data mining tools provided by servicing banks and brands. The GSA SmartPay program is developing an initial set of government-wide metrics in coordination with the agencies. These metrics will be reported quarterly and are expected to evolve over time to encourage agencies to adopt the tools in their efforts to increase efficiency and effectiveness. The metrics will identify potential areas of misuse or fraud for further investigation in categories of disputed charges; single merchant spending; use of data analytics tools; as well as a targeted group of questionable transactions. Agencies are encouraged to review their charge card plans and consider implementation of these tools as part of their quality control efforts to verify transactions and prevent waste, fraud, and abuse. A future update to OMB Circular A-123, Appendix B, *Improving the Management of Government Charge Card Programs*, will include more information on reporting and the use of charge card metrics. More information is available at the GSA SmartPay website (<https://www.smartpay.gsa.gov/>).

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