




U.S. Department of Justice
Justice Management Division
Management and Planning Staff

Washington, D.C. 20530

February 27, 2007

**MEMORANDUM FOR BUREAU PROCUREMENT CHIEFS
PURCHASE CARD AGENCY PROGRAM COORDINATORS**

FROM: 
H.B. Myers
Assistant Director
Procurement Policy and Review

SUBJECT: DOJ Procurement Guidance Document 07-04, Updated DOJ Charge Card Management Plan.

Office of Management and Budget (OMB) Circular A-123, Management Accountability and Control, Appendix B, Improving the Management of Government Charge Card Programs requires that all Executive Branch departments and agencies develop and maintain a Charge Card Management Plan. Charge Card Management Plans are required to establish department wide standards for charge card programs, to ensure that a system of management controls, policies and practices are in place for effective oversight and to maximize the benefits when using government charge cards. Appendix B also requires agencies to provide annual updates to their Charge Card Management Plans. This Procurement Guidance Document updates DOJ's Charge Card Management Plan.

Attached is a copy of DOJ's updated Charge Card Management Plan. It has been revised to address those issues identified during an OMB review as areas needing improvement and to incorporate changes to our program resulting from internal reviews and monitoring of charge card activities. Procurement Guidance Document 06-07 is rescinded.

Please distribute this document to the appropriate people in your organization. Questions should be directed to Harold Belcher on (202) 616-3756.

Attachment



U.S. Department of Justice
Justice Management Division

Washington, D.C. 20530

FEB 16 2007

Mr. Mark Bussow
Office of Federal Financial Management
Office of Management and Budget
NEOB, Room 6026
725 17th Street, NW
Washington, DC 20503

Dear Mr. Bussow:

Attached is a copy of the Department of Justice revised Charge Card Management Plan which was developed in response to Appendix B, Improving the Management of Government Charge Card Programs, to Office of Management and Budget Circular A-123, "Management Accountability and Control." Our Charge Card Management Plan addresses the required elements of Appendix B, establishes a system of internal controls, and serves as a framework for our policies and procedures for the appropriate use of charge cards within the Department. Our plan has been revised to address those issues identified, during an OMB review, as areas needing improvement and to incorporate changes to our program resulting from internal reviews and monitoring of charge card activity.

If you have any additional questions, please feel free to contact Lori Arnold on (202) 616-5216 or Harold Belcher on (202) 616-3756.

Sincerely,

A handwritten signature in cursive script that reads "Melinda B. Morgan".

Melinda B. Morgan
Director
Finance Staff

Attachment

Department of Justice

Charge Card Management Plan

Authors:

Harold Belcher

Wanda Watts

Phillip Duncan

Date: 02/06/2007

Version: 1.1

Version History

Version	Date	Author
1.0	04/6/2006	Harold Belcher
		Wanda Watts
		John Jacobs
1.1	02/06/2007	Harold Belcher
		Wanda Watts
		Phillip Duncan

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1. Introduction

As required by OMB Circular A-123, Appendix B – Improving the Management of Government Charge Card Programs, this plan outlines the policies and procedures within the Department of Justice (DOJ) that are critical to the management of the charge card program, in order to ensure that a system of internal controls is followed and to mitigate the potential for fraud, misuse, and delinquency. This plan is also intended to maximize the opportunities for increased savings offered by the use of government commercial cards.

This document is intended to be a living document and will be updated as changes occur within DOJ's charge card program.

2. Personnel Management

2.1 Key management officials

This section provides a list of the key program management officials associated with the charge card program within DOJ, along with their title and responsibilities. The key officials for each program are listed in the tables below.

Purchase Card Program

Name	Title	Responsibilities
Harold Belcher	Purchase card Level 1 A/OPC	Oversees the agency's purchase card program
H.B. Myers	Assistant Director, Procurement Policy and Review Group	Provides policy leadership in strategic planning, acquisition and procurement management

Travel Card Program

Name	Title	Responsibilities
Wanda Watts	Travel card Level 1 A/OPC	Oversees the agency's travel card program
Lori Arnold	Assistant Director, Finance Staff	Provides policy leadership in strategic planning, budgeting and financial management

Fleet Card Program

Name	Title	Responsibilities
Phillip Duncan	Fleet card Level 1 A/OPC	Oversees the agency's fleet card program
Carolyn Bridgeman	Assistant Director, Facilities and Administrative Services Staff	Provides policy leadership in strategic planning, budgeting and property management

2.2 Process for appointing cardholders and AOs

This section outlines DOJ's policies and procedures, by program, for appointing cardholders and AOs.

Purchase card program

Individuals are appointed as purchase cardholders based on a thorough review of the requesting organization's mission, procurement activity and the number of cardholders available to support that activity. Applications to obtain a purchase card are submitted to the bureau's Level II or greater Agency Program Coordinator (APC) in the headquarters procurement office. If approved, the applicant is issued a formal limited delegation of procurement authority. This delegation sets forth the limits of the cardholder's authority. The Approving Official's identity is also provided to them. It also informs the cardholder that their transactions are subject to review by Approving Officials, APCs and other authorized individuals. Copies of Departmental regulations, bureau specific guidelines, including "do not buy lists" and instructions for using JPMorgan Chase's (JPMC) Electronic Access System are provided to cardholders as part of the appointment.

process. Applications are submitted to JPMorgan Chase (JPMC) for processing and issuance of a government purchase card after the appointment process and training have been completed.

Approving Officials (AOs) are appointed at a sufficient level commensurate with their duties to ensure that they are able to effectively monitor the performance of their cardholders. When appointing AOs bureaus must consider the span of control to ensure that the number of cardholders and the charge card volume is at an appropriate level for effective review and control of cardholder performance. AOs are appointed in writing and provided copies of Departmental regulations, bureau specific guidelines, including "do not buy lists" and instructions governing both cardholder and AO duties and responsibilities. AOs are also provided instructions for using JPMC's EAS to monitor cardholder activity.

Travel card program

Individual travel charge cards are issued to employees who expect to travel on official government business. An employee is anyone for whom there is a SF-50, Personnel Action, or an SF-61, Appointment Affidavit, on file within the Department. To apply for a travel charge card, employees are required to complete the mandatory sections of the JPMC Cardholder Application form and sign the GSA cardholder agreement form acknowledging their understanding of the terms and agreement of the travel card. The completed form and a copy of the signed GSA cardholder agreement is submitted to the APC for approval and processing. The APC forwards completed forms to JPMC via fax, email or the Bank's Electronic Access System (EAS) for processing and card issuance.

Fleet card program

With the exception of the Office of the Inspector General (OIG) fleet cards are assigned to a vehicle and not to a person. In this way, the card is assigned generically so that when personnel changes take place, a new fleet credit card does not need to be reissued. OIG assigns their fleet cards to individuals.

When a new vehicle is assigned to an office or individual, a fleet card is created for that vehicle. An exception to this would be at Bureau of Prisons (BOP) institutions that have fueling on site and do not have a need for a fleet card assigned to each vehicle. At those institutions, five fleet cards are generically assigned on an as-needed basis for staff travel and use outside of the prison. Also, the Office of the Inspector General (OIG) has a fleet card program manager that is notified that a card is needed in an office. The manager either assigns a new card or obtains information on an existing card that is then reissued to a different or new employee.

AOs are usually a headquarters level fleet manager or an administrative officer who is responsible for maintaining vehicle information such as mileage and fuel use. AOs are located in field or regional offices supporting a group of employees and the vehicles required to support the functions of the office. The BOP AOs are department heads (GS12 and up). Usually one AO is assigned at each site.

The ratio of cardholders to AOs varies from bureau to bureau. The U.S. Marshals Service, has 4 AO's for 3000 fleet cards. BOP has an AO at each site location or institution. The OIG has 2 AO's for 120 fleet cards.

2.3 Procedures at employment termination or transfer

This section outlines the procedures implemented by DOJ when an employee terminates employment within DOJ or transfers to a different bureau or transfers within the same bureau.

Purchase card program

Purchase cardholders who separate from employment by DOJ are required to notify the appropriate official in their bureau i.e., Approving Official, Cost Center Manager, Funds Control Officer, etc., and surrender their cards for destruction. Those officials with the authority to cancel cards directly will do so and will notify the bureau APC who will notify the Bank to close the account. Approving Officials, Cost Center Managers or Funds Control Officers are responsible for ensuring cardholder's balances are cleared prior to separation. APCs are responsible for reviewing the Cardholder Profile (Report 508) data in JPMC's EAS, Pathway Net®, to ensure that cards have been cancelled and that no new transactions have been placed on the card. Purchase card holders who transfer within DOJ or its bureaus are required to surrender their cards for destruction and are issued new cards at their new duty station as appropriate.

Travel card program

When an employee terminates employment or transfers to another organization within DOJ, it is the responsibility of the APC in the employee's "departing" office to promptly notify JPMC via the bank's EAS, telephone, or fax.

When an employee terminates employment with DOJ, the APC must submit a delete form to the Bank or cancel the account via the Bank's electronic access system. The cardholder is required to destroy the card personally, or forward the card, cut in two, to the APC. The APC is responsible for reviewing the Account Management Report, TBR 830, each month to determine if the Bank has satisfied the request to cancel a card.

Employees transferring to a new hierarchy number can only be accomplished within a DOJ Component. Employees transferring between DOJ Components must cancel their account and request a new account with the new Component. If the "departing" office APC fails to submit the transfer, the "receiving" office can and should do so. The APC is responsible for reviewing the Account Management Report, TBR 830 or Cardholder Profile (Report 508) data in the EAS, each month to determine if the Bank has satisfied the request to transfer account.

Bureaus may elect to implement closure of accounts by submitting batch files to JPMC.

Fleet card program

Retrieving a fleet card when a cardholder separates from the service is not necessary since the card is assigned to a vehicle. In the case of a card assigned to an individual, when that person separates from the service, he or she is required to return the fleet card as part of his/her accountable property. That card can then be reassigned or closed at the discretion of the manager.

3. Training

3.1 General

This section summarizes DOJ's general training requirements that are relevant for all charge card program participants.

Charge card participants are required to complete training appropriate to their duties prior to appointment as cardholders, AOs or APCs. Refresher training for those individuals must be completed within three years of appointment, or date of last refresher training, at which time the individual must be issued a certificate of training. Components conducting in-house training are required to document and maintain records of training attendance and completion in their respective offices. Training for charge card participants must be in accordance with the requirements of Appendix B to OMB Circular A-123. Charge card participants are provided copies of Departmental regulations, bureau specific guidelines, including "do not buy lists", and instructions governing their specific duties and responsibilities. Participants are provided with updated Department regulations, bureau specific guidance, including "do not buy" lists, and instructions for using JPMC's EAS when those documents are revised. Training modules are also updated as a result of regulatory or programmatic changes or as a result of reviews or audits of cardholder activity.

All charge card participants are required to submit copies of their certificates of training to the appropriate APC.

Those activities with integrated card programs are required to train their cardholders in the appropriate business line(s) available to them.

3.2 Purchase card program

This section outlines DOJ's training requirements for purchase card program participants.

Cardholder

Cardholders are required to be trained in the appropriate use of purchase cards prior to receiving an appointment. The training is tailored by DOJ's individual bureaus and ranges from: completion of the GSA on-line training and DOJ ethics training; viewing bureau developed training disseminated on a CD or through other electronic medium; or, attending bureau developed intensive one day training sessions for program participants. Cardholders with delegated purchase card authority over the micro-purchase threshold receive additional training and must be warranted contracting officers.

At a minimum, cardholder are required to complete the GSA on-line purchase card training which includes: cardholder's responsibilities; appropriate uses of the card; mandatory sources, such as JWOD organizations; environmental considerations, such as the RCRA and energy efficient products; prohibited acquisitions; Section 508 compliance; and, penalties for inappropriate card usage. Components that have developed in-house training for cardholders may continue to utilize those training tools as long as the materials are in compliance with Appendix B.

Certificates of completed training are maintained by cardholders and must be available for review during periodic audits of their purchase card activities. Copies of training certificates are submitted to the appropriate APC.

AO or certifying official

AOs are required to receive training prior to appointment. Training will consist of completing the GSA on-line training for cardholders or bureau developed AO training and ethics training. Certificates of training are required to be kept by AOs. Certificates of completed training are maintained by AOs and must be available for review during periodic audits of purchase card activities. Copies of training certificates are submitted to the appropriate APC.

APCs

APCs are senior procurement personnel with an extensive background in acquisitions and advanced computer skills. They are responsible for communicating significant program events and data to bureau and DOJ management. APCs receive training from the on-line GSA training course. APCs are encouraged to obtain a copy of the GSA publication Blueprint For Success: Purchase Charge Card Oversight. JPMC has developed an A/OPC Guide and also offers training in charge card management practices and the use of their EAS. Training includes understanding the roles and responsibilities of program participants, It also includes using the Bank's EAS for program management and monitoring through the use of reports and risk management techniques.

Components that have developed in-house training for APCs may continue to utilize those training tools as long as the materials are in compliance with Appendix B. Copies of APC's training certificates are submitted to the DOJ Level II (National) APC. JPMC also holds quarterly meetings with DOJ National APCs to discuss program changes and address concerns. The Department encourages Level II or greater APCs to continuously educate the local APCs by frequently emailing updates on program changes as well as changes or updates to Departmental policies and procedures.

3.3 Travel card program

This section outlines DOJ's training requirements for travel card program participants.

Cardholder

The Department encourages Components to conduct continuous, rather than periodic, year round training for all cardholders, making them aware of their individual responsibilities under the charge card programs, and consequences for violation.

At a minimum, DOJ requires cardholders to complete GSAs web-based training for cardholders. Upon successful completion of GSAs web-based training, employees must submit a certificate of training to the APC. Components that have developed in-house training for cardholders may continue to utilize those training tools as long as the materials are in compliance with Appendix B.

The Department has also developed educational materials such as travel charge card policies and guides for cardholders which are readily accessible on the Departments Intranet. In addition, cardholders are frequently issued GSAs publication "Helpful Hints for Travel Card Use" as a training tool.

APC

The Department recognizes the importance of APCs understanding the diverse role they play in managing DOJ's travel card program. Travel APCs have an extensive background in managing travel programs, advanced computer skills and are responsible for communicating significant program events and data to bureau and DOJ management.

At a minimum, DOJ requires APCs to complete GSAs web-based training prior to appointment. Upon successful completion of GSAs web-based training, APCs must produce and maintain the certificate of training on file. Components that have developed in-house training for APCs may continue to utilize those training tools as long as the materials are in compliance with Appendix B.

JPMC has developed an A/OPC training guide to assist APCs in performing their role. The guide addresses critical areas such as account setup and maintenance, disputes, reports, and use of their EAS. JPMC also holds quarterly meetings with DOJ National (Level II) APCs to discuss program changes and address concerns.

The Department encourages Level II or greater APCs to continuously educate the local APCs by frequently emailing updates on program changes as well as FTR and Departmental policies and procedures. In addition, APCs are encouraged to utilize the GSA SmartPay® publication, "A Guide for Managing Your GSA SmartPay® Travel Charge Card Program" for helpful hints, best practices and suggestions for managing their travel program.

3.4 Fleet card program

This section outlines DOJ's training for fleet card program participants.

There is no formal training in place for the use of fleet cards. The guidelines for using any government credit card (purchase, travel) also apply to the fleet card. The training provided for the other business lines applies to fleet for those activities with integrated cards. The fleet cards are limited in their use since they are coded electronically to only be used for fuel and maintenance. If the product being purchased or service performed on the vehicle is not a merchant category code for fuel or maintenance, the transaction will not be authorized. The fleet cards generally have a dollar limit per transaction (usually \$50-\$100) which prevents abuse.

The OIG does provide guidelines with the issuance of each new fleet card. An introduction to the fleet card program and use of the fleet card is incorporated in the new agent orientation PowerPoint presentation created by the administrative section of the Investigations Division, OIG.

Fleet APCs have an extensive background in fleet management and advanced computer skills. They are responsible for communicating significant program events to bureau and DOJ management.

3.5 Record keeping

This section summarizes DOJ's procedures for documentation and record retention.

Purchase card program.

Program participants receive certificates upon successful completion of training. Certificates of training are maintained by the individual program participants and must be available for review during periodic audits of their activities. Copies of training certificates are submitted to the appropriate APC.

Components conducting in-house training are required to document and maintain records of training attendance and completion in their respective office.

Travel card program

At a minimum, the Department requires cardholders and APCs to obtain the certificate of training produced by GSA upon completion of their web-based travel cardholder and APC training. APCs

are responsible for maintaining training certificates for cardholders under their respective account. Current certificates of training are kept by program participants as long as they continue to perform charge card activities.

Components conducting in-house training are required to document and maintain records of training attendance and completion in their respective office.

3.6 Ensuring effectiveness of training requirements

This section outlines DOJ's procedures for ensuring that training policies and procedures remain current and effective.

Purchase card program.

The effectiveness of training for program participants is evaluated by Bureau APCs through the use of the Bank's EAS to periodically review cardholder transactions and on site audits of cardholder activities. The DOJ IG evaluates the effectiveness of cardholder training through the use of data mining techniques. Transactions are reviewed on a quarterly basis or more frequently if necessary. On site audits of cardholder activities are conducted on a rotating basis. Training materials, policies and procedures are updated as the program requirements change and also as patterns of inappropriate activity are revealed through reports generated by DOJ IG, the Bank's EAS or through on-site audits.

Travel card program.

DOJ determines the effectiveness of its training requirements based on the percentage of cardholder delinquency and misuse. The Department requires Component APCs to perform an annual review of their overall training process and training materials to ensure its accuracy and effectiveness. The Department's training materials, policies and procedures are updated as the program requirements change or as a result of program monitoring.

4. Risk Management

4.1 Creditworthiness policies and procedures

This section summarizes DOJ's policies and procedures regarding creditworthiness and performing credit checks.

DOJ has amended its task order with JPMC to allow us to receive credit scores and make creditworthiness determinations on new travel card applicants. JPMC's current travel card application will allow it to receive credit scores. The Bank has agreed to provide us with credit scores at no cost. JPMC will keep all credit scores together with applications tendered by DOJ. In the interim, DOJ is issuing travel cards with reduced single purchase, cycle and cash advance limits to manage risk. Credit checks, while not required for inter-DOJ transfers, will be required for inter-departmental transfers.

JPMC will obtain credit scores, as required by Appendix B to the Circular, on DOJ first time travel card applicants. Upon receipt of a properly completed application for a first time travel card, JPMC will obtain the required information and communicate it to DOJ within one (1) to two (2) days, or longer period if the account is blocked, after receipt. The Bank will keep the credit scores and house that information together with other cardholder information that it maintains and warehouses. The Bank will communicate credit scores in the following manner: "Green" will

Indicate a cardholder may receive a card with standard agency restrictions; "Yellow" will indicate additional restrictions must be placed on the card; and "Red" will indicate that a card may not be issued. Upon receipt of this information, DOJ will make the required "credit worthiness" determination and will place restrictions on the card as appropriate.

In the event that a prospective cardholder has placed a "block" on his/her credit information and JPMC is unable to obtain the required score, it will notify DOJ that information. It will be the responsibility of DOJ to contact the prospective applicant to have the "block" removed. Upon receiving consent to remove the "block" from the prospective cardholder, DOJ will notify the JPMC. In such cases, JPMC will use its best efforts to obtain the required information in a timely manner.

4.2 Controls, practices, and procedures related to Centrally Billed Account (CBA) delinquencies

This section outlines DOJ's risk management procedures in regard to CBA delinquencies.

DOJ is working with JPMC to manage CBA delinquencies. We have requested that JPMC flag CBAs that are in danger of becoming delinquent sufficiently in advance so that we can institute corrective measures to prevent potential delinquencies from becoming actual delinquencies. To ensure timely, accurate and appropriate payments of CBAs, several Department components have implemented a monthly direct payment system with JPMC. Components that do not participate in monthly direct payment system must process CBA invoices in compliance with the Prompt Pay Act.

Departmental components receive Aging reports from JPMC on a monthly basis. These reports indicate debt by monthly measurement (1-30 days, 31-60 days, 61-90 days, 91-120 days, etc.) Component APCs are required to review and monitor the Aging data on a monthly basis and advise their Level II APC of CBA accounts approaching pre-suspension, suspension, pre-cancellation, or cancellation.

4.3 Controls, practices, and procedures related to Individually Billed Account (IBA) delinquencies

This section outlines DOJ's risk management procedures in regard to IBA delinquencies.

DOJ monitors monthly reports from JPMC, CFO and reports generated by APCs from JPMC's EAS to monitor and prevent delinquencies. Delinquent cardholders are contacted by e-mail or verbally if a delinquency persists. The initiation and severity of disciplinary action depends on the size of the amount and length of time the delinquency persists. DOJ is in the process of instituting split disbursement in two of its bureaus. When that is implemented, it will account for approximately 25% of our travel dollars. Split disbursement will be implemented throughout DOJ as financial systems are upgraded to process it.

DOJ receives the pre-suspension/pre-cancellation report on IBA accounts from JPMC on a monthly basis. These reports indicate debt by monthly measurement (1-30 days, 31-60 days, 61-90 days, 91-120 days, etc.) Delinquent accounts in the 31-60 days range are in "pre-suspension" status. Delinquent accounts in the 91-120 days range are in "pre-cancellation" status.

In addition to the paper reports, JPMC emails APCs the names of cardholders who are delinquent on the 45th day after the close of the previous billing cycle.

The DOJ Travel Card Program Guide requires the travel card coordinator to inform the appropriate supervisory or management official, in writing of the following: pending suspensions (accounts 45 days past due); suspensions (accounts 60 days past due); pending cancellations (accounts 110 days past due); and, cancellations (accounts 120 days past due).

4.4 Controls, practices, and procedures related to charge card misuse and abuse

This section outlines DOJ's risk management procedures in regard to charge card misuse and abuse.

Specific risks associated with charge card programs are inappropriate use, misuse, waste, fraud and abuse. DOJ employs a multi-tiered approach to managing these risks that includes managing these risks at all levels of participation by employees in its charge card programs.

DOJ cardholders are trained in the proper use of Government charge cards. Training ensures that cardholders are aware of the penalties for inappropriate use, misuse, abuse and fraud involving charge cards. AOs are trained in the proper exercise of their responsibilities especially the importance of reviewing cardholder transactions.

DOJ requires that AOs have a maximum of seven cardholders reporting to them, or that AOs review 300 or fewer transactions during any one billing cycle, to ensure effective review of cardholder transactions.

APCs use JPMC's EAS to continually monitor cardholder activities, program performance and to mitigate the risks associated with charge card programs.

The IG receives downloads of cardholder activities for all business lines directly from JPMC and uses Audit Control Language (ACL), a proprietary software language, to review cardholder transactions. The DOJ IG has developed, tested and validated several data mining reports over the past four years that it uses to detect possible charge card misuse. The Bank provides component APCs and the IG with reports of declined transactions, which are reviewed for emerging patterns. Exception reports are also used by the IG and are particularly helpful in reviewing and monitoring cardholder activities. Local coordinators review either the hardcopy TBR reports provided by JPMC, or they utilize the online reports available in Pathway Net®.

DOJ will continue to utilize the Pathway Net system which allows the Bureaus to access real-time data on its cardholders' purchase card activity and to quickly identify and respond to issues of fraud, misuse, or abuse. As the capabilities of the Pathway Net® system are enhanced, our ability to manage our card programs will increase. In addition, infrequently used cards or accounts are placed in "inactive" status to further limit risk of misuse. DOJ will also avail itself of more powerful data mining tools as they become available.

Using a multi-tiered approach, APCs use the standard and ad hoc reports available to them from the JPMC EAS. Disciplinary actions range from employee counseling and retraining, reducing cardholders authority, canceling cards and prosecution of cardholders for fraudulent activity.

4.5 Appropriate authorization controls establishment

This section summarizes DOJ's authorization controls.

Purchase card program.

DOJ places authorization controls on the use of cards as a risk management tool. These controls vary among Departmental components. The general purchasing trends of an office are reviewed in determining need for additional cards and serve as a guide in establishing single purchase and cycle limit restrictions. ATM privileges are blocked for purchase cards, as are travel related MCCs. MCC blocking is utilized rather than other classification systems. MCCs such as 4411, Cruise Lines, 5861, Furriers and Fur Shops, 5813, Bars, Cocktail Lounges, Discotheques, etc., 5921, Package Stores, Beer, Wine, Liquor, 5944, Clock, Jewelry, Watch, and Silverware Stores, 7273, Dating and Escort Services, 7276, Tax Preparation Service, and 7297, Massage Parlors, are blocked. These controls greatly reduce the risks associated with abuse or misuse.

Travel card program.

DOJ exercises a number of authorization controls within the travel charge card program. However, the controls vary among components within the Department. These controls include but are not limited to: setting card spending limits; setting limits on the employees to whom cards will be issued; setting or blocking ATM privileges; utilizing split disbursement; deactivating cards when cardholders are not on travel; and, blocking selected MCCs. All of these controls greatly reduce the risks associated with abuse or misuse.

4.6 Ensuring effectiveness of risk management controls

This section outlines DOJ's procedures for ensuring that risk management policies and procedures remain current and effective.

DOJ continuously reviews the effectiveness of its risk management strategies and policies for all business lines. Reviewing our risk management strategies and policies is the responsibility of Approving Officials, when reviewing cardholder statements, APCs, when running reports and conducting on-site reviews of cardholder activities, and the IG through its in depth data mining of cardholder transactions.

Our risk management controls are updated as a result of: regulatory changes; increased incidents of questionable transactions highlighted through our monitoring of cardholder activities; increases in the number of cases of questionable activities reported to the IG; and, in response to IG recommendations resulting from audits or monitoring DOJ's charge card program.

The best practices that DOJ employs in managing its risk are: thorough training of cardholders and AOs in their obligations and responsibilities; limiting the number of cardholders reporting to an AO, or the number of transactions that they review during any one cycle; APCs review of cardholder activities and spending patterns through the use of standard and ad hoc reports; APCs periodic on-site reviews and audits of cardholder activities; and, the IG's use of data mining techniques and audits of cardholder transactions. In the future, we plan to acquire and deploy data mining software to our APCs as a further risk management strategy. APCs will then have a powerful tool to integrate multiple data sources in their review of cardholder activities.

5. Strategic Sourcing

5.1 Strategic sourcing implementation

This section summarizes DOJ's policies and practices related to strategic sourcing.

DOJ has implemented a strategic sourcing plan that consists of a review of our accounts payable data, including purchase card data, to determine our major trading partners and the commodities that we obtain from them. Commodities have been identified and the opportunities for strategic sourcing of those commodities are currently being studied. We are collecting data on our acquisitions of the selected commodities and gathering information from the vendors that supply those items to us.

In this effort we have partnered with JPMC our commercial card provider and MasterCard International. JPMC has offered the services of their Expansion Services to assist us in implementing strategic sourcing. Expansion Services is an entity within JPMC that is dedicated to assisting their customers in expanding commercial card opportunities available to them. MasterCard International is working with JPMC and its members to improve the quality of data available for analysis. DOJ is also reviewing selected commodity classes to determine if we could benefit from a strategic sourcing approach to acquiring those commodities.

Our strategic sourcing committee consists of representatives from finance, procurement and senior management and our partners JPMC and MasterCard Worldwide.

DOJ is in the process of analyzing its spending data to determine nature of available strategic sourcing opportunities. At this time, approximately 60% of our accounts payable data has been analyzed. As our analysis becomes more complete, we will be better able to define our sourcing objectives.

5.2 Promoting effectiveness of strategic sourcing policies

This section outlines DOJ's procedures for promoting strategic sourcing policies and procedures.

Once our strategic sourcing initiatives are in place, we will provide training to our cardholders and also to acquisitions personnel throughout DOJ. Cardholders and acquisitions personnel will be made aware of discount agreements and methods available to use those agreements. DOJ will use the exception reporting capability in JPMC's EAS to monitor employee use of our discount agreements. We also are working with MasterCard International to acquire and use their data mining software to monitor employee performance under our strategic sourcing initiatives.

Use of DOJ wide or bureau wide discount agreements for bureau personnel will be mandatory except under unusual circumstances. In the case of multiple awards, acquisitions from vendors will be rotated. Changes in pricing under agency contracts will be communicated to cardholders through APCs and to acquisitions personnel by contracting officers.

5.3 Ensuring effectiveness of strategic sourcing policies

This section outlines DOJ's procedures for ensuring that strategic sourcing policies and procedures remain current and effective.

When our discount agreements are in place, we will collect data on our acquisitions of the selected commodities from the Bank's EAS and JPMC's Expansion Services. We will also gather information on our acquisitions from the vendors that supply those items to us. That information will be reviewed to ensure compliance with our strategic sourcing policies and that DOJ is getting the best value for its acquisition dollars.

Our strategic sourcing policies will be reviewed by APCs annually as will our agreements with vendors supplying those commodities to us. Strategic sourcing policies and vendor agreements will be revised by the DOJ Chief Acquisition Officer (CAO) as our program evolves and/or based

on the results of our monitoring the program. Procurement Guidance Documents will be issued or updated as necessary. Our training methods and content will be revised accordingly to reflect revised policy guidance.

6. Refunds and Tax Recovery

6.1 Refund management

This section outlines DOJ's policies and procedures to promote and ensure the effectiveness of refund management controls.

It is DOJ's policy to maximize its charge card refunds by increasing opportunities to expand our charge card program and reduce our payment cycle time. Bureaus are encouraged to streamline their programs and processes to allow greater expansion of their programs. We have continued to negotiate more favorable refund terms with JPMC over the life of our Master task Order. DOJ has consistently improved its program to allow it to meet successive incentive targets that increase refunds.

Refunds are allocated based on component's spend and speed of payment. Components have reviewed their receipt of billing and payment practices to maximize available incentives. This includes consolidating and reducing the number of billing accounts as well as increasing the payment frequency. The CAO is responsible for reviewing our refund management policies. The CAO and APCs jointly review our refund agreement. We periodically review our charge card program business practices and refund calculations to ensure that we are maximizing charge card refunds.

6.2 Tax recovery

This section outlines DOJ's policies and procedures to promote and ensure the effectiveness of tax recovery.

DOJ's policy is to minimize the payment of taxes by its cardholders. Cardholders are to provide notice to vendors that DOJ transactions are exempt from the payment of state and local taxes. Cardholders are encouraged to contact merchants upon discovery of assessed sales tax. When contacting merchants, cardholders should remind them of DOJ's tax exempt status and request that merchants refund any taxes. We promote tax exemption and recovery through cardholder training, reviewing invoices and an agreement with JPMC for state and local tax recovery. Our purchase cards are embossed with our tax number, Travel and fleet cards are clearly marked as being official U.S. Government cards. DOJ travelers are provided state tax exemption letters prior to departure. The DOJ Chief Financial Officer (CFO) is responsible for reviewing tax recovery policies. Those policies are reviewed annually. DOJ works closely with JPMC to ensure that we minimize the payment, and maximize the recovery, of state and local taxes.

7. Reporting

7.1 Reports

This section outlines the various charge card reports that DOJ utilizes for monitoring delinquency, misuse, performance metrics, and other transactions and program management issues.

DOJ uses reports available to it from several sources to monitor its charge card activities. APCs use JPMC's EAS to continually monitor cardholder activities, program performance and to mitigate the risks associated with charge card programs. Approving Official Summary Reports are run to ensure that AO to cardholder ratios are maintained and that the number of transactions being reviewed during a cycle is appropriate. Transaction Detail Reports are used to monitor cardholder activities to prevent inappropriate, wasteful, abusive or fraudulent use and also to monitor the effectiveness of our training programs. Transaction Activity by MCC Type, Declined Transaction Reports and Merchant Activity Reports are used to monitor cardholder's spending patterns and to highlight potential patterns of questionable card usage. In addition, APCs monitor exception reports of cardholder activity which can be custom designed in Pathway Net®. Reports are generated monthly and also at random to detect possible misuse as soon as possible. Reports are tailored to specific component requirements and may be scheduled to run automatically. APCs are responsible for reviewing the Cardholder Profile (Report 508) to ensure that cards have been cancelled and that no new transactions have been placed on the card when an employee separates from the service. The Account Management Report, TBR 830, is reviewed each month to determine if the Bank has satisfied requests to cancel cards.

Our Office of the Inspector General (OIG) receives data feeds of individual transactions from JPMC. OIG has developed and validated an extensive number of reports which are run against the JPMC data to monitor charge card activities for incidents of waste, fraud and abuse. APCs use JPMC's EAS, to run reports to review cardholder statements, cardholder profiles and hierarchy, status of state and local tax recovery, merchant activity, MCC activity, and many other facets of charge card activity, on an as needed basis. JPMC provides us with ad hoc reports such as declined transactions, delinquency and convenience check usage. We also use the monthly GSA CFO reports and aging reports provided to us by JPMC to monitor charge card activities on CBA and IBA and accounts. The pre-suspension/pre-cancellation report on IBA accounts provided to us by JPMC is useful in monitoring our IBA accounts.

DOJ is in the process of determining how best to use data mining software, and host the data, to further enhance the management of our charge card program. Standard and ad hoc reports available from MasterCard's Enhanced Merchant Reporting (EMR) are used by APCs as an additional means of monitoring charge card activities. EMR may also be used to generate 1099 reports.

8. Section 508 of the Rehabilitation Act

8.1 Section 508 Compliance

This section summarizes DOJ's policies and practices related to ensuring that products procured comply with Section 508 of the Rehabilitation Act.

DOJ ensures that the acquisition of electronic, information technology and telecommunications equipment complies with the requirements of Section 508 of the Rehabilitation Act P.L. 105-220, as amended, by providing training to its contracting officers and purchase card holders. We also conduct reviews of purchase card activities to ensure that those requirements are being met by purchase card holders. DOJ has a direct link to Section 508 information at <http://www.usdoj.gov/crt/508/508home.html> from the DOJ web site to provide information about Section 508. We issued Procurement Guidance Document 05-02 on February 2, 2005 to remind acquisition personnel that Section 508 requirements would apply to micro-purchases after April 1, 2005.

Purchase approval decisions concerning Section 508 are made on micro-purchase checklists.

9. Environmental Requirements

9.1 Environmental quality of products procured with purchase cards

This section summarizes DOJ's policies and practices related to the environmental quality of products procured with purchase cards.

DOJ ensures that its cardholders acquire products compliant with the RCRA, FSRIA, EPCRA, and EO 13101, 13123, 13221 and 13148 through training and reviews of cardholder activities. Our web site at <http://www.usdoj.gov/md/pe/envproc.htm> provides links to assist cardholders in complying with environmental requirements. As better data concerning environment quality products becomes available from JPMC and MasterCard we will be better able to monitor purchase card acquisitions.