

# TRANSITION GUIDE

SOLUTIONS FROM JPMORGAN CHASE GOVERNMENT CARD

May, 2008

MasterCard  
Version 1.0 GSA

## Confidentiality Clause and Disclaimer

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## Table of Contents

|   |     |
|---|-----|
| Welcome .....   | 1   |
| Chapter 1 – Program Overview and Benefits .....           | 2   |
| Chapter 2 – Roles and Responsibilities.....               | 19  |
| Chapter 3 – Setting Your Program Goals .....              | 27  |
| Chapter 4 – Program Setup.....                            | 35  |
| Chapter 5 – Additional Program Benefits and Features..... | 76  |
| Chapter 6 – Electronic Access System Overview.....        | 91  |
| Chapter 7 – Commonly Asked Questions.....                 | 103 |
| Glossary .....  | 116 |

## Welcome

JPMorgan Chase would like to take this opportunity to thank you for selecting us to be your Government Card provider. We look forward to working with you to implement and grow a world-class program that meets your objectives.

Throughout the life of your JPMorgan Chase Government Card program, you will be introduced to many of our tools designed to help ensure the success of your program. This guide is the first of those tools to help you build, launch, and manage your program.

This program guide will provide you with the information necessary to make informed decisions on the structure, setup, and management of your card program. In it you will find:

- Descriptions of program options
- Information on the electronic access system and technology
- Management measurement tools
- Guidance on assembling the right project team
- Ideas on how to run a successful program
- Best practice recommendations

We are pleased to be your Government Card provider and look forward to building a productive program that enables you, your cardholders and your management team to run your program more effectively.

Sincerely,

Transition Services  
JPMorgan Chase Government Card Solutions

We look forward to building  
a strong, lasting partnership  
with you and your agency.

Your JPMorgan Chase Team

## Chapter 1 – Program Overview and Benefits

The following section is designed for anyone who is involved in transitioning or managing the JPMorgan Chase Government Card program, or is new to Government Cards in general. In this chapter you will find information on the following:

- The features and benefits of the Government Card program
- How Government Cards work
- The JPMorgan Chase transition methodology
- A high-level view of the transition process flow and time line

### Introduction

The JPMorgan Chase Government Card program offers a wide range of services to help agencies of all sizes better manage their purchasing, travel and fleet expenses.

Whether it is a new Purchase or Travel Card, or an Integrated Card solution that combines purchasing and travel, our products offer streamlined financial management solutions that address the needs of the government and provide the following benefits:

#### Reduced Cost of Acquiring Products and Services

JPMorgan Chase Government Card programs provide the government with the ability to reduce the number of requisitions, purchase orders and check requests processed. Detailed back-end reporting increases an agency's ability to manage vendors and the amount and types of goods purchased by employees.

#### Increased Control Over Cardholder Spending Activity

Our powerful electronic access system and card controls help enable the government to control the merchants or vendors that cardholders are allowed to use as well as the dollar amount and number of transactions each cardholder may make during a given time period. The government can therefore consolidate and better track spending.

Since we provide online access to program information updated on a real-time basis, the government can actively manage cardholder activity. By analyzing overall spend by merchant, the government has leverage to negotiate contracts and pricing with preferred vendors.

## Streamlined Purchasing and Expense Reporting Processes

Our card programs help agencies reduce or eliminate paper processes, electronically capture transaction information, automate the expense allocation process and create customized feeds and data files ready for import into financial systems. All of these features reduce manual processes and increase employee productivity and cost savings.

## Increased Back-Office Efficiency

By using our card programs, the government empowers employees to purchase what they need, when they need it, since they do not have to wait for purchase orders or check requests to be processed.

Our programs also drive a reduction in inventories and shorter cycle times to complete jobs and projects. This enables a purchasing department to spend more time engaged in strategic activities, such as supplier management, rather than processing numerous requisitions and purchase orders.

## Convenience

The JPMorgan Chase charge card is accepted worldwide. This can translate to increased savings for the government since the more employees use their Government Card, the more transaction data your agency will capture. That is transaction data your agency can use in vendor negotiation and policy compliance efforts.

## Value Added Services

The JPMorgan Chase Government Card program includes a variety of benefits designed to increase employee satisfaction and provide you with the support you need to efficiently manage your program. Benefits include:

| BENEFIT                       | TRAVEL CARD | PURCHASING CARD | FLEET CARD | INTEGRATED CARD |
|-------------------------------|-------------|-----------------|------------|-----------------|
| 24 Hour Customer Service      | ✓           | ✓               | ✓          | ✓               |
| Liability Waiver Insurance    | ✓           | ✓               | ✓          | ✓               |
| Merchant Dispute Assistance   | ✓           | ✓               | ✓          | ✓               |
| Auto Rental Insurance         | ✓           |                 |            | ✓               |
| Traveler Assistance Programs  | ✓           |                 |            | ✓               |
| Accident and Travel Insurance | ✓           |                 |            | ✓               |

## Improved Vendor Management and Overall Relationships

Your vendors will also experience the benefits of accepting the JPMorgan Chase charge card.

Not only will they receive payments quicker – within 72 hours as opposed to your agency's standard payment terms – but also in the reduction of administrative costs associated with billing and collections.

Your agency benefits as well. Using our card program reduces the need to set up one time and infrequent vendors in your database or payables system.

### Did You Know?

Vendors usually receive payment within 72 hours after the card is used.

How long is your current payment cycle with your vendors?

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## Defining a Card Program

In order to effectively plan the design of your JPMorgan Chase Government Card program, it is important to understand the basic process flow of a transaction. Outlined below is the basic process flow for a transaction made “in-store” or at the “point-of-sale” (POS).

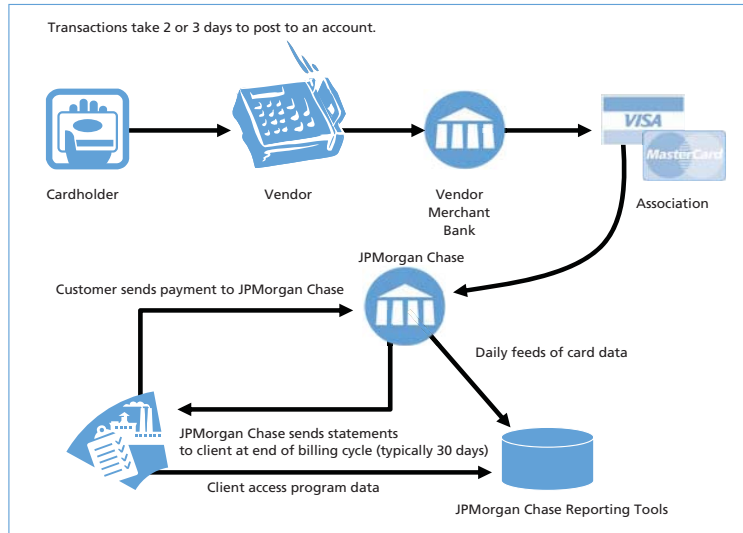
### Standard Credit Card Transaction Flow

- **Step One:** Each time a cardholder presents his or her card to a merchant, that merchant will automatically request a purchase authorization through the point-of-sale terminal by swiping the card through a reader or manually entering the card number. Within seconds, the merchant receives a response that either authorizes or declines the transaction.
- **Step Two:** At the close of business each day, the merchant typically submits all of the authorized card transactions to its bank for posting. The merchant’s bank electronically sends each transaction to the bank that issued the card. As such, all JPMorgan Chase card transactions are sent to JPMorgan Chase each night.
- **Step Three:** JPMorgan Chase pays the merchant for each transaction within 48-72 hours. JPMorgan Chase posts each transaction to the respective cardholder account. At the end of the billing cycle (typically 30 days), JPMorgan Chase generates a statement – online or paper – reflecting every transaction charged to the account.
- **Step Four:** The cardholder or agency pays JPMorgan Chase in full according to the payment terms outlined in the task order. A Government Card is a “charge card” and payment is due in full on the billing date.



Please refer to the process diagram to see the way the card transaction flows through the system end-to-end.

### Card Transaction Flow



## Card Functionality

Government Cards include the following functionality:

### *Enhanced Authorization Controls*

Government Cards offer built-in card spending controls. These controls can be customized for your agency's needs and allow you to set specific parameters, including the following:

- Credit limits
- Single transaction limits
- Limits on dollar amounts and number of transactions
- Merchant Category Code (MCC) restrictions
- Limits based on the designated use of the card (i.e., cards intended for special uses)

### *Data Capture Capabilities*

All cards capture and pass the following information (called Level I data) from the merchant with each transaction:

- Level I: Standard data
  - Purchase dollar amount
  - Authorization reference number
  - Transaction date
  - Posting date
  - Supplier name
  - Supplier location (city, state)
  - MCC

In addition to passing all Level I data, the Government Card program has the capability to capture more robust data (called Level II and Level III data) with each transaction if provided by the vendor. This additional data is used by our clients to learn more about each transaction:

- Level II: Variable data
  - Level I data, plus:
    - Purchase ID/Customer-defined code
    - Sales tax information
- Level III: Line item detail
  - Level I and II data, plus:
    - Item description
    - Item commodity code
    - Unit cost
    - Quantity
    - Unit of measure
    - Order information including:
      - Order date
      - Discount
      - Freight/shipping amount
      - Ship-to/Ship-from ZIP code
    - Travel detail such as:
      - Origin and destination cities on airline ticket transactions
      - Lodging and car rental detail

All merchants are required to pass Level I data with all transactions. However, not all merchants are capable, nor are they required, to pass Level II or III data.

While a merchant can obtain lower card processing fees by passing more data, there is often an additional level of investment required to make their point-of-sale terminals capable of passing more detail on each transaction. As the use and frequency of cards increases, more merchants and suppliers will begin to pass Level II and Level III data.

#### *Consolidated Billing Options at Agency Level*

Government Cards may have roll-up billing with all charges posting to a central invoice, which is paid by the agency.

#### *Transaction and Merchant Reporting*

Government Card programs typically have robust online electronic access system and management tools so the government can analyze the detailed information that is captured on each transaction. Back-end reporting provides information generally used to streamline the payables function and analyze spending by department, by vendor, or by other categories as needed.

Please reference the card transaction flow chart included earlier in this chapter for a high level overview of the process. Your Transition Manager can also discuss this with you in further detail.

## Government Card Uses

Government Card programs are highly effective and flexible tools with a wide range of uses. When defining card use parameters, an agency should consider the type of program and the program goals.

Outlined below are general recommendations to consider when defining guidelines for card usage.

### Purchasing Card Programs

Purchasing Cards are an ideal tool for the purchase of high-volume, repetitive transactions where the cost of the "requisition-to-check" process exceeds the value of the goods purchased.

Advancements in online charge card management tools have greatly expanded the potential uses of Purchasing Cards. Many progressive government programs have used the Purchasing Card to:

- replace blanket purchase orders with key vendors
- serve as payment mechanisms for e-procurement and other online purchasing tools
- pay for meetings and conference facilities
- provide for grant and project spending
- manage the purchase of capital and direct goods

#### Did You Know?

Purchasing Card use resulted in, on average, a 68% reduction in procurement cycle time and a 31% reduction in number of suppliers in the accounts payable master file.

\*2005 Corporate Purchasing Card  
Benchmark Survey

RPMG Research

Other common uses are listed in the chart below:

| COMMON CARD USES            |                    |                                      |
|-----------------------------|--------------------|--------------------------------------|
| Office Supplies             | Furniture          | Software                             |
| Tools/Hardware              | Computers          | Courier Services (Fed Ex, UPS, etc.) |
| Cell Phones/Pagers          | Package Materials  | Marketing Expenses (Brochures)       |
| Promotional Items           | Employee Rewards   | Cleaning/Janitorial Supplies         |
| Uniforms                    | Donations          | Rental Equipment                     |
| Medical/Safety/Lab Supplies | Trainings/Seminars | Internet Services                    |

Your Transition team will help you determine the right spending threshold and transactions types for your agency.

### Travel Card Programs

Travel Cards are a tool used to facilitate travel. With travel cards, the need for your employees to pay for out-of-pocket expenses is reduced. Your employees can use the travel card to pay for such travel related expenses as airfare, hotel, meals and car rentals.

We recommend that you issue a card to all employees who are required to travel as part of their position. We also suggest that your agency mandate that all government-related travel expenses be placed on the card.

Mandating card use also provides the following benefits:

- Ability to audit employee adherence to travel policies
- Opportunities for vendor consolidation/negotiation
- Process improvements through automated employee expense reporting and information mapping into general ledgers

A complete listing of employees who incur travel cost for the agency may typically be obtained from your Travel Manager, Travel Expense Auditor or Human Resources representative.

### Integrated Card Programs

Managing your agency's purchasing, travel and vehicle-related expenses in separate programs can be complex, paper-intensive and expensive. When you concentrate spending with the Integrated Card program, you get flexible transaction controls and centralized data to help you minimize administrative tasks and leverage data to make more informed decisions.

#### Did You Know?

To maximize your program benefits, we recommend policies that require card use for transactions less than a minimum dollar threshold.

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#### Did You Know?

Guidelines that mandate use for broad classes of purchases such as travel or transactions below a dollar amount allow an agency to maximize the benefits of the program and increase the value of vendor management reporting capabilities.

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Our Integrated Card solution combines the convenience of one of the world's most widely accepted cards with the flexibility of industry-leading Internet technology so you can better manage expenses with spending controls and point-of-sale restrictions. Additionally, you can access transaction details and comprehensive reporting to better prepare for opportunities such as vendor negotiations. Because our card solution integrates with your general ledger, ERP and other existing systems, you also reduce manual data entry and get a complete picture of your agency spending. With an Integrated Card program you can:

- Access transaction details for better tracking and reporting
- Easily identify cost-saving opportunities
- Monitor department policies more effectively with spending controls and point-of-sale restrictions
- Integrate data with your general ledger, ERP and other existing systems to reduce manual data entry and provide a more complete picture of agency spending

#### Additional Government Card Uses

In addition to the guidelines outlined above, we recommend our clients give special consideration to placing the following types of transactions on the Government Card. These types of transactions will require enhanced reporting strategies:

##### *Services and Contractors*

Prior to placing services with unincorporated vendors on the card, you should ensure that plans to meet the IRS reporting requirements (1099 reports) for these types of transactions are in place.

##### *Direct Goods*

Policies and procedures ensuring the tax reporting requirements for these types of goods should be defined and agreed to by your Tax and Compliance departments.

Personal charges placed on Purchase or Fleet Cards will be the responsibility of the agency. However, Individual Bill travel is Individual Liability and personal charges are not the responsibility of the agency.

Personal charges may also create delinquency issues, compromise the integrity of your reporting data and therefore, are not allowed on the card.

#### Did You Know?

Policies and procedures should clearly outline that personal charges are prohibited on the Government Card.

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## Transition Methodology

JPMorgan Chase has developed a methodology that eliminates many of the challenges of implementing or converting and managing a card program.

Our process is proven to be highly effective and efficient:

- Your JPMorgan Chase Transition Manager is a specialist in designing and launching card programs and will be your primary point of contact throughout the transition/conversion process.
- We will consult with you to help design a program that works best for your agency and will share industry best practices along the way.
- While most of the “heavy lifting” is done within the JPMorgan Chase team, we will clearly set forth the activities we will need you and your team to perform in an easy to follow project plan.
- Once the transition is completed, we will train your A/OPCs on everything they need to know and even provide suggestions for program policies you may want to employ.

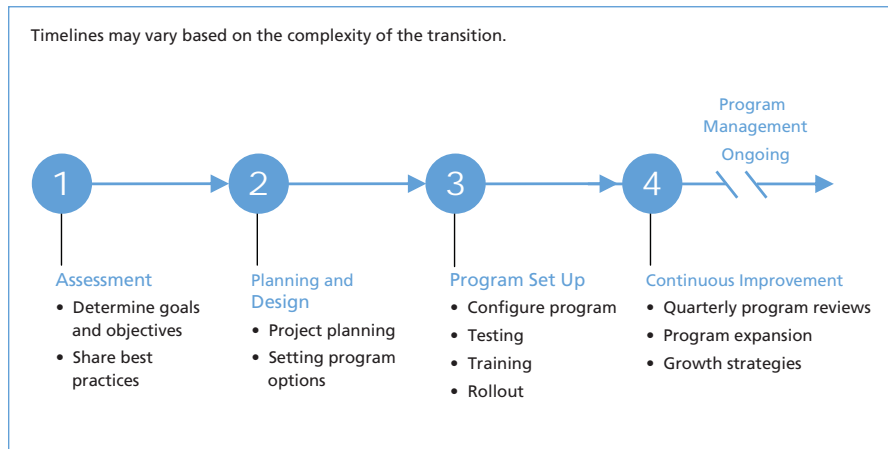
JPMorgan Chase takes a four-step approach to transition and program management. Each step — Assessment, Planning and Design, Program Setup, Continuous Improvement — relies on understanding your needs for data and information and payment processing as well as your agency’s philosophy and your overall goals and objectives.



Outlined below is an overview of our transition and management methodology. This Transition Guide will cover steps one through three in detail while step four reflects the ongoing process of managing and growing your program.

## THE JPMORGAN CHASE FOUR-STEP APPROACH

### The JPMorgan Chase Four-Step Approach



#### ■ Step One: Assessment

During the assessment phase of your transition, our goal is to understand your overall program objectives. Defining the correct objectives is critical to building a successful card program and will differ depending on the type of program being implemented and the specific needs of each agency. Examples of goals and objectives by program may include:

- Purchasing Card programs
  - Reduce the number of purchase orders and check requests
  - Improve efficiency by accelerating the order-to-receive cycle
  - Enhance vendor negotiations
  - Improve back-end reconciliation

- Travel Card programs
  - Increase travel policy compliance amongst employees
  - Consolidate suppliers and negotiate preferred rates
  - Reduce reporting and auditing costs
- Integrated Card programs
  - Eliminate duplicate program infrastructure
  - Leverage all of the benefits of a Purchasing and Travel Card program

We will help you to identify your objectives and quantify the benefit your program may have on your agency. These objectives will be used to measure and monitor your program during regularly scheduled program reviews. More information on defining your agency's goals may be found in Chapter 3 of this guide.

Once your goals and objectives are defined, we will compare your agency's current program and processes against best-in-class models. We will then present recommendations for your program that may include such things as:

- Process improvement opportunities to increase productivity and reduce costs
- Policy changes and best practices to maximize program benefits
- Technology and electronic access system to streamline transaction monitoring and reconciliation activities

Our recommendations, along with your program goals and objectives, create the road map for the overall program transition and project plan.

#### ■ Step Two: Planning and Design

After the program recommendations are reviewed, JPMorgan Chase will begin working with you to finalize your program design. We will establish the tasks required to implement the program, establish key milestones and the required resources from your team and from ours.

During this phase, we will work with your agency to define the transition time line, develop a project plan that details the steps required to implement your program and establish a regular meeting time to review progress against the plan to ensure the project stays on track.

We will also begin to coordinate the efforts of additional JPMorgan Chase or third party resources (i.e., technical support or travel agency contacts) and will inform these resources of the program requirements and time lines.

### ■ Step Three: Program Setup

During the program setup phase, JPMorgan Chase will work with your team to define specific parameters and choose program options such as:

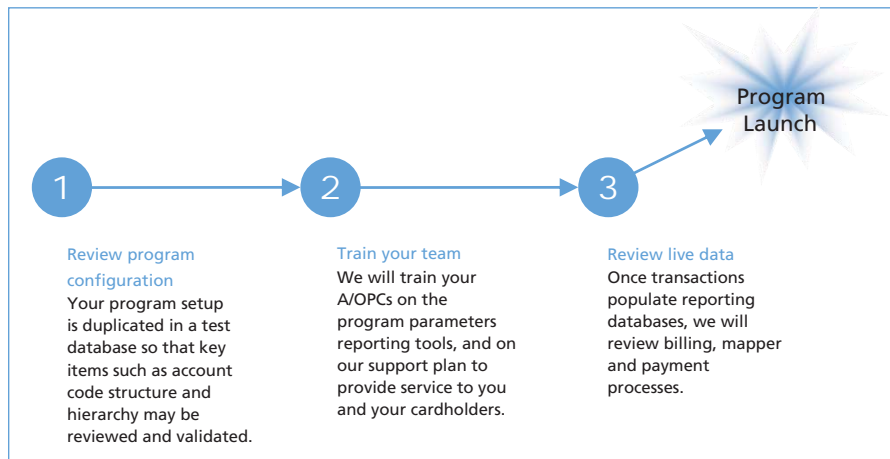
| OPTION   | DECISIONS   |
|--|---|
| Program Participants                                 | Who should get cards?   |
| Card Controls  | How will you set limits, merchants restrictions, or other spending controls?<br>By day or by cycle for each cardholder? |
| Specialized Product Needs                            | Do you need supplier accounts? Air only accounts? Ghost accounts?   |
| Reconciliation                                       | How will you reconcile your accounts?   |
| Electronic Access System and Data Transmission Needs | What kind of data do you need and how do you want it to flow into your systems?   |

Program options and best practices are detailed further in this guide beginning in Chapter 4.

Once the program parameters have been defined, we will review the options you have chosen and ask your team to confirm critical set up decisions. We will then set up the appropriate master accounts and databases and begin to configure the program electronic access system and data transmission files.

Before launching your program to all of your employees, we will go through a comprehensive testing and quality assurance review to validate that all program parameters have been implemented and are functioning properly. This phase involves three key steps as outlined in the following chart:

#### COMPREHENSIVE TESTING AND QUALITY ASSURANCE REVIEW



After the first billing cycle has closed (typically within three weeks of the first transactions posting), your Transition Manager and your Client Relations representative will meet with your A/OPCs to review the program, validate that it is working as it was designed and is positioned to meet your goals and objectives.

#### ■ Step Four: Continuous Improvement

The first billing cycle typically marks the close of the transition process. At this point, your Transition Manager will formally transition your program to your Client Relationship team who will work with you and your program going forward.

Your Client Relationship team is the key contact group for your program and will work closely with your program management team to help ensure its success. Aside from acting as a strategic resource for best practices, program growth and product enhancements, the primary responsibilities and activities of your Client Relationship team include:

- Monitoring program performance against your goals and conducting quarterly program review meetings with you
- Presenting process improvement opportunities to your program management team
- Facilitating continuous growth opportunities by involving additional subject matter experts such as our program expansion consultants
- Providing ongoing technology and product training
- Planning and facilitating user group meetings
- Providing industry benchmarking studies
- Assisting in the development of custom communications for your cardholders

## Chapter 2 – Roles and Responsibilities

After reviewing this section, you will be able to:

- Assign your A/OPCs
- Identify your senior management program sponsor
- Define your transition project team
- Plan your program kickoff meeting

### JPMorgan Chase Team Member Roles

JPMorgan Chase is committed to working with you to make your Government Card program a success. To support each program we assemble a group of highly trained industry experts. While some of these resources operate in a “behind the scenes capacity,” your team will typically interact with the following key JPMorgan Chase team members:

#### Transition Team

The Transition team typically consists of the Transition Manager and Transition Coordinator. Depending on the nature of the transition, a technical consultant may also be involved. Their role and responsibilities in the transition process are defined as follows:

#### *Transition Manager*

**When to Contact** – From task order award through transition to Client Relationship Management team.

The role of the Transition Manager is to be the primary point of contact throughout the transition of the program and to provide consultative guidance to ensure the program is designed to meet your needs. The Transition Manager will coordinate any additional resources required for the project including technology and systems support, customer service support, account management and any required third party resources.

For additional support during the transition process, your Transition Manager will also assign a Transition Coordinator.

### *Transition Coordinator*

The role of the Transition Coordinator is to act as the project manager during the transition of the program. The Transition Coordinator will manage the project plan and will work with both the Transition Manager and you to ensure that the project stays on schedule. The Transition Coordinator's responsibilities also include making sure that the required forms and documentation are completed and that the project plan is regularly updated.

Your Transition Manager may also employ the resources of a technical consultant. The extent of your contact with a technical consultant will range from limited to extensive, depending on the nature and complexity of your program transition.

### *Technical Consultant*

The role of the Technical Consultant is to provide consultative support and task management for the technical aspects of the transition process. This individual is responsible for providing direction regarding such items as the need for data exchange, the layout of electronic files and the methods available for data transmission, based on your technical needs.

## **Client Relationship Management Team**

**When to Contact** – After card transition has been completed.

Once the transition has been completed the primary responsibility for your program will be transitioned from the Transition Manager to the Client Relationship Management team.

During the transition process, the Transition Manager will keep the Client Relationship Management team informed of program design decisions. Once the program is implemented, the Client Relationship Management team will be responsible for answering your A/OPCs' day-to-day questions, monitor program performance, actively look for opportunities to refine your program and enhance its value and work with your program management team to ensure the program is meeting long-term goals.

Since the Client Relationship Management team will consist of individuals that are dedicated to working with program management they do not take inbound cardholder calls.

## Customer Service

**When to Contact** – After cards have been issued.

JPMorgan Chase Customer Service is available to answer A/OPC and cardholder inquiries 24 hours a day, seven days a week, 365 days a year. Customer Service handles inbound telephone calls including:

- Information on a cardholder's declined transactions
- Status of forms and card requests
- General account questions such as cardholder information inquiries (addresses, phone numbers, etc.)
- Account balance, available spending limit and other card restrictions inquiries

Our toll-free Customer Service number should be given to all cardholders during training and is printed on the back of every Government Card.



## Government Team Roles and Responsibilities

A project team that is representative, committed and guided by senior management support is the driving force that will ensure an effective transition of a new card program or the expansion of an existing program.

Your agency's project team should include a program sponsor and stakeholders. Stakeholders include any group or person(s) whose ongoing participation is required for the initiative to succeed. The members of the team should be able to provide the following:

### Senior Level Sponsorship

Stakeholder representation is necessary to ensure that the project proceeds in a manner consistent with the overall goals of the agency.

### Financial Integrity and Control Validation

The team should include members whose primary role will be to ensure that the new or expanded program maintains compliance with the financial integrity, reporting, control and regulatory requirements of your agency.

Once the decision has been made to implement or convert a card program, the project team should be formed as quickly as possible. The project sponsor who approved the initiative should also identify and secure members from the appropriate functional areas who are key to the initiative.

We find it works best for the project sponsor to kick off the project at an internal team meeting. They should provide the rationale for the program decision and demonstrate their support.

### Process Redesign Recommendations

Central to the team are members who can construct the "to be" process and design the transition. This includes describing the new process, identifying the parts of the agency impacted, the nature of the change, proposing new commodities/services for the program and determining where technology will play a role.

#### Did You Know?

Senior level endorsement is one of the most important elements of a successful card program to generate support of the program throughout the government. This also will help ensure the goals of the program are tied to the goals of the government.

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Best Practice

#### Did You Know?

When defining your Government Card program requirements, it is important to include a broad representation from the program user population. Doing so will help ensure that the program is designed to meet their needs, and will go along way toward increasing program user acceptance.

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Best Practice

The following matrix outlines suggested program participants, their primary activities and the degree of participation they will need to have with the transition.

| GOVERNMENT TEAM REPRESENTATIVES | ROLE/RESPONSIBILITIES   | ESTIMATED LEVEL OF PARTICIPATION    |
|---------------------------------|---|-------------------------------------|
| Project Manager/<br>A/OPC       | <ul style="list-style-type: none"> <li>■ Main point of contact for JPMorgan Chase</li> <li>■ Lead project plan at your agency</li> <li>■ Coordinate collection of data</li> <li>■ Provide status reporting to team, sponsors and relevant management</li> <li>■ Plan and facilitate internal team meetings regarding the transition</li> <li>■ Coordinate training requirements and delivery, depending on the nature of training involved and the responsibility for training within the agency</li> </ul> | Transition - High<br>Ongoing - High |
| Accounts Payable                | <ul style="list-style-type: none"> <li>■ Provide relevant accounts payable data</li> <li>■ Assist in identifying new suppliers for Purchasing Card who do not accept Purchasing Cards</li> <li>■ Define and support card payment process to JPMorgan Chase</li> <li>■ Evaluate impact of process changes on accounts payable</li> </ul>   | Transition - High<br>Ongoing - High |

| GOVERNMENT TEAM REPRESENTATIVES | ROLE/RESPONSIBILITIES  | ESTIMATED LEVEL OF PARTICIPATION               |
|---------------------------------|--|--|
| Purchasing                      | <ul style="list-style-type: none"> <li>■ Identify commodities, services and vendors that may be included in the program</li> <li>■ Communicate with the suppliers that may be transitioned to the Purchasing Card</li> <li>■ Determine impact of card expansion on purchasing resources</li> <li>■ Participate in the development of new purchasing process and procedures for the areas involved in the program</li> <li>■ Compare to current buyer-centric processes to ensure all issues are managed and appropriate controls are in place</li> <li>■ Revise catalogs to facilitate card use (if applicable)</li> </ul> | <p>Transition - High</p> <p>Ongoing - High</p> |
| Travel                          | <ul style="list-style-type: none"> <li>■ Identify cardholder population</li> <li>■ Define reconciliation process</li> <li>■ Coordinate travel agency cardholder listing and reconciliation file needs</li> </ul>   | <p>Transition - High</p> <p>Ongoing - High</p> |
| Travel/Fleet                    | <ul style="list-style-type: none"> <li>■ Identify Fleet Card population (drivers and/or vehicles)</li> <li>■ Define Fleet Card reconciliation process</li> <li>■ Determine card controls and point-of-sale prompting for Fleet Cards (driver ID, odometer, etc.)</li> </ul>  | <p>Transition - High</p> <p>Ongoing - High</p> |

| GOVERNMENT TEAM REPRESENTATIVES | ROLE/RESPONSIBILITIES  | ESTIMATED LEVEL OF PARTICIPATION                        |
|---------------------------------|--|---|
| Finance/Accounting              | <ul style="list-style-type: none"> <li>■ Determine the appropriate default accounting codes at the cardholder/commodity/supplier level</li> <li>■ Review and approve the use of the card for new commodities and/or expanded use for larger transactions, types of purchases or asset categories to assure that appropriate controls and reporting are in place</li> <li>■ Participate in the development of new processes and procedures for payment, reporting and accounting for transactions placed on the card</li> </ul> | <p>Transition - High</p> <p>Ongoing - Medium</p>        |
| Information Technology          | <ul style="list-style-type: none"> <li>■ Review all systems issues and requirements for IT resources</li> <li>■ Understand mapping requirements and define processes around file feeds, data exchange, electronic access system roll-out and connectivity</li> </ul>   | <p>Transition - Medium to High</p> <p>Ongoing - Low</p> |
| Internal Audit                  | <ul style="list-style-type: none"> <li>■ Review program guidelines and processes to ensure compliance with agency policies, procedures and controls</li> <li>■ Identify and address out-of-compliance situations</li> <li>■ Oversee revisions of policy and procedures, as necessary</li> <li>■ Establish and implement program audit procedures</li> </ul>  | <p>Transition - Medium</p> <p>Ongoing - Low</p>         |

| GOVERNMENT TEAM REPRESENTATIVES | ROLE/RESPONSIBILITIES   | ESTIMATED LEVEL OF PARTICIPATION                         |
|---------------------------------|---|--|
| Human Resources                 | <ul style="list-style-type: none"> <li>■ Understand the impact on resources within accounts payable and purchasing</li> <li>■ Understand the impact on resources within accounts payable and purchasing</li> <li>■ Communicate the change in position responsibilities and revise job descriptions as needed</li> <li>■ May be involved in recruiting program or site administrators</li> <li>■ Coordinate with A/OPCs to cancel and request cards based on personnel status changes</li> </ul> | <p>Transition - Medium</p> <p>Ongoing - Low</p>          |
| Client's Users                  | <ul style="list-style-type: none"> <li>■ Provide input into current practices</li> <li>■ Represent cardholder population</li> <li>■ Assist in development of new policies and procedures</li> </ul>   | <p>Transition - Medium</p> <p>Ongoing - High</p>         |
| Senior Level Sponsorship        | <ul style="list-style-type: none"> <li>■ Sponsor initiative to transition Government Card program</li> <li>■ Provide communications encouraging/mandating card use</li> <li>■ Champion program throughout the agency</li> </ul>   | <p>Transition - Medium</p> <p>Ongoing - Low</p>          |
| Third-Party Providers           | <ul style="list-style-type: none"> <li>■ Provide input as needed on issues related to role, especially as it relates to any technology impacts</li> </ul>   | <p>Transition - As needed</p> <p>Ongoing - As needed</p> |

## Chapter 3 – Setting Your Program Goals

After reviewing this section, you will be able to:

- Establish program goals and objectives
- Define your program size goals
- Determine number of cards
- Estimate annual spend on the card program

### Goal Setting Process

The ability to establish and meet card program goals and objectives is critical to the long-term growth and success of your agency's Government Card program.

We encourage all of our clients to establish clear and measurable goals that can be articulated throughout their agencies.

To assist you in the development of your agency's card program goals, JPMorgan Chase recommends employing the following three step approach:

- **Step One: Data Collection** – The first step in goal setting is to gather data in order to examine and analyze your current processes for purchasing and/or travel spending.

Examples of specific data include such things as:

- Purchasing Card programs
  - How many people are involved in your procure-to-pay process?
  - How long does it take for your vendors to get paid?
  - How do you use data and technology to make your payables process more efficient?
  - How much does it cost to process an invoice?
  - How many invoices are processed each month?

#### Did You Know?

The goals of the card program should be aligned with the goals of the agency.

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- Travel Card programs
  - Do you have policies in place that define spending guidelines? Are they current? Are they enforced? How?
  - Do you track and classify expenses the same way each month?
  - What is the objective for transitioning a Travel Card program?
- **Step Two: Identify Process Improvement Opportunities** – The second step in goal setting is to identify process improvement opportunities and requirements. These are opportunities that may help you meet expense reduction or efficiency goals.

Examples of process improvement opportunities and requirements by program may include the following:

- Purchasing Card programs
  - Consolidate all office supply spending with a preferred vendor
  - Obtain reduced vendor contract rates, based on aggregate spending, during re-bid
  - Reduce cost of payables
- Travel Card programs
  - Reduce overall travel cost
  - Centralize travel management and supplier negotiations
  - Automate travel reimbursement processes to lower administration costs

- **Step Three: Establish and Document Program Goals** — To create a compelling card program case, goals should be formalized, quantifiable, well documented and clearly communicated.

Goals should also be measurable and specific so that results can be tracked and areas of improvement be identified.

Some examples of goals that are measurable may include the following:

- Anticipated annual program spend
- Number of transactions
- Number of purchase orders eliminated

Examples of measurable goals by program may include:

- Purchasing Card programs
  - Cost savings through the elimination of purchase orders (see the Simple Savings Calculator)
  - Cost savings through the elimination of manual invoice processing
  - Increase ability to negotiate better rates with vendors
  - Increase purchasing process efficiencies



Here is a quick way to calculate the savings your agency can achieve by implementing a Purchasing Card program.

#### SIMPLE SAVINGS CALCULATOR

|  |  |
|--|--|
| Number of Purchase Orders                                | Step One: Determine the number of purchase orders you process during a given time frame.   |
| Cost of Purchase Order                                   | Step Two: Determine the fully loaded cost of completing a single purchase order.   |
| Number of Purchase Orders Eliminated                     | Step Three: Determine the number of purchase orders you could eliminate by putting the products and services you buy routinely on the Government Card.                 |
| Cost to Process a Government Purchasing Card Transaction | Step Four: Determine your estimated cost to process a Government Purchasing Card transaction (industry benchmark is just under \$22*).<br>*RPMG Research, 2003         |
| Savings Opportunity = [(2-4) x 3]                        | Step Five: To calculate your estimated savings opportunity, subtract the number from step four from the number from step two multiplied by the number from step three. |

- Travel Card programs
  - Cost savings through the elimination of check requests
  - Reduce travel cost through enhanced reporting and control
  - Increase employee satisfaction and productivity

As your card program matures and evolves, the goals should be reviewed, evaluated and redefined to meet the changing needs of the government.

## Goal Tracking

Tracking progress towards your goals is just as important as defining them. To help you track your program, JPMorgan Chase has a variety of tools to assist you.

These tools are available through your Transition Manager. Your Transition Manager will work with you to formalize the goal tracking process. Once the program has been rolled out, JPMorgan Chase will conduct regular performance reviews to evaluate metrics and to ensure the program is on track to meet your objectives.

## Achieving Goals – Elements of a Successful Program

JPMorgan Chase has identified several common elements of successful card programs:

### Senior Level Sponsorship

Senior level support is one of the most important elements to the success of a card program. A strong advocate of the program within the senior level team helps to generate support throughout the government and ensures team members are engaged.

### Internal Program Support and Awareness

Programs with a higher level of awareness throughout the government also enjoy greater success. Broadly communicating the goals, the benefit and value to employees helps to generate excitement and support for the program. A program kickoff by the senior level sponsor and follow-up communications from A/OPCs are effective ways to maintain program awareness.

### Frequent Communication and Thorough Training

Regular cardholder communications that include specific topics about the program, cardholder testimonials and program goals create a compelling case for card use and greatly increase program acceptance and success.

A few effective methods of distributing program communications include:

- Hardcopy materials distributed with the card
- Your agency or department's intranet site
- Flyers and newsletters distributed through interoffice mail

#### Did You Know

Communicate the card program policies and benefits through as many channels as possible: e-mail, Internet/intranet Web sites, training sessions and new employee orientation.

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### **Well-Defined Program Policies and Strong Program Management**

Success of the program will only be achieved if participants have clear policies and guidelines to follow. Details on critical elements of program policies and procedures are outlined in Chapter 4 of this guide. The effectiveness of the policies and procedures document depends upon an agency's ability to actively enforce policy compliance. A/OPCs must have the authority to make exceptions and to hold cardholders accountable for policy violations.

Audit processes that include review of cardholder spending and adherence to document retention policy should be defined and actively enforced. Audits should be completed by the A/OPC team as well as by internal compliance departments as part of other regular government activity audits.

### **Mandating Card Usage**

Senior level commitment to a new or existing program is critical for success; however, it is particularly effective if the communication from senior management is in the form of a mandate for the use of the card.

A directive from the senior level, along with appropriate rationale and sustained commitment, will signal the importance of the program to everyone in the government. Generally, a mandate for card usage is most effective if it comes from an influential leader in the agency.

To be compelling, a program mandate should include the rationale for instituting the mandate and should be communicated in simple terms by senior management. Here are some approaches that have proven to be effective for communicating the rationale for a program mandate:

- The program has simplified the purchasing process and saved money for the agency. If this can be quantified, the message is even stronger.
- The program has made it easier for employees to obtain products and services quickly and without a lot of time-consuming paperwork. The users like it and are more productive because of it. If testimonials are quoted, the message is more effective.
- Purchasing professionals can devote their time to strategic issues to improve supplier relationships and contract terms instead of spending valuable time processing paper for non-strategic items. For this message, an example of improved supplier deals would be meaningful.
- The program has eliminated the need for travel advances and reduced the cycle time to process a travel voucher.
- The program has helped enable us to better track travel voucher expenses and to negotiate preferred rates with airline, hotel and rental car service providers.

A strong message without follow-up or without challenging noncompliance renders a mandate ineffective.

#### Did You Know?

An effective tool for communicating program mandates is a letter from an influential agency leader given to each cardholder with their card.

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#### Did You Know?

Agencies that have successfully mandated programs applaud compliance and cost savings with publicized testimonials or even rewards or bonuses.

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## Chapter 4 – Program Setup

The most significant aspect of program transition is the process of defining your program parameters. You will be able to empower your employees to conduct the travel and purchasing activities they need without sacrificing agency control.

Our card programs are highly customizable. Involving key stakeholders and your team members in the set up process will help you build a program that makes sense for your employees and your agency.

After reviewing this section, you will be prepared to:

- Define card program policies and procedures
- Define card program compliance strategies
- Finalize your card design
- Determine the program billing options
- Determine billing cycle date
- Define cardholder expense management and reconciliation procedures
- Determine payment procedures and time frames
- Choose preferred account code allocation methodology
- Define transaction review and approval process
- Address billing discrepancies
- Determine payment methods
- Define hierarchy structure
- Define card controls (including merchant category codes, cash controls and limits)
- Understand merchant acceptance and sign up capabilities
- Determine cardholder application, delivery and activation process
- Define cardholder training and communication plan

## Policies and Procedures

### Develop Your Program Policies and Procedures

As previously stated, you will want to create a comprehensive policy and procedures document to govern the card program. This document should include information on such things as the rationale for card program, guidelines on acceptable card usage, card program processes and procedures. This document will also serve as an effective training and reference tool.

To create your policy document, you will want to include input from your team members and key stakeholders. You may also need approval and sign-off on your policies by your internal audit, finance and purchasing and/or travel departments.

Outlined below is a template you can use to develop your own Government Card program policy if you do not already have one in use.

| TOPIC                        | NATURE OF CONTENT   |
|------------------------------|---|
| Objective for the Document   | <ul style="list-style-type: none"> <li>■ Summary of agency strategy</li> <li>■ Summary of program case</li> <li>■ Key drivers/owners of card program initiative</li> </ul>  |
| Target Audience              | <ul style="list-style-type: none"> <li>■ Eligibility for cards</li> <li>■ How to request a card</li> </ul>  |
| Tone/Cultural Fit            | <ul style="list-style-type: none"> <li>■ Mandate</li> <li>■ Introduction/endorsement by influential agency leader</li> </ul>  |
| Instructions for Use of Card | <ul style="list-style-type: none"> <li>■ Ad-hoc purchases</li> <li>■ Purchasing Card guidelines</li> <li>■ Consequences for non-compliance with policy</li> <li>■ Ghost Cards</li> <li>■ Department Cards</li> <li>■ Travel expense guidelines</li> </ul> |
| Card Limits                  | <ul style="list-style-type: none"> <li>■ MCCs included/excluded</li> <li>■ Transition limits</li> <li>■ Frequency limits</li> <li>■ Capital expense versus current expense</li> <li>■ Direct versus indirect expense</li> </ul>                           |
| Process                      | <ul style="list-style-type: none"> <li>■ Description of process flow</li> <li>■ Variances by commodity type</li> <li>■ Variance by type of transaction</li> </ul>   |

| TOPIC  | NATURE OF CONTENT  |
|--|--|
| Suppliers  | <ul style="list-style-type: none"> <li>■ Preferred suppliers</li> <li>■ Supplier sign-up process</li> <li>■ Data requirements</li> </ul>   |
| Card Distribution                                  | <ul style="list-style-type: none"> <li>■ Who, where, when and how?</li> </ul>  |
| Cardholder Responsibilities                        | <ul style="list-style-type: none"> <li>■ Compliance</li> <li>■ Liability</li> <li>■ Security</li> <li>■ Approval (when appropriate)</li> <li>■ Validation and receipts</li> <li>■ Travel vouchers</li> </ul> |
| Transaction Validation                             | <ul style="list-style-type: none"> <li>■ Cardholder review process</li> <li>■ Reallocation process</li> </ul>  |
| Receipt Retention                                  | <ul style="list-style-type: none"> <li>■ Requirements and process</li> </ul>   |
| Disputes   | <ul style="list-style-type: none"> <li>■ Process</li> </ul>  |
| Lost/Stolen Accounts or Employee Terminations      | <ul style="list-style-type: none"> <li>■ Responsibility for fraud or misuse</li> <li>■ Process for each</li> </ul>   |
| Internal Training, Help Desk and Technical Support | <ul style="list-style-type: none"> <li>■ Description and options</li> <li>■ Contact names and numbers</li> </ul>   |
| Administrative Support                             | <ul style="list-style-type: none"> <li>■ A/OPC description</li> <li>■ Site administrator description</li> <li>■ Customer service support</li> </ul>  |

Your Transition Manager can provide you with sample cardholder policies and procedures for you to use to design your own.



## Compliance

### OMB Circular No, A-123

Circular A-123 on internal controls was effective fiscal year 2006. Appendix A defines management's responsibilities related to internal control over financial reporting, and the process for assessing internal control. It included new requirements for conducting management's assessment of the effectiveness of internal control over financial reporting.

Appendix B establishes standard requirements and practices for improving the management of Government Card programs. Circular A-123 holds management responsible for:

- Establishing and maintaining internal controls
- Evaluating those controls
- Reporting the effectiveness of those controls
- Certification and attestation of an agency's internal controls
- Report annually on internal control through management assurance statements

Purchasing and Accounts Payable must ensure that the end-to-end process—from the initial financial transaction through financial reporting—is controlled, complete and compliant.

Since each card transaction essentially has an “electronic fingerprint” (traceable from the time the purchase was made to payment and allocation) Government Card programs complement compliance with the circular. Specific ways in which JPMorgan Chase Government Card programs support compliance include:

- Leveraging technology to build efficient controls and monitor adherence
- Creating a more efficient end-to-end purchasing process
- Providing customized/flexible program setup allowing for controls and spending limits on a card-by-card basis

#### Did You Know?

We strongly advise you to involve an expert from your Audit and Compliance function to outline requirements for reporting and to validate that policies put in place will meet those criteria

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When implementing your Government Card program, consider some of the following best practices to support your internal processes for compliance:

- Use pre-populated accounting, department and obligation codes to reduce manual intervention
- Use mappers to transfer data directly to your general ledger or accounts payable system
- Use reports and queries to monitor declines, large dollar transaction, cash advance abuse and other unusual activity

Please keep in mind the following items when determining how the Government Card program fits into your agency's compliance strategy.

- Appendix A of the circular requires a comprehensive and holistic perspective and an ongoing approach. Government cards are just a part of a compliant environment
- Internal policies and management that provide oversight and ensure usage of the tools available are absolutely necessary for compliance
- Agencies should work with their Legal and Audit departments to determine specific compliance requirements that apply to their agency

## Audit

Compliance with the card policies and procedures you establish should be monitored by both your A/OPC and internal Compliance and Audit departments on a regular basis. Auditing your card program should be included in any on-site or annual audit programs that are in place.

The following items should be reviewed during a program audit:

- Only the proper individuals should have cards; employees only (no temporary or contract workers)
- Cardholder applications and agreements should be completed and collected according to policy
- Card limits should be in line with policy
- All required receipts and other records should be present and filed according to policy
- Cardholder reconciliation procedures and any managerial approval processes should be followed
- All transactions should be for verifiable government charges
- All purchases should be within the spending limits outlined in policy
- Documentation demonstrating compliance with sales and use tax policies should be available
- Policies around 1099 service vendors should be followed
- In individual bill programs card delinquency rates should be reviewed
- Account cancellations should be processed and documented in accordance with liability waiver program policies
- Cardholders and managers should be aware of the consequences for non-compliance

## Cards

The GSA Master Contract has provided a card background design for the Integrated, Purchase, Travel and Fleet Card for the front of all non-generic cards for each business line under the GSA SmartPay2 contract.

In addition, JPMorgan Chase will provide space for a 19-character alpha-numeric field for agency/organization use (which may be used for the agency's tax exempt number or agency name) to be embossed under the cardholder's name.

JPMorgan Chase also has the capability to imprint the agency/organization's tax exempt number in a space provided under the GSA SmartPay2 logo.

Quasi-generic and generic cards will be provided according to the requirements of the task order.

Please consult your Transition Manager for more details.

## Inserts

One method of communicating critical program data to cardholders is through the use of custom inserts.

Custom inserts may be placed in either the card mailer and delivered with each new card plastic or placed in the envelope with each cardholder statement (if paper statements are being mailed).

Some examples of the types of information that may be communicated through a custom insert are:

- Kickoff communication for a new program
- Major program change notification/major card use guideline changes

Your Transition Manager will work with your agency to create the insert. JPMorgan Chase will produce your inserts and manage your inventory.

The custom insert process typically takes four to six weeks to obtain an authorized proof, and to produce and inventory the inserts.

Though some agencies may use card mailer inserts as a way to communicate with their cardholders, other communication tools or a combination of tools may prove more effective. These tools include any combination of the following:

- Intranet
- Cardholder communications on welcome page of electronic access system
- Inclusion in program policy and training documents
- Memoranda distributed through interoffice mail
- Attachments to the cardholder application
- Statement messages

### Did You Know?

If you choose to include an insert with your card mailings, your Transition Manager will work closely with you to create and produce the document, using our in-house vendor.

Doing so help ensures that the insert will meet design and inventory specifications and reduces the possibility of delays to the transition process. It may also be less expensive overall for the agency for JPMorgan Chase to print the inserts.

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## Liability

Liability and billing are the basic foundations of the card program and affect transaction management activities including, account expense, reconciliation, payment and account control processes.

Liability options for your program have already been determined during the task order process. Your Transition Manager will review and confirm these options in detail during the planning process.

Any questions or concerns about liability options should be discussed thoroughly with your JPMorgan Chase Transition Manager.

### Did You Know?

A central liability program with central billing and payment maximizes program benefits by:

- allowing for a simplified program management structure
- eliminating delinquency and collection issues
- helping to ensure 100% card issuance at agency requested spending limits

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## Liability Options

Liability determines which party is ultimately responsible for paying JPMorgan Chase — the agency or the cardholder. The table below describes the liability options offered through the JPMorgan Chase Government Card program.

| CENTRAL LIABILITY   | INDIVIDUAL LIABILITY   |
|---|--|
| <b>Liability for Charges</b>  |  |
| <ul style="list-style-type: none"> <li>In a Central Liability program, your agency will be liable for all charges made to an individual cardholder's account and will maintain sole responsibility for payment of all charges.</li> </ul> | <ul style="list-style-type: none"> <li>The cardholder will be responsible for payment of all charges.</li> </ul>   |
| <b>Establishing Credit Limits</b>   |  |
| <ul style="list-style-type: none"> <li>Your agency will determine the parameters for each card issued.</li> </ul>   | <ul style="list-style-type: none"> <li>Your agency submits a "recommended" credit limit for each cardholder.</li> </ul>  |
| <b>Creditworthiness Check</b>   |  |
| <ul style="list-style-type: none"> <li>There is no need to perform a creditworthiness check to determine the appropriate credit limit for cardholders.</li> </ul>   | <ul style="list-style-type: none"> <li>A credit worthiness check on behalf of the agency may be performed for each cardholder. The credit check is conducted solely for the purposes of determining the recommended limit to assign to the cardholder. In order to complete this inquiry, JPMorgan Chase will need the employee's Social Security Number.</li> <li>The credit worthiness check is transparent to any other creditor or potential creditor investigating the cardholder's credit. The credit check is not reflected on personal credit records.</li> <li>For those cardholders whose credit worthiness results do not support the line of credit requested by your agency, we will issue a restricted card according to agency requirements.</li> <li>Some employees may have placed a "Do Not Promote" flag on their accounts with credit bureaus. In these cases, JPMorgan Chase will be unable to complete the credit worthiness check.</li> <li>In cases where an employee has placed a "Do Not Promote" flag on their account, JPMorgan Chase will process the card application without a credit worthiness check and will issue a restricted card.</li> </ul> |

## Billing

Liability and billing are the basic foundation of the card program and affect transaction management activities including, account expense, reconciliation, payment and account control processes.

Billing options for your program have already been determined during the task order process. Your Transition Manager will review and confirm these options in detail during the planning process.

Any questions or concerns about billing options should be discussed thoroughly with your JPMorgan Chase Transition Manager.



## Billing Options

The type of product typically determines the billing option. The table below describes the billing options offered through the JPMorgan Chase Government Card program.

| CENTRAL BILL/CENTRAL PAY   | INDIVIDUAL BILL/SPLIT PAY   | INDIVIDUAL BILL/INDIVIDUAL PAY  |
|--|---|---|
| <b>Billing Process</b>   |   |   |
| <ul style="list-style-type: none"> <li>■ All charges placed on individual cardholder accounts are rolled up into a central invoice that is sent directly to the agency for payment.</li> <li>■ Individual cardholders receive paper or online statements containing the details of all transactions for that billing cycle. The statement shows a zero payment due at the individual account level.</li> </ul> | <ul style="list-style-type: none"> <li>■ Charges are maintained at the individual cardholder level and each cardholder is responsible to reconcile their account.</li> </ul>  | <ul style="list-style-type: none"> <li>■ An agency may elect to have employees individually billed for travel expenses.</li> </ul>  |
| <b>Payment Process</b>   |   |   |
| <ul style="list-style-type: none"> <li>■ The agency makes one payment to JPMorgan Chase against the central invoice in accordance with the payment terms outlined in the task order.</li> <li>■ This is the only billing/pay option offered for Purchasing, Fleet and the centrally billed portion of Integrated Card programs, as well as diversion and central travel accounts.</li> </ul>                   | <ul style="list-style-type: none"> <li>■ Instead of the agency reimbursing the cardholder and the cardholder then making the payment to JPMorgan Chase, the agency makes the payment directly to JPMorgan Chase.</li> <li>■ Agencies typically send one payment to JPMorgan Chase with a detailed file showing JPMorgan Chase how to apply the payment to each individual cardholders' account.</li> <li>■ A variation of the individual bill/split pay option is the "diversion billing" option. This allows central billing for specific types of travel expenses, such as airline tickets, while other travel expenses can be billed to and paid by the cardholder.</li> </ul> | <ul style="list-style-type: none"> <li>■ JPMorgan Chase collects payment directly from individual cardholders.</li> <li>■ The individual billing and payment option increases the risk of cardholder delinquency. This may potentially increase the time an A/OPC spends managing the program.</li> </ul> |

## Billing Cycle Date

The billing cycle date that you select for your program will determine the date range for transactions that post on each statement. Each statement will typically have 30 days of transaction activity on it since billing cycles are based on set day of the month. The actual date that a billing cycle closes is referred to as the billing date. This may vary slightly from month to month due to weekends and holidays.

Below are the activities that occur at the end of each billing period:

- In central bill programs, the cardholder cycle limits (credit limit, transactions per cycle) are refreshed at cycle. (Please note: individual bill cardholder cycle limits are refreshed upon payment.)
- Statements are closed and produced. Programs that have selected paper statements should receive them within seven to 10 days of the billing date; statements are also available online through your electronic access system 48 hours after the close of the cycle.
- Reports based upon billing cycle are generated.

The billing date is used to calculate payment due dates and delinquency status.

As you select your cycle date, please consider any impact that the timing of the billing may have on internal closing cycles. Following are other key items to consider:

- Transactions typically take 48 to 72 hours to post to an account.
- Cardholders and their managers or expense approvers need time to complete their reconciliation processes and submit the expense to Accounts Payable for any month end processing.

The following outlines a useful approach for selecting a cycle date:

- Start at the end of the process by determining when the transactions will be entered into your financial system.
- Calculate how many days it will take for you or your accounts payable to review/process the transactions – consider any approvals or reconciliations required.
- Calculate how many days required for cardholders and approvers to complete their review – count backwards to determine the best cycle date.

### Did You Know?

JPMorgan Chase will deliver billing information using one of the following means:

- Via our electronic access system
- Regular postal mail (please note, it may take seven to 10 business days to receive statements)
- Via a file feed to your agency

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## Expense Management and Transaction Reconciliation

The following section outlines information that will help your agency define account expense management, reconciliation. These approaches may vary based on the type of billing structure.

### CENTRAL BILL PROGRAMS

#### Expense Management

##### Agency Level

- In a central bill program, your agency billing contact will receive a consolidated invoice listing all charges that have posted to each individual cardholder account during the billing cycle. The central billing statement totals all charges as the amount payable and the agency is responsible for remitting the balance due to JPMorgan Chase.
- All charges will be held on the central account until payment is made.

##### Cardholder Level

- All cardholders in a central bill program receive a monthly billing statement with "memo bill items" listed for all transactions. The cardholder statement will show a zero balance due.
- This statement is intended solely to facilitate the cardholder transaction verification and reconciliation process. Each month, cardholders who have made transactions must review all transactions posted during the billing cycle, validate that all transactions represent allowed government expenses and that the transaction totals match the totals on their individual receipts.
- Payments should not be made against individual cardholder accounts in a central bill program since the agency is responsible for payment, as mentioned above.

#### Transaction Reconciliation

##### Agency Level

- To make reconciliation easier, you can electronically pull the transaction data for a given cycle and import it directly into your financial system. Central to this process is the use of a "mapper" that creates a data output file that may be formatted for direct import into your financial system. Mappers are discussed in detail in Chapter 6 of this guide.

##### Cardholder Level

- Your agency must define the way in which your cardholders should file travel vouchers or submit receipts to justify the expenses made to the card and allocate the transactions to the proper budgets/accounts.
- Many programs use default account code/obligation tied to cardholders and/or merchant category codes to automate the allocation of the majority of transactions to the proper budgets/accounts.
- In some cases, there will still be a need for cardholders, approving officials or A/OPCs to manually assign account codes/obligations to transactions. The program procedures you create should address the way in which expenses should be coded, who is accountable to do so and within what time lines.

## INDIVIDUAL BILL PROGRAMS

### Expense Management

| Agency Level  | Cardholder Level   |
|---|--|
| <ul style="list-style-type: none"> <li>N/A</li> </ul> | <ul style="list-style-type: none"> <li>Cardholders who have completed a transaction in the prior cycle will receive an online or paper statement from JPMorgan Chase.</li> <li>Each cardholder should review the transaction detail on the statement and verify that all transactions are valid transactions and match the amount on the receipt.</li> <li>The cardholder should investigate any transactions on the statement that they do not recognize. The cardholder will need to determine if the charge should be disputed with the merchant or if it is a fraudulent charge.</li> <li>If the cardholder suspects a charge to be fraudulent, they will need to contact JPMorgan Chase immediately as well as follow any internal procedures.</li> </ul> |

### Transaction Reconciliation

| Agency Level  | Cardholder Level  |
|---|---|
| <ul style="list-style-type: none"> <li>N/A</li> </ul> | <ul style="list-style-type: none"> <li>By the time the cardholder's statement arrives, he or she should have expensed or justified all of the transactions posted to the account in accordance with your agency's travel voucher process.</li> <li>If you are using an electronic expense report provider, JPMorgan Chase will work with the provider to export transaction data into your expense reporting system and help to maximize its advantages.</li> <li>If you are in the process of selecting a vendor for an expense management system, we will support your initiative by working with you to define the data exchange process between JPMorgan Chase and your expense report provider.</li> </ul> |

## Payment Procedures and Time Frames

The following outlines important aspects of the payment process for both central and individual bill programs.

- Central Bill programs
  - All items charged on the Government Card account are due upon receipt of the first statement on which the charge appears. Statements are produced monthly on a date selected by your agency. An account is considered past due if payment has not been received and posted to the account before the next billing cycle.
  
- Individual Bill programs
  - Cardholders will typically have one full billing cycle to make payment in full against their JPMorgan Chase Government Card. For example, this means that all the charges that were posted to a cardholder's account at the close of the January billing cycle will be due by the close of the February billing cycle.
  - Each cardholder account must be paid in full by the stated due date. The party responsible for making the payment on the cardholder account is dependant on the payment structure your agency has selected.
  - The JPMorgan Chase Collections department may contact cardholders whose accounts have balances more than 31 days past due. In addition, delinquency reports will be available to the A/OPC through our electronic access system and the A/OPC should follow up with the cardholder to make sure the payment is made.
  - The A/OPC should enforce policies that require cardholders to pay their individual card bill in full each month. We strongly advise that internal card policies for Individual Liability programs include language outlining that it is a policy violation to allow the card to become delinquent and include consequences defined by the agency for card delinquency.

### Did You Know?

Summary level statements are the recommended option as they are much easier to review and store than detail level statements which duplicate information available through online program management tools.

Sorting summary level statements by cardholder is also recommended.

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Best Practice

### Did You Know?

Online or electronic statement delivery provides your agency and cardholders with information quickly and facilitates the electronic capture of expense allocation information and sets the groundwork for importing transaction data directly into financial systems.

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The following table outlines our general collection procedures and time frames for individually billed accounts only:

| STATEMENT         | ACCOUNT STATUS                       | ACTION   |
|-------------------|--------------------------------------|--|
| First Statement   | Current                              | <ul style="list-style-type: none"> <li>None</li> </ul>   |
| Second Statement  | Account 31 days past statement date  | <ul style="list-style-type: none"> <li>A late notice is sent to the cardholder advising that charging privileges may be suspended unless full payment is received.</li> </ul>  |
| Third Statement   | Account 61 days past statement date  | <ul style="list-style-type: none"> <li>Account is suspended for charging privileges.</li> <li>The account can be reopened if full payment is received for the past-due amount.</li> <li>A second late notice is sent to the cardholder advising that charging privileges have been suspended and payment in full is required to reopen the account.</li> <li>Collection calls are placed.</li> </ul> |
| Fourth Statement  | Account 91 days past statement date  | <ul style="list-style-type: none"> <li>Collection efforts continue.</li> </ul>   |
| Fifth Statement   | Account 121 days past statement date | <ul style="list-style-type: none"> <li>Collection efforts continue.</li> <li>Account is cancelled at 126 days. The account may be reinstated through reinstatement procedures.</li> </ul>  |
| Sixth Statement   | Account 151 days past statement date | <ul style="list-style-type: none"> <li>Collection efforts continue.</li> </ul>   |
| Seventh Statement | Account 181 days past statement date | <ul style="list-style-type: none"> <li>Collection efforts continue.</li> <li>Any outstanding balance is charged off according to regulatory guidelines.</li> <li>Cardholder can be reported to credit bureaus.</li> <li>Account referred to outside collection agency.</li> </ul>  |

Please keep in mind that we have made provisions to provide your agency with program liability insurance for protection from employee card misuse. The details of this coverage may be found in Chapter 5 of this guide.

#### Did You Know?

Programs that actively manage cardholder delinquency see a significant reduction in the number of past due accounts and write-offs.

JPMorgan Chase  
Best Practice

## Account Code Allocation/Obligation Methodology

One of the primary benefits of a card program is the opportunity to electronically capture information on purchases and have that information imported directly into your financial systems. Not only does this represent a significant cost and time savings opportunity, it enhances your ability to track spending at one-time and infrequent vendors.

Card programs have significant flexibility in the way that transactions can be allocated. Best practice studies indicate that allocating the majority of transactions electronically, then providing the cardholder with a tool to manually allocate the remaining transactions can maximize program efficiencies.

Combinations of the following methods are typically used for accounting allocation/obligation:

- Default accounting code/obligation can be set at the cardholder level
- Default account code/obligation may be assigned to merchants or Merchant Category Codes (MCC)

You can work with your Transition Manager to set up tables in your electronic access system to define accounting codes/obligations by individual merchants or by merchant category code. Whenever a transaction is received from a supplier in the table, the default accounting code/obligation is overwritten with the designated code. Priority can be assigned to the allocation rules so that if a default account code/obligation is assigned to both a merchant and their MCC, the code assigned to the individual merchant will take precedent over the code assigned by MCC.

For example, MCC 5251 denotes a hardware merchant. Setting up the MCC table to allocate transactions from merchants categorized with MCC 5251 to general ledger code 112233 will cause all transactions from merchants coded as 5251 to be allocated to general ledger 112233, regardless of the default allocation code/obligation set at the cardholder level.

On an exception basis, a designated individual or the cardholder can manually edit the transaction accounting data in the card electronic access system or in your accounting system.

### Did You Know?

Automation of the account code allocation/obligation process improves employee productivity and maximizes cost savings.

JPMorgan Chase  
Best Practice

### Did You Know?

Use of cardholder default account codes/obligation combined with MCC allocation is the recommended allocation methodology for the majority of cardholders.

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Best Practice

## Transaction Review and Approval

Accounting controls and procedures may require review and approval of transactions at levels other than the cardholder. Managers or an Accounts Payable representative may be required to review cardholder activity.

Your agency's compliance and audit departments will be familiar with internal requirements as well as external review requirements such as the OMB Circular A - 123. They should provide direct input when you establish your transaction review process. At a minimum, program policies should dictate that managers review cardholder activity to verify:

- Cardholders are purchasing items in accordance with their job duties
- Transactions are being properly allocated
- Cardholders are in compliance with the general card program policies



## Record Retention

Merchants are required to provide a transaction record (receipt) which details the items purchased, the dollar amount of each item and the total amount of the transaction for each charge placed on the card. Phone, fax and Internet orders should provide the receipt with the order shipment. If a cardholder misplaces a receipt, he or she should contact the merchant to request a duplicate.

Records, including receipts, should be reviewed and stored by either the approving official, A/OPC or accounts payable in a secure location. Common practices include storing the records at individual sites for one year, then aggregating them annually for long-term storage at a central facility. Refer to your agency's internal procedures for retention requirements.

Ensuring the program is in compliance with record retention policies is an important part of the program and will help you confirm that both internal policies and government requirements (such as sales and use tax regulations) are being followed.

## Billing Discrepancies

It is critical for cardholders in both individual bill and central bill programs to review their spend activity for erroneous transactions. If a cardholder identifies a questionable transaction, they will need to determine if it is a billing error or a fraudulent transaction. The process for handling both types of situations is outlined below.

### Billing Errors

If a cardholder identifies an unrecognized transaction, they should first contact the merchant to determine if the charge is valid. In many cases an unrecognized transaction is due to such billing errors as:

- Transactions for which the cardholder has a receipt but the amount on the receipt and the amount posted to the card account do not match
- Duplicate transactions (same merchant, same amount, same date)
- Transactions that the cardholder cancelled but which were processed by the merchant anyway
- Returned merchandise

In these instances, the cardholder's best course of action is to attempt to settle the matter directly with the merchant. Working directly with the merchant resolves a high percentage of potential disputes quickly with a simple phone call.

### Initiating a Dispute

If the cardholder is not able to resolve the issue with the merchant, the cardholder should complete a dispute form and submit it to JPMorgan Chase electronically through our electronic access system or by hardcopy (mail or fax). Address and fax information for dispute forms will be provided by your Transition Manager.

In many cases, the dispute inquiry can be settled during the initial contact with our Disputes department. Common first contact resolutions include:

- A merchant credit may have posted to the account.
- The Dispute representative may have additional information that settles the dispute for the customer.
- The Dispute representative may contact the merchant initiating a three-way consultation in an attempt to resolve the issue.
- If the dispute is not resolved on initial contact, our Dispute representative will begin the formal dispute process by engaging MasterCard or Visa and may ask the individual initiating the dispute to provide follow-up information.

#### Did You Know?

Direct contact between the cardholder and the merchant should be the first step in the dispute process and results in 'one call' resolution in the majority of cases.

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Best Practice

Important aspects of the dispute process:

- Cardholders have 90 days from the transaction post date to notify JPMorgan Chase of a disputed transaction.
- Most disputes are resolved within 60 days of the date the request is received.
- JPMorgan Chase will provide a provisional credit when a dispute is initiated.
- If the dispute is resolved in the cardholder's favor, the provisional credit remains.
- If the dispute is resolved in the merchant's favor, the amount is re-debited to the account.
- A cardholder can look at their JPMorgan Chase billing statement to identify the total dollar amount of the transactions that have been put in dispute status.

## Fraud

Cardholders who suspect fraudulent activity on their statement should immediately notify JPMorgan Chase Customer Service, as well as follow any additional internal procedures. Immediate action on the part of the cardholder may help to:

- Reduce your agency's exposure further fraudulent activity
- Limit unauthorized activity
- Expedite the fraud investigation

Once Customer Service has been contacted, the account will be referred to a member of the JPMorgan Chase Fraud department who will work with the cardholder to review the transactions and complete an investigation of the suspected activity. Cardholders may be asked to complete an affidavit detailing any fraudulent transactions.

Cardholders should also be advised to contact JPMorgan Chase immediately in cases where the card has been lost or stolen.

### *Prevention*

JPMorgan Chase actively monitors worldwide fraud patterns and maintains a system and staff that compares activity on individual accounts against known fraud patterns. If an account is suspected of being compromised, our Fraud department will contact the cardholder to verify the account activity.

If contact with the cardholder cannot be made, we may also try to contact the A/OPC. In some cases, we may place a “referral” status on a card that is suspected of being used fraudulently. This will prompt any merchant who may be given the card to contact JPMorgan Chase. The cardholder’s identity will be verified, the transaction will be approved and the referral status will be removed.

Please keep in mind an account can be compromised even if the cardholder did not lose the actual card. Therefore, it is important that cardholders follow the standard practice of keeping their cards and documents in a secure location and closely review their statements and transactions.

#### **Did You Know?**

Two key ways to reduce card fraud include:

- Perform regular reviews of account activity
- Store card and all related documents in a secure location

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## Payment Methods

All JPMorgan Chase card programs are “charge card” programs and, as such, require payment in full at the close of each billing cycle or sooner based on the terms of the task order.

Both cardholders of individual bill programs and agencies participating in central bill programs should remit payment in full upon receipt of the monthly statement or invoice. Detailed payment terms are outlined in your task order.

ACH is the preferred method of payment for all JPMorgan Chase Government Card accounts and as such is outlined in detail in the following paragraphs. A brief explanation and critical information for other payment methods follows the ACH information.

### ACH

ACH payments are electronic payments that are routed through your agency’s cash management bank to JPMorgan Chase utilizing the ACH Network/National Automated Clearing House Association (NACHA) process. Your Transition Manager will provide you with specific ACH payment options and instructions.

JPMorgan Chase accepts two types of ACH records for multiple account payments:

- **Cash Concentration or Disbursement (CCD):** Agencies typically use this format for direct deposit of payroll. This format can remit payment information for one or several JPMorgan Chase Government Card accounts. The CCD record format consists of one record for each cardholder and each cardholder will be identified in its own separate detail. For example, if an agency remits to 5 accounts, each account number is provided in its own detail record. This format also supports passing 15 agency-provided characters through to the statement.
- **Corporate Trade Exchange (CTX):** This format transfers funds with multiple account distribution data via addenda records that follow the ANSI ASC X12.5 and X12.6 (EDI) syntax. This addenda record includes all remittance payment information for one or several card accounts. Often, agencies provide remittance data in an EDI format to their originating bank, which converts it into the ACH-CTX file format. The JPMorgan Chase Government Card program supports EDI ANSI 820 version 3040 and 3050 and 4010 formats.

Please keep in mind that JPMorgan Chase has predefined payment file layout specifications that require critical information, such as account number and payment amount, be placed in specific fields within the file. JPMorgan Chase will work closely with your payment processing team to ensure that these specifications are communicated and matched.

JPMorgan Chase recommends that the ACH payment files for large numbers of cardholder accounts be sent a minimum of twice a month utilizing an electronic funds transfer payment process (EFT). The ACH payment file should be initiated two (2) business days prior to the ACH effective date to ensure JPMorgan Chase receives the file and accurately posts the transactions. Following this guideline will ensure that transactions are posted in a timely manner when a post date is near the cycle date.

The process to set up these types of payments involves setup and configuration as well as a testing stage, in which a prenote and a limited number of low-dollar payments should be sent to JPMorgan Chase. The cycle to set up and test a CCD or CTX formatted ACH payment is typically four to six weeks.

For assistance with your ACH questions, please contact your Transition Manager.

### Wire Transfer

When submitting a wire payment, please put the credit card number and agency name in the description field of the wire form to ensure proper payment posting. Your Transition Manager will provide you with the specific instructions you will need to set up wire transfer payments.

### Check

All checks should include the full 16-digit account number and account name and should be submitted with the payment coupon included with the statement.

If multiple accounts are being paid with one check, please be sure to include in the payment details the full 16-digit number of each account and the amount to be applied.

Please make the check payable to: **JPMorgan Chase**.

The remittance address for payment by check will be provided to you during your transition

### Credit Balance Refunds

Periodically, cardholders of individual bill/individual pay or individual bill/split pay programs may run a credit balance on their account.

- In an individual bill/individual pay program, the cardholder may request that a credit refund be sent directly to them.
- In an individual bill/split pay program, any refund request will result in funds being returned to the agency for further distribution if necessary.

JPMorgan Chase recommends that accounts be monitored for overpayment through one of our standard reports in the electronic access system we provide.

JPMorgan Chase will actively monitor accounts and will send out a credit balance refund check as the account approaches 180 days of inactivity.

## Program Hierarchy

The program hierarchy is the foundation on which your agency's reporting structure is based. As such, the set up of your hierarchy is critical to the proper set up of your reporting. It is integral to the way your agency views and accesses your card transaction data.

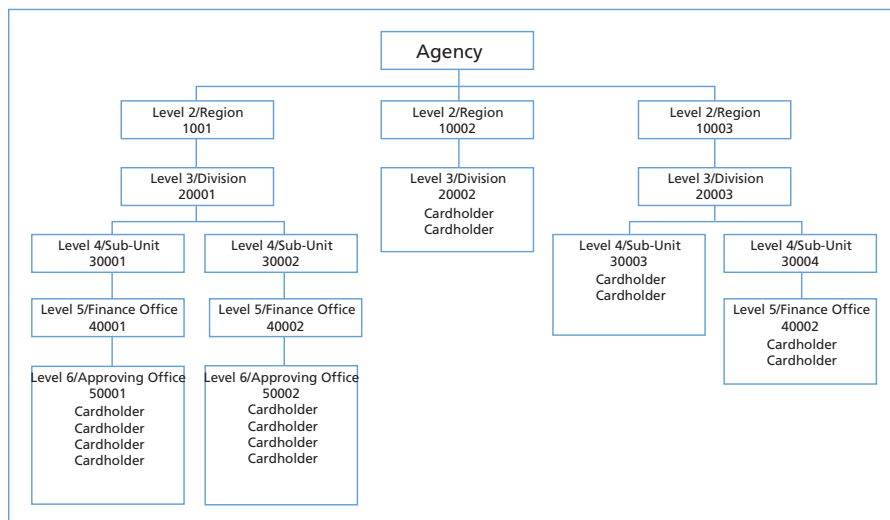
Ultimately, the manner in which you set up your program data will determine the following:

- How your cardholders are spending and where they are using their cards
- Who has permission to access this data
- Who has permission to view/approve transactions

The hierarchy should be developed based on the individuals or groups within your agency who need to see Government Card reports, monitor cardholder activity and access transactions for edit, review and approval. The hierarchy should not simply be made to mirror an agency's organizational chart.

The following is an example of how a Government Card hierarchy may look:

### TYPICAL CARD HIERARCHY



We recommend that the hierarchy be kept as simple and straightforward as possible. The A/OPC will be responsible for maintaining employee profiles within this hierarchy. Therefore, the greater the detail, the more difficult, complex and time-consuming it may be to manage.

To help define the hierarchy, your Transition Manager will work with you and your team to define what functional roles in your agency will need to access data and reports. They will help you decide how the hierarchy will work in conjunction with the electronic access system provided by JPMorgan Chase. The Transition Manager will also make recommendations on the overall set up of the hierarchy structure for the program.

#### Did You Know?

“Simpler is better”.

Designing a simple hierarchy defined around functional roles (not individuals) allows for easier management of program and transaction data and minimizes administrative tasks. Both are elements that are critical to the success of a card program.

JPMorgan Chase  
Best Practice



## Card Controls

As mentioned, Government Cards offer built in spending controls. These controls are customized for each client as part of the transition process and allow an agency to set certain parameters by purchase, type and employee.

The following information provides an overview of the available card parameters.

### Merchant Category Codes and Groups

Merchant Category Codes (MCC) are used to limit transactions to specific merchant types. An MCC is a four-digit code assigned to a merchant. The MCC identifies the type of goods or services that the merchant typically provides.

For example, a restaurant will typically have the MCC code of 5812 (Restaurants) while the vast majority of all office supply stores will typically be assigned to MCC code 5111 (Stationery and Office Supplies). MCCs are established by the credit card industry and assigned to a merchant by their acquiring bank at the time the merchant is set up to accept cards as a payment method.

With a Government Card, you can select which MCCs to include or exclude from authorization. Each time a cardholder presents the card to a merchant for authorization, our system validates the MCC to determine whether the cardholder is allowed to purchase at that type of merchant. If the MCC is not authorized, the request will be declined.

While JPMorgan Chase has established standard Merchant Category Code Groups (MCCGs), you have the opportunity to create unique MCCGs for your program.

In order to create the unique MCCGs, we will provide a reference list of the codes and their descriptions as well as an MCCG worksheet for you to enter codes that are to be allowed or disallowed. Each MCC group should then be given a name to correspond with its numeric identifier. This process should be completed for each unique MCCG that is to be established.

### Did You Know?

Controls built into your program are an effective way to control cardholder spending, however, the primary “control” should be a well documented and highly communicated purchasing and/or travel policy that is consistently enforced.

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Best Practice

## Purchasing Card Programs

### *Cycle Limit*

Cycle limits allow you to limit the total amount of all charges that can be made during the monthly billing cycle.

We recommend that default cycle limits be established by cardholder role. For example a Purchasing Card program may have several tiers of employees that are cardholders:

- Field employees
- Administrative assistants
- Buyers
- Warranted buyers

Cycle limits may be established for groups of cardholders by functional role and then adjusted based on unique cardholder spending need.

Each group may have unique purchasing needs and the agency can establish guidelines to accommodate each group: for example field employees may have a \$5,000 default cycle limit, administrative assistants a \$10,000 default limit and buyers with a default limit of \$20,000.

However, within each cardholder group, individual cardholders can have limits increased or decreased based upon their specific needs.

Initial dollar amounts tied to these groups should be determined by looking at the average spend for each cardholder with data that covers a 12-month period.

### *Single Purchase Limit*

A common control feature used in Purchasing Card programs is the single purchase limit. This control limits the size of any given transaction to a maximum dollar amount. A good starting point for the single purchase limit is the micro-purchase limit which is currently \$3,000.

As with cycle limits, single purchase limits may be established for groups of cardholders by functional role and then adjusted based on unique cardholder spending need.

Single purchase limits are not recommended for Travel Card programs.

#### Did You Know?

Monthly limits for centrally billed programs are refreshed at cycle.

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#### Did You Know?

Setting the single purchase limit at a lower level may hinder individuals from using the Purchasing Card and may result in more transactions forced through the purchase order to check request process.

This will reduce efficiency and cost savings opportunities for your agency.

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Best Practice

## Travel Card Programs

### *Spending Limit:*

The spending limit (also called a credit limit) is a control feature of Travel Card programs. Spending limits allow the cardholder to purchase at any merchant type that has not been blocked by the agency. The manner in which spending limits are determined varies based on the liability option your agency has selected.

Your agency will determine the limits for each card issued.

If requested, a credit worthiness check may be performed on behalf of your agency to determine the appropriate limit to assign to the cardholder.

Please refer to the "Liability Options" section listed earlier in this chapter, for more information.

### **Did You Know?**

Spending or credit limits for individual bill accounts are refreshed upon payment.

JPMorgan Chase  
Best Practice

## Cash Advances

Cash advances are typically utilized in Travel and Integrated Card programs.

Given the widespread acceptance of cards, the need for an employee to take out a cash advance is limited. If cardholders in a travel program are provided with cash access, we recommend the following controls be used:

- MCCGs to limit cash access to appropriate locations (ATM and banks only)
- Weekly and daily limits

We recommend that these limits be set agency-wide with exceptions for cardholders who travel internationally or have special cash requirements.

Please note: you should refer to your task order for specific details on fees.

## Merchant Acceptance

Since the JPMorgan Chase Government Card is accepted worldwide, it is likely that the majority of your current vendors already accept the JPMorgan Chase Government Card. In this case, no special set-up is required.

In instances where a merchant does not accept the card, JPMorgan Chase and the card association can be engaged to assess the situation and work with the merchant to accept the card.

Vendor acceptance is a critical component to a successful card program. There are several stages to ensuring the appropriate level of vendor support for the program.

### Merchant Acceptance/Vendor Matching

The first step in forming a merchant acceptance strategy is to understand the level of current card acceptance by vendors that your agency uses. We will help you complete a thorough analysis of historical payment data. To accomplish this, we will ask you to provide information in a pre-defined format. We will use this format to match your list of vendors against a database of all vendors that accept the card and their ability to pass enhanced transaction data. The data elements that you will need to provide in this analysis are:

- Vendor name
- Vendor street address
- Vendor city
- Vendor state
- Vendor ZIP code

Your primary JPMorgan Chase contact will provide a sample spreadsheet layout that should be used to pass this information back to JPMorgan Chase. Within two weeks of submitting the completed spreadsheet, we will provide a report that shows details on merchant acceptance and capability levels. This report will allow you to target any key vendors that do not currently accept the card.

Program goals and plans should leverage those suppliers that are already capable of accepting the card. Those suppliers that do not accept the card will be included in a merchant sign-up campaign.

### Merchant Sign-Up

The second step in forming the vendor acceptance strategy is to target and sign up those merchants that do not accept the card.

Our Merchant Services team will work closely with your Transition Manager and team to customize a vendor recruitment program based on your objectives and the characteristics of your existing vendor base.

The vendor acceptance campaign may include a combination of mail, telephone and face-to-face meetings. Acceptance programs can be implemented for both vendors that are not currently accepting credit cards as well as for those that simply need to upgrade an existing point-of-sale system in order to pass enhanced (i.e., detailed) transaction data.

We have found that our success in recruiting your preferred vendors is increased by using our client's letterhead and endorsement to encourage your merchant to respond. Merchants that respond are contacted and provided with education and assistance in card acceptance.

While it is probable that most of your suppliers already accept the JPMorgan Chase Government Card, those that do not will be recruited to accept the Government Card by the JPMorgan Chase Merchant Services team.

Your merchants may also choose to work with their current card service provider to upgrade their existing system or local bank to begin accepting cards.

Though rare, large merchant enrollment campaigns may be phased in, first, by targeting those suppliers that are most critical to the success of your program, then targeting lower volume, less critical suppliers. Where a phased approach is needed, we will work with your team to prioritize your list of merchants.

#### Did You Know?

You should complete the vendor matching analysis to help ensure that all key vendors are capable of accepting the card.

Any future vendor agreements you sign should include language that confirms the merchant will accept the card as payment.

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Best Practice

Our Government Card programs not only provide you with cost savings benefits, but also can help you strengthen your relationship with your vendors by providing the following benefits to merchants that accept the card:

- Payment within as little as two days
- Improved cash flow and opportunity to invest money elsewhere
- Opportunity to gain new business and/or retain competitive advantage in the marketplace
- Preferred vendor status
- Stronger partnerships with the government
- Faster more efficient buying process
- Electronic authorization of purchases at point-of-sale
- More efficient accounts receivable process
- Elimination of invoice processing; reduction in postage, invoicing/statement, resources
- Reduction in administrative costs associated with billing and collections

#### Did You Know?

We can work with you to target your key vendors and encourage them to sign up to accept card payments.

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## Convenience Checks

Convenience checks allow cardholders to make purchases at merchants that do not accept MasterCard or Visa. The cardholder uses a check to pay the merchant. The check posts to the card account when JPMorgan Chase processes the transaction. The cardholder's statement will show a line item for the check with the check number in the description field and the amount posted.

Since convenience checks are designed to allow purchases outside the MasterCard/Visa authorization system, they do not carry the same dollar amount and merchant type restrictions that may be in place for card purchases.

They also do not carry the same level of reporting information on the transaction and merchant. Moreover, convenience check transactions cannot be disputed and there are no chargeback rights. Please contact your Transition Manager to discuss the cost of convenience checks.

### Did You Know?

The need for convenience checks is typically rare.

A better long term solution for dealing with vendor acceptance issues would be to partner with JPMorgan Chase Merchant Services division to launch a vendor acceptance campaign.

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Best Practice



## Cardholder Application

Cards should be issued to employees who need to spend agency funds as part of their job function. Common groups of cardholders include government business travelers, maintenance workers, field based employees, administrative assistants, buyers and meeting planners.

Your program's policies and procedures document should detail the cardholder application process. In addition to requiring cardholders to be familiar with the policies and procedures for the program, they may also be required by the agency to sign a cardholder agreement. Cardholder agreements typically outline the "do's" and "don'ts" of the program. The agreement is between the cardholder and the employer and is not required by JPMorgan Chase.

To obtain a Government Card, the first step an employee should take is to contact his or her manager.

Managers should review the employee card request and validate the need for the employee to become a cardholder. Each manager should be aware of the spending controls associated with the card and make requests for limits or card controls in line with the cardholder job function and authority level.

Finally, the cardholder and manager should work together to complete the request. This includes filling out the application using the format selected by your agency. Possible format options include paper applications, via an online request or other format as defined by your agency. Once completed the application should then be submitted to the A/OPC for processing.

Cardholder information may be transmitted to JPMorgan Chase using any of the following methods as described in detail below:

- JPMorgan Chase provided electronic access system
- Spreadsheet
- Bank standardized paper application

### Did You Know?

Electronic submission of applications reduces processing time and allows a card request to be easily tracked throughout the process.

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## JPMorgan Chase Electronic Access System

To expedite and simplify the card request process, we recommend you use our electronic access system. Detailed instructions on the process for completing cardholder requests through the individual applications will be covered in training during program transition.

## Spreadsheet

Cardholder information may be submitted to JPMorgan Chase in a Microsoft Excel spreadsheet. This is the most common method of entering new cardholder application information during the transition process or when processing requests for 10 or more new cards at one time. Your Transition Manager will provide a spreadsheet layout with instructions including the format for individual fields.

Once completed, the spreadsheet should only be transmitted to JPMorgan Chase through a secure method. Refer to Chapter 6 for more information on acceptable secure methods of data transmission.

## Bank Standardized Paper Application

Your Transition Manager will provide cardholder applications during your transition. Though the general layout and data elements of the form are standard items, some elements of the form may be customized for your needs.

The cardholder and his or her manager should complete the paper application before submitting it to the A/OPC for review and signature. Once the A/OPC has processed the application, it should be sent to us by fax or mail. Fax numbers and mailing addresses will be provided at the close of the transition phase.

Application processing is typically three to five business days. Card delivery averages five to seven business days.

Be sure to discuss the need for a list of new account numbers with your travel agency for update to traveler profiles, or with your Human Resources department for tracking and account closure upon employee termination.

### Did You Know?

Paper applications should be used as a secondary request method since this manual approach is time consuming, difficult to track and is more prone to errors.

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Best Practice

## Card Delivery Options

Card delivery options vary and depend on where your agency is in the program life cycle. With this in mind, we provide the government with the ability to select card delivery methods for new cards, reissued cards and replacement cards (e.g., lost or stolen cards). We offer two delivery methods for each of these situations:

- Bulk Ship to A/OPC or central contact
- Delivery directly to cardholder

When determining the distribution methodology for new cards, you should consider the approach to your cardholder training plan, including the need for the cardholders to complete agreements, and the overall practicality of having a central contact redistribute cards to individual employees.

Regardless of the delivery method you choose, each cardholder will need to sign and activate their card upon receipt.

### Bulk Ship to A/OPC or Central Contact

You may elect to have cards shipped to your A/OPC, central contact or multiple points of contact throughout your agency for distribution to the cardholders. Shipments will contain multiple cards and may be sent via regular mail or an overnight carrier. You can establish multiple "Special Handling Codes" that will be associated with an account at the time of set up and used to control the method of plastic delivery. Using multiple "Special Handling Codes" allows you to have cards centrally shipped to key contacts at each site or location.

Having the cards shipped directly to the A/OPC or central contact for distribution provides you with the opportunity to ensure the cardholder has completed training, signed an employee agreement (if required) and collect any previously issued cards (if applicable). Central distribution also provides the opportunity to distribute a cardholder welcome packet which may include; policies and procedures, quick reference guides and program communications such as a welcome letter from your senior management sponsor.

We recommend you have first issue cards sent directly to your A/OPC. The cards should then be kept in a secure location prior to delivering them to each cardholder. While our best practices indicate that central distribution offers some unique advantages for first time issued cards, we recommend that reissued and replacement plastics for central bill accounts go directly to the cardholder at their government business address.

### Delivery Directly to Cardholder

You may also set up your program to have cards delivered directly to your cardholders. Cards shipped directly to the cardholder will be sent through the United States Postal Service mail system to the address provided on the cardholder application. Cards are typically delivered within seven to 10 days.

## Card Activation

Each JPMorgan Chase Purchase and Travel Card is shipped with a card receipt verification block on the account. This block is a control that maintains card security and helps to prevent theft and fraudulent activity on new accounts. Cardholders are required to confirm receipt of the plastic with JPMorgan Chase Customer Service.

Each card will come with a sticker on the face of the card that advises cardholders to contact JPMorgan Chase and verify card receipt prior to first use. Cardholders will be prompted for identity verification using criteria established by the A/OPC.

JPMorgan Chase Fleet Cards assigned to a vehicle are normally sent pre-activated unless otherwise requested by the agency. If you prefer to receive the cards deactivated, the agency will need to provide the last four digits of the vehicle or driver number plus a pass phrase to facilitate the security verification process as described below.

### Did You Know?

JPMorgan Chase Fleet Cards can be assigned to either a vehicle or a driver.

As a result the card activation process and the required security elements will vary depending on the approach your agency employs in the Fleet Card set up process.

JPMorgan Chase

## Security Information for Activation

For card activation and security purposes, JPMorgan Chase requires two unique identifiers for each cardholder. We strongly recommend that each travel and/or purchasing cardholder provide their social security number and a unique identifier.

Cardholders may provide alternate information for security (i.e., a unique verification number versus a social security number for purchasing cardholders).

For JPMorgan Chase Fleet Cards assigned to a vehicle the cardholder will be asked to verify two of the following unique identifiers: single purchase limit, credit limit, driver number, or vehicle number. For JPMorgan Chase Fleet Cards that are issued to drivers, the required security information is the same as that outlined above for travel and purchasing cardholders.

Cardholders will need to remember this information when contacting JPMorgan Chase, since our Customer Service will prompt each cardholder for the last four digits of the data that is populated in the social security number field and/or what is populated in the unique identifier field.

Your Transition Manager will work with your team to determine the unique security code options for your program.

Please note that the A/OPC will be responsible for communicating the security elements to their cardholders to ensure activation.

Once the card is activated the cardholder should remove the sticker, sign the back of the card and begin using the card within the guidelines of your agency's policies.

## Card Expiration and Reissue

Each card issued by JPMorgan Chase will have a card expiration date of 36 months unless a shorter period is requested by the agency.

Reissued cards will be sent to either the A/OPC or central contact or the cardholder (depending on the delivery method selected during transition) about three weeks prior to the end of the month in which the card expires.

Reissued cards will have the same 16-digit account number as the original account but will need to be activated by the cardholder prior to use. Once the cardholder receives the new card, they should immediately contact JPMorgan Chase Customer Service to activate the new card, sign the back of the card, update the expiration date with vendors for any recurring charges (such as Internet service providers) and destroy the expiring card.

## Training

During the transition, we will provide the A/OPC team with training on the various program management tasks as well as provide the information necessary for your trainers to complete cardholder training sessions.

### A/OPC Training

During the A/OPC training phase, we will cover topics such as:

- JPMorgan Chase roles and responsibilities, including the roles of the Relationship Management team.
- How to complete common tasks such as card additions, cancellations and updates.
- Dispute and fraud procedures.
- Card benefits, including liability waiver and other insurance programs.
- Electronic access system and software packages. This training includes items such as cardholder online maintenance, online reconciliation and allocation, data mapping and reporting.

### Cardholder Training

We encourage the government to conduct cardholder training sessions and we will work with the A/OPC team to provide the tools and information needed to conduct those cardholder training sessions. In some cases, a JPMorgan Chase contact may lead an initial cardholder training session as part of our “train the trainer” approach to rolling out the program.

Many successful cardholder training sessions for new programs are kicked off by the senior management program sponsor and completed by the A/OPC team. Training sessions typically cover the following items:

- Benefits of using a Government Card
- Internal contacts - who and when to contact for questions
- JPMorgan Chase Customer Service – how and when to contact for questions
- Issuance and review of cardholder guides and program policies
- Authorized purchases, limits and other card controls
- Billing and reconciliation procedures including online transaction allocation and approval processes
- Completion of cardholder agreement (if one is used)
- Distribution of cards if they have been shipped to a central contact

## Chapter 5 – Additional Program Benefits and Features

In addition to the options described in the previous section, there are a variety of additional features that may be available to your JPMorgan Chase Government Card program based on your unique needs. This document describes these additional options.

After reviewing this section, you will be able to make the following program decisions:

- Define a Ghost Account
- Define need for Supplier Accounts
- Define need for Department Cards
- Determine need for Declining Balance Cards
- Understand your MasterCard® Program Benefits

### Ghost Cards

Ghost Cards are accounts your agency can use in situations where an employee:

- Does not have a Government Card to arrange and pay for travel or make the necessary purchases required for their position or project
- Does not travel or purchase enough to require a Government Card

Ghost Cards are intended to be used within a given time frame, only up to a fixed dollar amount and only within certain types of MCCGs. In addition, there is typically no plastic associated with the Ghost Card.

Ghost Cards are an excellent tool that allow an agency to expand Government Card use through the addition of charges, such as services, which may not otherwise be eligible for the card program. Ghost Cards lend themselves well to on-line or e-commerce purchasing systems.

Ghost Cards can leverage the control and efficiencies offered through your agency's Purchasing or Travel Cards, but they can also create potential reconciliation issues and fraud concerns if not handled properly.

There are primarily three types of ghost accounts: Supplier Accounts, Department Cards and Central Bill Accounts (CBA). The unique purpose and features of these accounts are outlined in detail below.

### Supplier Accounts

A Supplier Account is an account issued to an agency for purposes of directing high frequency purchases to a single supplier.

Supplier Accounts work as follows:

- The card account number is given to the supplier.
- The supplier charges all orders placed by employees to this single card account number.
- If a supplier is capable of passing Level II data, it may enter a "customer code" at the point-of-sale (e.g., department, cost center, project number or any other identifier) to help your agency identify where the expense should be allocated.
- This point-of-sale information is appended to the transaction, appears on the card statement and can be incorporated into the data interface output file.

#### Did You Know?

We encourage the use of Supplier Accounts with strategic suppliers and online purchasing solutions.

These supplier relationships and systems facilitate the capture of account code/obligation information and drive cost savings.

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Here are the key steps necessary to identify and implement Supplier Accounts for key vendors:

- **Step One:** Run a report to show all payments for all of your locations, payment methods and categories for one year.
- **Step Two:** Identify the top eligible suppliers by invoice volume.
- **Step Three:** Eliminate suppliers with a high average transaction size (e.g., over \$5,000).
- **Step Four:** Eliminate any out-of-scope categories, (i.e., direct inventory for resale).
- **Step Five:** Document control procedures including input from accounts payable, purchasing and audit.
- **Step Six:** Define a process and deploy tools enabling correct accounting for each charge. These may include using customer code with Level II merchants, reallocating transactions through the electronic access system, etc. (see account code allocation/obligation section below).
- **Step Seven:** Amend each supplier's contract to prescribe their accounting and control rules.
- **Step Eight:** Identify and train a custodian to watch the account and ensure compliance.
- **Step Nine:** Identify and train your accounting staff to handle any exception payment coding.
- **Step Ten:** Assign the accounts and communicate requirements to all those affected employees including those who will have charges posted to the account.

### *Supplier Account Controls*

The authorized employees and delivery locations should be identified in advance for the supplier. The blanket contract should be amended with the supplier's control procedures. By contract, the supplier should be held liable for security of the account number and ensure compliance with your purchasing procedures.

Supplier Accounts should be set with the appropriate cycle and single item transaction limits. In addition to these limits, both cycle and daily limits on dollar amounts and number of transactions may be placed on a Supplier Account.

The Merchant Category Code for each supplier should be determined as part of the set-up process for a Supplier Account. A unique MCCG that only allows purchases at the supplier's MCC code should be attached to each Supplier Account.

### *Supplier Accounts - Account Code Allocation/Obligation*

Supplier Accounts provide an excellent opportunity to streamline the process of capturing account code allocation/obligation information and subsequently feed transactions directly into your financial systems.

The following are the most common methods for capturing account code/obligation information. It is typical to use a combination of these methods:

- Tie default account code/obligation information to the account. Since a Supplier Account will typically be used for a limited variety of commodities, thought should be given to setting up a unique accounting code/obligation for all purchases being placed on the card.
- Unique codes may be captured in the Level II customer code reference field at the time the merchant enters the transaction. Each charge can be properly accounted for in one of two ways:
  - If the orders are placed via an electronic purchasing system, the electronic PO number should be captured in the customer code field with each charge and that data should be matched to the orders in either the purchasing system or a reconciliation spreadsheet used by a designated administrator. The electronic PO will supply the needed descriptions, approvals and account code/obligation information.
  - If the nature of the purchase does not require the additional information listed above, or does not justify the process cost of purchase orders, then the customer code field should be populated with an account code/obligation or a proxy for an account code/obligation (such as a key word or employee number) that you may use to look up valid accounting codes/obligations in a cross-reference table before posting the expense.
- Allocation of transactions through the electronic access system. This is the most manual of the three methods. You will need to establish processes for getting the required allocation information to the individual who is designated to allocate the transactions.

Before setting up your supplier on this account, you will want to meet with the supplier to thoroughly discuss what information will be required from the supplier's point-of-sale and ensure the supplier can pass that data (e.g., if an 8-digit cost center is always expected, ensure the supplier is a Level II vendor and willing to pass an 8-digit cost center). The supplier's understanding and cooperation with account guidelines is critical to the success of a Supplier Account program.

Please keep in mind that JPMorgan Chase also supports the government through our Merchant Services Division, which can assist a current supplier to accept the card or to become a Level II capable merchant.

## Department Cards

A Department Card (also known as a Project Card) is a card account that is issued in the name of a department or project and is used for purchases by a designated number of employees who work within that department. Typically, the actual card resides with a designee in the department who is responsible for monitoring card usage, reconciling the account and safeguarding the card.

The steps to implement Department Cards include:

- **Step One:** Identify groups and roles that process many orders or invoices. For example:
  - Office administrators for locations with many employees.
  - Buyers in purchasing departments that process small, one-time purchase orders.
  - Accounts Payable staff that process check requests and invoices to one time or infrequent vendors.
- **Step Two:** Document control procedures including input from accounts payable, purchasing and audit.
- **Step Three:** Nominate and train the staff to use and control the card accounts.
- **Step Four:** Define a process and deploy tools to enable the input of general ledger account code/obligation information for each charge.
- **Step Five:** Identify and train accounting staff to handle any exception payment coding.
- **Step Six:** Issue the accounts and communicate requirements to all those affected.

### *Department Card Controls*

Department Cards should be set up with cycle and single purchase limits that have been approved by your A/OPC. Additionally, cycle, weekly and daily limits may be placed on both the number and dollar amount of transactions. Unique MCCGs should be defined and implemented for Department Cards.

The card custodian should track card usage activity, including who is using the card, when they are using the card and what they are purchasing. The card custodian should diligently collect receipts for purchases and monitor the account for any misuse and ensure that the card is kept in a secure location when not in use.

*Account Code Allocation/Obligation for Department Cards*

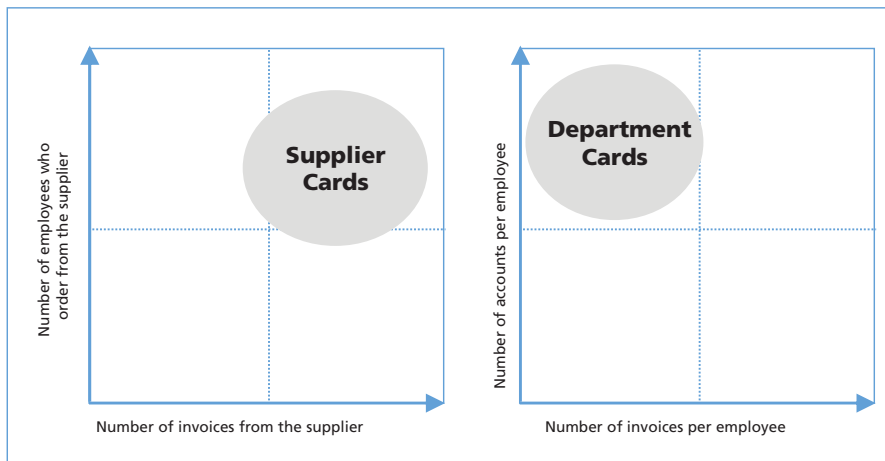
In many cases, it is possible to tie a Department Card or project account to a default code that properly allocates the majority of all charges. For exceptions or when manual allocation is required, a designee such as an Office Assistant, Purchasing Analyst or Accounts Payable representative should manually override default account code/obligation as needed. This is typically done through your JPMorgan Chase electronic access system.

As with Supplier Accounts, a point-of-sale customer code may be used to further automate the process of allocating costs when the merchant captures employee or account/obligation information.

The following chart outlines when to use either a Supplier Account or Department Card ghost account.

**SUPPLIER ACCOUNTS VERSUS DEPARTMENT CARDS**

**When to use the two types of ghost accounts**



### Central Bill Accounts (CBA)

Central Bill Accounts (CBA) are created for use by your agency's travel services provider. In addition to providing the backbone of your Travel Card program through central billing, these accounts can also be used for employees who do not have a card, infrequent travelers and others who may meet the qualifications to travel under the auspices of the agency. CBAs can also be set up and used for centrally billed charges associated with meetings and events (such as hotels, catering and transportation). This can help capture more of your agency's expenses on the card.

CBAs are best used to track airline or other centrally billed charges separately from the cardholder's individual account. The account number is provided to your travel agency and is used by the agency to book airfare or other centrally controlled travel charges for employees or other designated and approved government use. Travelers contact their agency's travel service for airline reservations, and the travel agent bills the appropriate CBA account. A single bill is sent to a designated agency representative for reconciliation and payment.

Controls are generally put in place at the travel agency, as the agency "houses" the account. Examples of these controls include the need for your agency to define what employee identification or approvals will be required before the travel agency can book travel for an employee or meeting/event.

## Declining Balance Cards

A Declining Balance Card is a JPMorgan Chase Government Card that has a preset spending limit and/or expiration period. Once the card expires it will decline. Unlike other types of charge cards, the spending limit on a Declining Balance Card will not refresh at the close of a billing cycle or when a payment for previous charges is made. Nor will it reissue automatically at the expiration date.

Declining Balance Cards are offered to the government as a part of our central bill/central pay product only (i.e., the agency, not the cardholder is responsible for payment). This product should not be confused with prepaid or stored value cards, which are contingent upon an agency funding the entire limit on the card up front. Amounts charged on Declining Balance Cards are billed to a client on a monthly cycle basis.

Some common uses for Declining Balance Cards are as follows:

- Meeting Planner Accounts: The budget for an event can be set as the limit for the card and all charges for the event should be paid with this account.
- Relocation Cards: Relocating employees can be issued a Declining Balance Card with the relocation budget set as the card limit. All employee relocation charges should be paid with the Declining Balance Card.
- Grant Cards: A Declining Balance Card can be set up with the amount of the grant as the limit. Any spending tied to the grant would be placed on the card. When the amount of the grant has been fully spent, any future purchases would be declined.

Benefits of Declining Balance Cards:

- Eases the process of managing specific budgets while retaining the benefits of a charge card program
- Default account codes/obligations can be tied to the card and can account for the proper allocation of the majority of charges posted to the account
- Online tools may be used by the cardholder (or A/OPC) to manually reallocate any charges as necessary
- Increases efficiency, reduces paperwork and provides more thorough reporting than the traditional invoice and check processes
- Allows your agency to track and leverage vendor spending on lump sum payouts for relocation
- Allows for capital projects to be tied to one accounting code/obligation with a specific budget

## JPMorgan Chase and MasterCard® Program Benefits

Outlined below is a general overview of the card benefits that are available to your agency and cardholders as part of the JPMorgan Chase MasterCard Government Card program.

After review of this section, you will be able to discuss the following program topics:

- Travel Accident Insurance Benefits
- Lost Luggage Insurance Benefits
- Hotel/Motel Burglary Insurance Benefits
- Emergency Evacuation Benefits
- Vehicle Rental Insurance Benefits
- Purchase Assurance Benefits
- Extended Warranty Benefits
- MasterCard's Travel Assistance Services
- MasterCoverage®

Please note: Program benefits are subject to specific terms and conditions, which may change from time to time. Your Transition Manager will provide detailed benefit program guidelines and restrictions. JPMorgan Chase will keep you informed should there be material changes to the benefits your agency and cardholders receive.

## Travel Accident Insurance

JPMorgan Chase Government Card cardholders will be automatically insured against accidental loss of life, limb, sight, speech or hearing while riding as a passenger in, entering or exiting any licensed common carrier. For individually-billed cards, coverage extends to the principle cardholder, his/her spouse and dependent children under the age of 19. For Central Bill Accounts, coverage extends to any traveler whose fare has been paid for using the central account. This policy applies if the entire cost of the passenger fare(s) has been charged to the JPMorgan Chase Government Card account.

If the entire cost of the passenger fare has been charged to the Government Card prior to departure for the airport, terminal or station, coverage is provided for common carrier travel (including taxi, bus, train, limousine, or courtesy transportation):

- Immediately preceding departure, directly to the airport, terminal or station
- While at the airport, terminal or station
- Immediately following arrival at the airport, terminal or station of the destination

If the entire cost of the passenger fare has not been charged prior to arrival at the airport, terminal or station, coverage begins at the time the entire cost of the travel passenger fare is charged to the Government Card account.

Cardholder accounts must remain in good standing for the coverage to be in effect. Full disclosure of program guidelines and restrictions is available in the program documentation that will be made available by your Transition Manager.

Claims must be initiated in writing within 20 days of covered loss, or as soon as practically possible. Please refer to the Claims and Inquiries Contact Numbers table listed later in this section for benefit administrator contact information.



## Lost Luggage Insurance

Checked luggage and carry-on baggage are insured against theft or loss when the entire cost of a common carrier ticket is paid with a JPMorgan Chase Government Card.

(Note: This does not cover a vehicle-assigned card.)

Coverage is secondary to any compensation that might be payable by the common-carrier's lost luggage policies. Certain limitations and exclusions apply. Claims may be filed by initiating contact with the benefit administrator within 20 days of the date of loss. The benefit administrator will provide any required forms and instructions on how to complete the process. Please refer to the Claims and Inquiries Contact Numbers table listed later in this section for benefit administrator contact information.

Full disclosure of program guidelines and restrictions is available in the program documentation that will be made available by your Transition Manager.

| BENEFIT  | WHO TO CALL | CONTACT INFORMATION  | DEADLINE                                      |
|--|-------------|--|---|
| Travel Accident Insurance                                      | CBSI        | No calls. Write to<br>Cardholder Services<br>550 Mamaroneck Ave<br>Suite 309<br>Harrison, NY 10528 | 20 days, or as soon as<br>reasonably possible |
| Lost Luggage   | CBSI/WASC   | (800) 757-1274<br><br>(804) 673-6496 collect   | 20 days                                       |
| Automobile Rental  | MasterCard  | (800) MC-ASSIST<br><br>(314) 542-7111 collect  | 30 days                                       |
| All MasterCard Benefits,<br>Including Auto Rental<br>Insurance | MasterCard  | (800) MC-ASSIST<br><br>(314) 542-7111 collect  |   |

\*Effective as of 3/06

## MasterCard Family of Benefits

We are pleased to make the MasterCard family of Payment Solutions benefits available to the cardholders of MasterCard-branded JPMorgan Chase Government Card programs.

Outlined below is an overview of these benefits. Additional details may be found in the MasterCard Public Sector Payment Solutions Guide to Benefits brochure available through your primary JPMorgan Chase contact.

### Did You Know?

JPMorgan Chase will provide an electronic version of the latest "Guide to Benefits" that can be placed on your intranet, along with your program policies and procedures.

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### *MasterRental® Insurance Coverage*

(Not available for Vehicle-Assigned Cards, Purchasing Cards or Fleet Cards)

MasterRental provides up to \$50,000 in primary coverage for damage and fees incurred by JPMorgan Chase Government cardholders who have booked the full cost of a rental to their JPMorgan Chase account, declined the rental agency offered insurance at the time of rental, and are in compliance with the program policies and restrictions as outlined in the MasterCard Guide to Benefits.

The coverage is primary, and generally applies to most passenger vehicles with a Manufacturer's Suggested Retail Price of up to \$50,000 including minivans and sport utility vehicles that are designed to accommodate nine passengers or fewer, when used on bound surfaces such as concrete or tarmac. Coverage excludes trucks, pick-up trucks, off-road vehicles, recreational vehicles and antique autos. The vehicle rental must not be for more than 31 days. Additionally, coverage may be restricted in certain countries.

To file a claim, the cardholder should call 1-800-MC-ASSIST within 30 days of the incident. Please refer to the MasterCard Public Sector Payment Solutions Guide to Benefits for full program details, including coverage limitations and restrictions.

### *Purchase Assurance*

(Not available for Vehicle-Assigned Cards, Purchasing Cards or Fleet Cards)

If something purchased with a JPMorgan Chase Government MasterCard is damaged or stolen within 90 days of purchase, the purchase may be protected. Coverage is secondary to any other insurance that might apply, up to \$10,000. Claims must be made within 30 days of loss or damage.

### *Extended Warranty*

(Not available for Vehicle-Assigned Cards, Purchasing Cards or Fleet Cards)

The warranty on many items purchased with a JPMorgan Chase Government MasterCard is automatically doubled, up to one additional year. Coverage is secondary to any other insurance that might apply, up to \$10,000. Claims must be made within 30 days of loss or damage.

### *Travel Assistance Services*

(Except for Master Roadassist, not available for vehicle assigned cards)

The MasterCard Travel Assistance Services program provides many important services that may be needed when traveling. Benefits are designed to assist cardholders and travel companions when 100 miles or more from home. The assistance service is free to cardholders, but cardholders will be responsible for actual fees and costs incurred.

Please refer the latest MasterCard Public Sector Payment Solutions Guide to Benefits for details on these regions.

### *MasterTrip® Travel Assistance*

Before a cardholder begins a trip, MasterTrip provides information on travel requirements including documentation (visas, passports), immunizations, or currency exchange rates. MasterTrip will also help locate any lost or stolen travel materials, including luggage. This is not an insurance policy for lost/stolen luggage (lost luggage insurance is provided independently through JPMorgan Chase — please see Lost Luggage section of this chapter).

### *Travel Services Medical Protection®*

If a cardholder has a medical emergency away from home, MasterAssist Medical Protection can help them get care. MasterCard can provide referrals to English-speaking medical professionals. MasterCard also provides MasterAssist Medical Protection, which is an insurance program that provides secondary coverage of up to \$2,500 in coverage for eligible expenses. Claims must be filed within 60 days of completion of care by contacting MasterCard at the number(s) listed in the Claims and Inquiries Contact Numbers table.

### *MasterLegal® Referral Service*

Provides referrals to English-speaking legal providers, or consults with appropriate embassies and consulates regarding cardholder situations. MasterCard can also provide assistance in transfers up to \$5,000 in cash from a family member, friend or business to cover legal fees or to post bail. There is no charge for referral services, however, legal and bail fees are the cardholder's responsibility.

*Master RoadAssist® Roadside Service*

(Available only when traveling in the 50 United States and the District of Columbia)

If a cardholder's vehicle breaks down on the road, the cardholder simply needs to call 1-800-MC-ASSIST and provide the location of their vehicle. Help will promptly be dispatched. This is not only reassuring, but it may also reduce any charges for assistance because fees for many services (jump-starts, towing, gas delivery, tire changes) are pre-negotiated. The service provider will automatically bill any road service fees to the cardholder's JPMorgan Chase MasterCard account.

Cardholders in rental vehicles should contact the vehicle rental agency before calling 1-800-MC-ASSIST, since many rental agencies have special procedures regarding emergency road service assistance.

*MasterCard® VAT Reclaim Service*

(Not available for vehicle-assigned cards)

Assistance in helping an agency reclaim the Value Added Tax (VAT) paid on business services purchased in the European Union may be provided. The service includes help determining which expenses are eligible and processing the necessary paperwork. If a refund is issued, a discounted processing fee, based on a percentage of VAT refunded will be assessed.

To use this service, call 1-800-306-6068 from within the United States or call collect at 353-66-9761772 when outside the United States.

*MasterCard Global Service®*

MasterCard Global Service provides worldwide, 24-hour assistance with lost and stolen card reporting, emergency card replacement and emergency cash advances.

When using this service to report a card as lost or stolen simply call MasterCard Global Service to the account canceled. If a purchase needs to be made or arrangements for a cash advance are necessary, a temporary card can be made available the next day in the United States, and within two business days most everywhere else.

The United States collect line is 1-636-722-7111.

## MasterCoverage®

Employee misuse of Government Card privileges is rare. However, to protect against these losses if they occur, MasterCard International established the MasterCoverage Liability Protection Program. The goal of the program is to protect employers from employee misuse related to government issued cards.

MasterCoverage provides up to \$100,000 per cardholder in protection for agencies with a qualifying U.S. based card program. A detailed MasterCoverage program guide is available from your primary JPMorgan Chase contact and will be provided upon request.

The following types of charges are eligible for reimbursement under the general terms of the program:

- Charges on cards with Individual Liability that were reimbursed to the employee, which were not remitted by the employee to JPMorgan Chase, and/or charges that were reimbursed to the employee which did not directly or indirectly benefit the agency.
- Charges on central liability accounts that did not directly or indirectly benefit the agency.

Key program restrictions and eligibility requirements include the following:

- The employee must be terminated either voluntarily or involuntarily.
- The card must be cancelled within two days of employee the employee's termination and JPMorgan Chase must be notified of the termination date.
- The former employee must be notified, in writing, that the card has been cancelled, that card use should be discontinued and that the card should be returned to the agency.
- Each cardholder must be provided with a written document that outlines what they are authorized and not authorized to purchase with the Government MasterCard. This may be in the form of a cardholder agreement or included as part of the agency program policies and procedures. The agency may be required to furnish these documents as part of the claim documentation.
- Program forms and documentation will need to be completed and submitted to the MasterCoverage® claims administrator. The JPMorgan Chase MasterCoverage® specialist will work with you to outline key deliverable dates for forms and documentation.

Notes: The MasterCoverage® Liability Protection Program is provided subject to the terms and conditions set forth in the master policy. Vehicle-assigned cards are not eligible for coverage under the program.

Specific questions about filing a claim should be directed to your primary JPMorgan Chase contact.

## Chapter 6 – Electronic Access System Overview

JPMorgan Chase is pleased to offer you a flexible and customizable electronic access system to meet your reporting needs. Our electronic access system is based upon the principle that there are three common levels of information needed to run an effective card program. These levels include:

- Transactional level information – maps into financial systems and provides the basis for program evaluations and audits.
- Vendor level information – provides information necessary for spending consolidation initiatives, negotiating preferred pricing and monitoring policy compliance.
- Cardholder profile information – provides the basis needed to manage cardholder data including spending controls and limits.

During the transition process, your Transition Manager will work with your team to determine your agency's unique reporting needs and review the available reporting options.

After reviewing this section, you will be able to:

- Determine reporting needs (options and custom reports)
- Define inbound and outbound file needs
- Discuss data mapping requirements
- Define method(s) of connectivity and file delivery

## Electronic Access System

During the transition process, JPMorgan Chase will work with your project team to understand your reporting needs. This includes:

- Understanding the type of information you need
- Determining the role technology will play in your program
- Identifying prospective cardholders and their need to access and use the electronic access system

### Did You Know?

The JPMorgan Chase electronic access system and program management tool provides quick access to cardholder, vendor and transaction details and is a critical component of a successful and efficient card program.

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Once we understand your reporting needs, we will provide the right configuration to manage your program.

At the close of the transition process, JPMorgan Chase will also provide detailed training to your A/OPCs and any other trainers on the electronic access system. This will enable your trainers to be fully equipped to train others in your agency as needed.

Detailed documentation for your specific electronic access system, including user guides, will be provided during your training sessions.

## PaymentNet®

The JPMorgan Chase PaymentNet® proprietary electronic access system is a versatile and secure Internet-based card reporting and management system. PaymentNet is available 365 days a year from anywhere in the world.

PaymentNet simplifies administration of all your JPMorgan Chase card programs with an easy-to-use system that allows you to manage spending for multiple agencies and bureaus from a single application. A limitless hierarchy gives PaymentNet the versatility to automate traditional purchasing tasks, centralize your program data and eliminate time-consuming data entry before and after a purchase.

PaymentNet makes your agency more efficient with internal spending and administrative controls that meet the needs of cardholders, A/Os, A/OPCs and regulators.

Pre-transaction information such as purchase order numbers can also be recorded so transactions are automatically reconciled and allocated to the correct accounting codes/obligations.

PaymentNet's flexibility helps accelerate workflow approvals, reconcile transactions and enhance reporting - even at the largest agencies. Your card solution can be tailored to integrate data from different bureaus with your general ledger, ERP and other existing systems.

Transaction reporting no longer needs to be managed separately according to individual bureaus or the limits of your management tool. At the click of a mouse, up-to-the-minute spending data can be quickly accessed at all levels of your agency. Data can be sorted according to transactions, merchants, accounts, point-of-sale enhanced data and several other criteria.

### Did You Know?

Since PaymentNet is completely Internet-based, no special software or hardware installation is required on your network server(s), and/or work stations.

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### With PaymentNet:

- Administrators can order new cards, modify spending limits, adjust cardholder profiles and monitor policy compliance.
- Cardholders can review statements, dispute transactions and make secure payments online.
- Managers can access transaction details and comprehensive reporting throughout your agency and its subsidiaries for better decisions and more accurate forecasts.
- Auditors can review spending information without the ability to modify data.

#### Did You Know?

PaymentNet offers scalable architecture that can handle your agency's most demanding data and program management requirements.

It supports unlimited users, hierarchical structures, charts of accounts and transactions, while maintaining quick response times.

JPMorgan Chase  
Best Practice

PaymentNet has the versatility to easily adapt to your agency's payment processes, accounting structure and organizational hierarchy for more efficiency throughout your entire purchase process.

PaymentNet automates administrative tasks by simplifying approvals and replacing the need for time-consuming paper-based approval processes.

Information flow can be customized according to your hierarchy, tailored to comply with the most complex accounting rules and automatically transferred to your general ledger, ERP or other accounting systems without additional data entry. For instance, general ledger codes and cost centers can be automatically defaulted, while transactions are reported and even split across any number of internal accounting codes/obligations according to criteria such as merchants, employees, merchant category codes and other cost centers.

Comprehensive, real-time controls help you manage spending more efficiently and better enforce spending policies before a transaction is even initiated. PaymentNet offers A/OPCs and AOs a choice of versatile spending parameters that allow instant changes to a cardholder's spending profile at any time. With these user-friendly capabilities, you will limit unauthorized usage while offering employees greater spending flexibility.

#### Did You Know?

PaymentNet's user-friendly capabilities allow your agency to limit usage while still offering your cardholders greater spending flexibility.

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Best Practice

A wide range of PaymentNet's real-time reporting options help your agency manage budgets and monitor spending compliance more effectively.

More than 70 comprehensive standard reports allow you to access the transaction detail your AOs require. In addition to the capabilities for weekly, monthly or custom reporting cycles, flexible data queries can also be tailored to capture real-time data at any moment.

A wide range of cardholder, merchant and transaction criteria allows users to search all transactions for specific details needed to leverage opportunities such as vendor negotiations and analyzing travel expenses.

Whether your agency chooses standard or customized reporting, PaymentNet gives you a wealth of information at your fingertips, according to criteria such as:

- Transactions
- Cardholders
- Budget allocation by accounting code/obligation
- Hierarchy
- Merchants
- Dollar amounts

PaymentNet delivers world-class security to help ensure only the appropriate users have access to data. To safeguard against unauthorized usage, fraud or identity theft, PaymentNet includes:

- Powerful SSL data encryption Internet protocol
- Three-factor authentication login
- Automatic inactivity logout
- Configurable masking of account numbers
- Authorized A/OPC control of credit limits and open accounts

Our transition process goes well beyond standard card programs to help your agency realize the full savings potential throughout the life of your program. Following an analysis of your agency's distinct systems and objectives, we will work closely with you to customize solutions that help you meet program objectives, resolve challenges and prepare for future Government Card program needs.

After successful transition and testing, our continued support helps ensure satisfaction with:

- Comprehensive training for A/OPCs, detailing best practices and practical day-to-day applications.
- Around-the-clock, toll-free customer service support for cardholders and dedicated support for administrators and your IT organization.
- A regular assessment of program goals, product upgrades and technology developments.
- Ongoing training and user conferences.

## Other Reports and File Feeds

In addition to supporting Government Card programs with our electronic access system, JPMorgan Chase has the ability to provide the government with an array of custom reports and file feeds.

### Custom Reports

Though the majority of reporting needs are met by the robust electronic access system we provide, custom reports may sometimes be used to supplement these tools. During the transition process, we will work with your agency to define any reporting needs that are not met by the electronic access system.

Custom reporting solutions are available online. They may be run daily or as often as needed. Custom reports may include information on 1099 and other merchant classifications, transaction data, merchant data or other information as defined by your agency's needs.

### File Feeds

Typically, file feeds are employed in programs that have the need for card data to be shared with internal systems or third-party software, such as an automated expense reporting system. Automated file feeds can be set up for delivery as needed, including daily.

In some cases, there are industry standard file formats that JPMorgan Chase can provide to the expense report vendor (or other third party), but in other cases, a custom file feed will be required. In these instances, we will work with your IT representative and the third party vendor to define and create file specifications.

Details regarding supported connectivity and delivery methods may be found later in this document.

- Travel Card Programs
  - Travel agency reconciliation reports

In order to facilitate the reconciliation of airline tickets to either central bill or individual card accounts, we can provide an airline ticket reconciliation report that contains information such as cardholder account number, airline ticket number, passenger name and transaction amount.

Travel reconciliation files may be delivered to your agency or directly to your selected travel agency. File delivery options are outlined later in this section.

## Transaction Data Mapping

Use of our card program and electronic access system helps enable the government to electronically capture information on purchases and complete the cost allocation for these transactions in a simple and efficient manner.

The final step in this process is to take the properly allocated transaction information and feed it into a financial system. Allocation methodologies are discussed in the section titled Account Code Allocation/Obligation in Chapter 4 of this guide.

Using a “mapper” is the most efficient and easiest way to accomplish this. A mapper is a program that when accessed through our electronic access system will generate an output file that may be imported into your financial system. There are two types of mappers as summarized below:

### Standard

Some software packages have standard or “flex” mappers. A flex mapper allows you to select data fields from a predefined list of common elements and to specify the order of those data elements. Typically these files will then need to be formatted so they can be imported into your financial system manually or through programming developed by IT resources in your agency.

While standard mappers always contain the same data elements, flex mappers allow you to easily change the data elements in a mapper without the need to involve JPMorgan Chase programming resources.

### Did You Know?

Incorporating a mapper into your program eliminates manual processes and greatly increases efficiencies and cost savings.

We view data mapping as a key factor to the long-term growth and success of most card programs.

JPMorgan Chase  
Best Practice

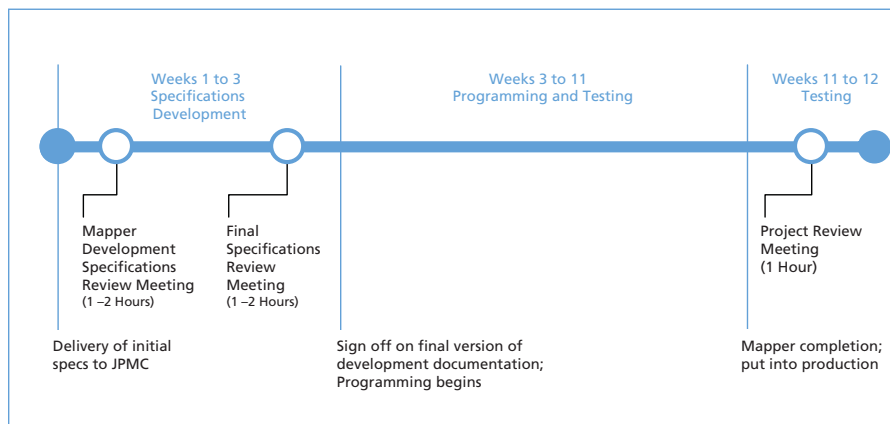
## Custom

If mapper requirements contain programming logic or a large number and variety of constant values that need to be included in the output file, a custom mapper can be created to address the unique requirements of your financial system. The development cycle for a custom mapper typically takes 10 to 12 weeks to complete. Once the need for a custom mapper has been determined, the first step in the development process is for you to provide us with detailed specifications for the output file you need.

JPMorgan Chase has designed a process to reduce the amount of effort required from your IT department to develop a mapper. However, we recommend that one of your IT resources, who is familiar with the requirements of your financial systems be named to the project. Typically, your IT resource is the best person to provide the initial output file specification and can serve as a contact for JPMorgan Chase during the developmental cycle.

The following is a high level overview of the mapper development cycle:

### CUSTOM MAPPER DEVELOPMENT PROCESS MILESTONES



## Connectivity and Data Transfer

Since some types of official card data files contain personal cardholder information and account numbers, special consideration must be given to data exchange. E-mail across agency domains is not a secure method of file transfer and though extremely rare, e-mail security can be compromised.

During the transition process, you will need to consider how you would like to receive card data from JPMorgan Chase as well as how to send data to JPMorgan Chase. Questions such as frequency of file transmissions, file content, confirmation processes and the level of automation you desire will all influence the connectivity is established.

When the Transition Project team is reviewing connectivity methods, a representative from your Information Technology department should be involved to guide the team to an internally supported connectivity method. The JPMorgan Chase Connectivity Services team will work directly with your IT resource to establish connectivity.

Summarized below is a description of our standard methods of connectivity and file delivery:

### Internet Protocols

#### *FTP*

JPMorgan Chase supports FTP exchange of encrypted files by maintaining a FTP server and creating a directory on the server for agencies that prefer to use this method of connectivity. This directory may be used to push inbound files to or pull outbound files from JPMorgan Chase.

All files must be encrypted with PGP or GNUPG encryption software. This software is not provided by JPMorgan Chase. Your agency is responsible for acquiring the necessary software. Your Transition Manager can provide additional details if needed.

Basic requirements:

- Internet connection
- FTP client capabilities
- PGP or GNUPG encryption and decryption capabilities

### *VPN*

JPMorgan Chase can also support the exchange of data over a virtual private network (VPN). The VPN must be configured for exclusive communication between the customer and JPMorgan Chase.

This method of connectivity is best suited to clients with the need to move extremely large amounts of data.

Basic requirements:

- VPN connection with JPMorgan Chase
- FTP client capabilities

### **HTTPS**

Data exchange is accomplished manually with HTTP over SSL by using a standard Internet browser that supports 128-bit encryption to access a secure web site by entering a user ID and password provided by JPMorgan Chase. Data files may be uploaded to or downloaded from the HTTPS mailbox.

During the transition an HTTPS box may be used to exchange cardholder set up files and any initial cardholder or activation reports.

Basic requirements:

- Internet connection
- Internet browser supporting 128-bit encryption

This option of connectivity is best suited for programs that will have a low number of data exchanges and a low level of technical infrastructure which would prohibit the use of more automated processes.



## Value Added Networks

A value-added network (VAN) is a network maintained by a third-party vendor. That vendor leases access to users for various communication purposes. A VAN provides a number of services in addition to file delivery/data exchange.

One advantage of using a VAN is that the provider keeps detailed records relating to both the incoming and outgoing files. VANs are typically used in an EDI trading partner relationship, but can be utilized for any file format exchange. VANs can be expensive due to cost components applied to both the sender and the receiver of data.

JPMorgan Chase maintains two VAN accounts: one with Advantis and one with GXS. For customers with a VAN account on one of these two networks, data files can be exchanged utilizing the VAN mailboxes. For customers with a VAN account on a network other than Advantis or GXS, a VAN interconnect to Advantis will be required.

Basic requirements:

- An Advantis VAN account, a GXS VAN account or a VAN account with an interconnect to Advantis

## Dedicated Lines

Customers with a dedicated IP or SNA link to the JPMorgan Chase network can exchange data files utilizing Connect: Direct software from Sterling Commerce or FTP protocol. A Connect: Direct exchange can also be accomplished by establishing a secure connection on the Advantis VAN.

Basic requirements:

- Connect: Direct Connect software or FTP client capabilities
- IP or SNA dedicated link to JPMorgan Chase

## Chapter 7 – Commonly Asked Questions

Over the next few pages, we will review the roles and activities critical to the successful ongoing management of your JPMorgan Chase Government Card program.

After review of this section you should be able to:

- Define the roles and responsibilities of an A/OPC and determine the initial set up and structure of the program
- Understand the day-to-day activities of an A/OPC including the steps required to request a new account, update an existing account or cancel an account
- Determine which JPMorgan Chase resource to contact during the transition and post transition

### Roles and Responsibilities

#### *What is the role of the A/OPC during the transition process?*

The role of the A/OPC is critical to the success of the Government Card program. The A/OPC will not only need to manage the program on a daily basis, but should also be a champion for the program and ensure that it is meeting your agency's goals and adapting to meet the changing needs of your agency.

#### *Who is the primary JPMorgan Chase contact during the transition process?*

The Transition Manager is the primary JPMorgan Chase point of contact throughout the transition of the program. The Transition Manager provides consultative guidance to ensure the program is designed to your needs. He or she will coordinate any additional resources required for the project including technology and systems support, customer service support, account management and any required third-party resources.

For additional support during the transition process, your Transition Manager will also assign a Transition Coordinator.

## Program Set up

*What activities and responsibilities should the A/OPC take into consideration when it comes to managing the Government Card program?*

To help you decide how to best manage your program, consider the following activities and responsibilities of the A/OPC:

| PROGRAM SETUP AND LAUNCH  | PROGRAM MAINTENANCE  | PROGRAM MANAGEMENT AND ANALYSIS   |
|---|--|---|
| <ul style="list-style-type: none"> <li>Authorize and submit setup forms to JPMorgan Chase</li> </ul>  | <ul style="list-style-type: none"> <li>Maintain records of all cards, users and other relevant information</li> </ul>  | <ul style="list-style-type: none"> <li>Be an internal advocate for the program</li> </ul>   |
| <ul style="list-style-type: none"> <li>Establish policies and procedures for card use</li> </ul>  | <ul style="list-style-type: none"> <li>Perform account maintenance tasks such as setting up new accounts, closing accounts and modifying credit lines</li> </ul>                                     | <ul style="list-style-type: none"> <li>Establish goals and objectives for the program and regularly report on performance measurements</li> </ul>         |
| <ul style="list-style-type: none"> <li>Present program concept to local management teams</li> </ul>   | <ul style="list-style-type: none"> <li>Establish and maintain regular statement and receipt collection, storage and disposal procedures to ensure compliance with regulatory requirements</li> </ul> | <ul style="list-style-type: none"> <li>Establish regular communication with cardholders and management teams</li> </ul>                                   |
| <ul style="list-style-type: none"> <li>Coordinate program roll-out and cardholder training, including designing training for cardholders and approving officials</li> </ul>   | <ul style="list-style-type: none"> <li>Ensure accurate payment through reconciliation of bank reports and act as a liaison between agency and bank billing department</li> </ul>                     | <ul style="list-style-type: none"> <li>Manage accounting, tax, audit, legal and regulatory issues with the appropriate departments</li> </ul>             |
| <ul style="list-style-type: none"> <li>Establish an audit policy and a non-compliance policy to manage and enforce cardholder compliance</li> </ul>   | <ul style="list-style-type: none"> <li>Provide direction in the supplier enrollment process</li> </ul>   | <ul style="list-style-type: none"> <li>Perform program audits and determine corrective action plans</li> </ul>  |
| <ul style="list-style-type: none"> <li>Distribute cards and train new cardholders</li> </ul>  |  | <ul style="list-style-type: none"> <li>Evaluate program expansion opportunities including new card uses and review of non-card purchasing data</li> </ul> |
| <ul style="list-style-type: none"> <li>Utilize the program electronic access system for program setup and reporting</li> <li>Ensure creation of mapper interface file and upload into financial system</li> <li>Establish bank payment processes</li> </ul> |  | <ul style="list-style-type: none"> <li>Serve as the primary point of contact for cardholder questions</li> </ul>  |

*What is the best way to structure the Government Card program?*

The decision on how to structure program management internally can depend on program size, geographical location of cardholders and the number of different accounting systems, agency structure and available resources. The result may be one of the following:

- Centralized program management and program administration, performed by one or more individuals, full or part time
- Centralized program management and decentralized program administration
- Decentralized program management and program administration

## Daily Program Administration Activities

### *Who is eligible for an official Government Card?*

Current employees who are approved by their agency or A/OPC are eligible for a Government Card.

### *How do I set up a new account?*

The following steps outline the process to obtain a Government Card:

- **Step One:** The employee should contact his or her manager.
- **Step Two:** Managers should review the employee card request and validate the need for the employee to become a cardholder. Each manager should be aware of the spending controls associated with the card and make requests for limits or card controls in line with the cardholder job function and authority level.
- **Step Three:** The cardholder and manager should work together to complete the request. This includes filling out the application using the format selected by the agency (options include paper or online applications or other format as defined by your agency). Once completed the application should then be submitted to the A/OPC for processing.

The A/OPC then submits the cardholder information to JPMorgan Chase using any of the following methods:

- JPMorgan Chase provided electronic access system
- Spreadsheet
- Bank standardized paper application

### *How long does it generally take to receive a card?*

Application processing is typically three to five business days. Card delivery averages five to seven days from the date of entering the application.

### *What card delivery options are available?*

Card delivery options vary and depend on where your agency is in the program life cycle. With this in mind, we provide the government with the ability to select card delivery methods for new cards, reissued cards and replacement cards (e.g., lost or stolen cards). We offer two delivery methods for each of these situations:

- Bulk Ship to A/OPC or central contact
- Delivery directly to cardholder

### *What are the procedures for activating a card?*

Each JPMorgan Chase card is shipped with a card receipt verification block on the account. This block is a control that maintains card security and helps to prevent theft and fraudulent activity on new accounts. Cardholders are required to confirm receipt of the plastic with JPMorgan Chase Customer Service voice recognition unit (VRU).

Each card will come with a sticker on the face of the card that advises cardholders to contact JPMorgan Chase and verify card receipt prior to first use. Cardholders will be asked for personal information to verify their identity.

### *What security information is needed to activate a card?*

JPMorgan Chase requires two unique identifiers for each cardholder. We strongly recommend that each travel cardholder provide their social security number and their unique identifier. Cardholders may provide alternate information for security (i.e., a unique verification number versus a social security number for purchasing cardholders or a pass phrase versus mother's maiden name for travel cardholders). Cardholders will need to remember this information when contacting JPMorgan Chase, since our Customer Service will prompt each cardholder for the last four digits of the data that is populated in the social security number field and/or what is populated in the mother's maiden name field. Your Transition Manager will work with your team to determine the unique security code options for your program.

JPMorgan Chase Fleet Cards for cars or drivers are normally sent pre-activated unless otherwise requested by the agency. If you prefer to receive the cards deactivated, the agency would need to provide the last four digits of the vehicle or driver number plus a pass phrase.

### *What is the process for handling erroneous charges on an account?*

It is critical for cardholders in both individual bill and central bill programs to review their spend activity for erroneous transactions. If a cardholder identifies a questionable transaction, they will need to determine if it is a billing error or a fraudulent transaction. The process for handling both types of situations is outlined below.

The first step a cardholder should take in determining if a charge is valid is to contact the merchant. In many cases an erroneous transaction is due to such billing errors as:

- Transactions for which the cardholder has a receipt but the amount on the receipt and the amount posted to the card account do not match
- Duplicate transactions (same merchant, same amount, same date)
- Transactions that the cardholder cancelled but which were processed by the merchant anyway
- Returned merchandise

In these instances, the cardholder's best course of action is to attempt to settle the matter directly with the merchant. Working directly with the merchant resolves a high percentage of potential disputes with a simple phone call.

### *How do cardholders initiate a dispute?*

If the cardholder is unable to resolve the issue with the merchant, the cardholder should complete a dispute form and submit it to JPMorgan Chase electronically through our electronic access system or by hardcopy (mail or fax). Address and fax information for dispute forms will be provided by your Transition Manager.

### *Who can initiate a dispute?*

Disputes must be initiated by the cardholder. The A/OPC may only initiate a dispute in cases where the cardholder has left the agency and the account is closed.

### *How long do cardholders have to initiate a dispute?*

Cardholders have 90 days from the transaction post date to notify JPMorgan Chase of a disputed transaction.

*On average, how long does it take to resolve a dispute?*

Most disputes are resolved within 60 days of the date the request is received.

*What happens to the charge during the dispute?*

The cardholder is issued a provisional credit while the dispute is being researched. If the dispute is settled in favor of the cardholder, the credit remains and no payment is due from the cardholder. If the dispute is settled in favor of the merchant, the charge reappears on the statement.

*What is the process for handling fraudulent charges?*

Cardholders who identify potential fraudulent transactions on their statement should immediately notify JPMorgan Chase Customer Service, who will work with the cardholder to either block or cancel the card immediately.

The account will be referred to a member of the JPMorgan Chase Fraud department who will work with the cardholder to review the transactions and complete an investigation of the suspect activity. Cardholders may be asked to complete an affidavit detailing any fraudulent transactions.

*What is the process for handling lost or stolen cards?*

Cardholders should report a card lost or stolen as soon as they become aware of the situation. This immediate action on the part of the cardholder may help to expedite the fraud investigation and limit unauthorized activity.



*What are your collections procedures for delinquent accounts?*

Cardholders will typically have one full billing cycle to make payment in full against their JPMorgan Chase Government Card. For example, this means that all of the charges that were posted to a cardholder's account at the close of the January billing cycle will be due by the close of the February billing cycle.

Each cardholder account must be paid in full by the stated due date. **The party responsible for making the payment on the cardholder account is dependent on the payment structure your agency has selected.**

The JPMorgan Chase Collections department may contact cardholders whose accounts have balances more than 31 days past due. In addition, delinquency reports will be provided to the A/OPC through our electronic access system and the A/OPC should follow up with the cardholder to make sure the payment is made.

The A/OPC should enforce policies that require cardholders to pay their Government Card bill in full each month. We strongly advise that internal card policies for Individual Liability programs include language outlining that it is a policy violation to allow the card to become delinquent and include consequences defined by the agency for card delinquency.

If an account becomes 31 days past due (or the cardholder has not paid for all transactions that were billed 61 days before) the account will be suspended from further charge activity. The account will remain blocked until the delinquent balance has been paid in full.

Cardholders who allow their account to become 126 past due will have their accounts cancelled. Accounts that reach this stage of delinquency will only be reinstated after the account is paid in full.

At 181 days past due, the account balance will be charged off. The account will be permanently closed and the outstanding debt may be reported to the credit bureaus. Any amounts the agency reimburses the cardholder which are and included in the charged off amount may be reported to the IRS via 1099 forms.

Please refer to your task order or ask your Transition Manager for detailed information on the possible penalties your agency may incur.

### *What are the payment procedures for centrally billed accounts?*

The agency makes one payment to JPMorgan Chase against the central invoice in accordance with the payment terms outlined in the task order.

### *When do cards expire?*

Each card issued by JPMorgan Chase will have a card expiration date of 36 months unless otherwise stipulated by your agency.

### *What is the process for reissued cards?*

Reissued cards will be sent to either the A/OPC or the cardholder (depending on the delivery method selected during transition) about three weeks prior to the end of the month in which the card expires.

Reissued cards will have the same 16-digit account number as the original account but will need to be activated by the cardholder prior to use. Once the cardholder receives the new card, they should immediately contact JPMorgan Chase Customer Service to activate the new card, sign the back of the card, update the expiration date with vendors for any recurring charges (such as Internet service providers) and destroy the expiring card.

### *What is the process to add/cancel/change an account?*

The A/OPC can add/cancel/change accounts using the JPMorgan Chase electronic access system.

A/OPCs can also submit maintenance or cancellation requests via fax or by calling JPMorgan Chase.

### *How long does it take to complete add/cancel/change requests?*

Maintenance is typically completed within 72 hours. Rush and exception requests should be directed to your primary JPMorgan Chase Customer Service contact.

## A/OPC Resources

### *Who should I contact for ongoing day-to-day program administration support?*

Once the transition has been completed the primary responsibility for your program will be transitioned from the Transition Manager to the Client Relationship Management team.

The Client Relationship Management team will be responsible for answering your A/OPC's day-to-day questions, will monitor program performance, actively look for opportunities to refine your program and enhance its value and will work with your program management team to ensure the program is meeting long-term goals.

The Client Program Coordinator will be the A/OPC's daily contact to assist with operational needs. Team members have expertise in government accounts, providing a range of services including:

- Lost or stolen card reports
- Transaction authorizations
- Specific charge inquiries
- Electronic Access System questions
- Card activation
- Returns and credits
- Replacement cards
- Reporting
- Payment information
- Account closures
- Statement questions
- Cardholder issues
- Balance inquiries
- Emergency services
- Changes to card controls
- Miscellaneous assistance

*What support services are available to the cardholder?*

The JPMorgan Chase Card Solutions Customer Service team is available to answer cardholder inquiries 24 hours a day, seven days a week, 365 days a year. Customer Service handles inbound telephone calls for such things as:

- Lost or stolen card reports
- Transaction authorizations
- Specific charge inquiries
- Card activation
- Returns and credits
- Replacement cards
- Payment information
- Account closures
- Statement questions
- Balance inquiries
- Emergency services
- Verification

Our toll-free customer service number should be given to all cardholders during training and is printed on the back of every JPMorgan Chase Government Card.

*What security information will cardholders be required to provide when contacting Customer Service?*

For card activation and security purposes, JPMorgan Chase requires two unique identifiers for each cardholder. We strongly recommend that each travel and/or purchasing card cardholder provide their social security number and their unique identifier.

Cardholders may provide alternate information for security (i.e., a pass phrase versus mother's maiden name for travel cardholders, a unique verification number versus a social security number for purchasing cardholders).

For JPMorgan Chase Fleet Cards assigned to a vehicle the cardholder will be asked to verify two of the following unique identifiers: single purchase limit, credit limit, driver number, or vehicle number. For JPMorgan Chase Fleet Cards that are issued to drivers, the required security information is the same as that outlined above for travel and purchasing cardholders.

Cardholders will need to remember this information when contacting JPMorgan Chase, since our Customer Service will prompt each cardholder for the last four digits of the data that is populated in the social security number field and/or what is populated in the unique identifier field.

Your Transition Manager will work with your team to determine the unique security code options for your program.

Please note that the A/OPC will be responsible for communicating the security elements to their cardholders to ensure activation.

## Post Transition

### *When is the transition process complete?*

The first billing cycle typically marks the close of the transition process.

### *Who is the primary contact once the transition process is complete?*

Your Transition Manager will formally transition your program to your Client Relationship team who will work with you and your program going forward.

Your Client Relationship team is the key contact group for your program and will work closely with your program management team to ensure its success.

## Glossary

### A

**Accounts Payable:** Debts your agency owes to creditors.

**Acquirer:** A financial institution that initiates and maintains contractual agreements with merchants for the purpose of accepting and processing card transactions.

**Addenda:** An ACH record type that carries the supplemental data needed to completely identify an account holder or provide information concerning a payment.

**Agency/Organization Program Coordinator (A/OPC):** The A/OPC oversees the GSA SmartPay® Program for his/her agency/organization and establishes guidelines. The Agency/Organization Program Coordinator (A/OPC) generally serves as the focal point for answering questions, contract administration, coordination of the applications, issuance and destruction of cards, establishment and review of reports, administrative training, and is the overall point of contact.

**Approving Official (AO):** The Approving Official (AO) is responsible for ensuring that all purchases made by the cardholder(s) within his/her cognizance are appropriate and the charges are accurate. After review, the AO signs the account statement and maintains the documentation in accordance with agency procedures.

**Audit:** Inspection and verification of financial accounts, records and accounting procedures.

**Authorization:** Approval from the financial institution that issued the cardholder's card. It allows you to accept the transaction for a given amount.

**Automated Clearing House (ACH):** A facility which provides a set of processing operations and systems that collectively are employed to effect the electronic exchange of transactions.

### B

**Bank Identification Number (BIN):** A unique six-digit number assigned by the card association (i.e., MasterCard, VISA etc.) to identify member transactions and accounts. The BIN is the first six digits of a cardholder account number.

**C**

**Cardholder:** The employee whose name appears on the card and is accountable for all charges made with that card.

**Cardholder User Agreement:** An agreement form, signed by the cardholder and the card manager, which verifies that the cardholder has read and understands the guidelines set forth in the card program policies and procedures and agrees to comply with them.

**Central Bill:** A card billing arrangement where the agency is billed on a consolidated basis, rather than individual cardholders.

**Central Liability:** An obligation of the government entity for credit extended in conjunction with a card program. The agency's financial position is evaluated as part of the credit decision.

**Card:** Any card issued to government entities to be used for government expenses.

**Cycle Limit:** A dollar limitation of purchasing authority assigned to the cardholder for the total of all charges made during the monthly billing cycle. An agency will establish the limit set for the individual cardholder.

**D**

**Default Account/Obligation and Cost Center Number:** An agency's general ledger account and cost center number assigned to an individual cardholder's account.

**Department Card:** An official Government Card assigned to a department within an agency, rather than an individual.

**Draft/Sales Draft:** A record (usually paper) used to document that a good or service was purchased.



## E

**Electronic Data Interchange:** Defines the electronic transmission of routine government documents. Generically, this term is used to describe the transfer of information.

**Electronic Funds Transfer:** A generic term used to describe any ACH or wire transfer.

**e-Procurement system:** An electronic system which facilitates procurement of goods from a vendor.

**Enhanced Data:** Data regarding a transaction provided by the merchant in addition to the financial transaction information.

## F

**File Transmission Protocol (FTP):** A standard for moving files from one computer to another. Predominantly used on the Internet.

**Fleet Card:** A card issued to government entities for control and tracking of fleet purchases, particularly fuel and maintenance transactions. May be assigned to a vehicle or a driver.

## G

**Ghost Account:** A card account number assigned to a vendor by the buyer agency to be used for charging government purchases with that vendor.

## H

**Hierarchy:** The foundation on which your agency's reporting structure is based. As such, the set up of an agency's hierarchy is critical to the proper set up of an agency's reporting. It is integral to the way the agency views and accesses their card transaction data.

## I

**Individual Liability:** The cardholder is responsible and liable for charges and payments on their card account.

**Integrated Card:** A card program where a single charge card is used for purchasing, travel and/or fleet transactions. An Integrated Card program offers concentrated spending in one program with centralized data to minimize administrative tasks.

## L

**Level I:** The data associated with every card transaction including; amount, transaction date, merchant name and location, merchant category code (MCC) and transaction reference number.

**Level II:** Typically associated with Purchasing Card transactions. Tax information and a unique point-of-sale (POS) code optional field are considered Level II data.

**Level III:** Invoice level information provided in conjunction with the financial transaction. Commonly referred to as 'line item detail'.

## M

**Merchant Category Code (MCC):** The four-digit classification code assigned to each merchant that identifies the type of business in which the merchant engages. An ANSI standard used by both card associations.

## P

**PaymentNet:** A financial reporting electronic access system (EAS) owned by JPMorgan Chase. The system is a secure web site, which is derived and maintained by JPMorgan Chase, using the agency's internal servers.

**Point-of-Sale:** The place where a card transaction is executed. Can be a stand-alone swipe machine, an integrated cash register, an ATM, a PC application or a web site, as well as a personal phone call that authorizes and submits transactions for posting and settlement.

**Purchasing Card (aka Procurement Card or PCard):** An official government charge card issued to an employee on behalf of an agency for the purpose of making authorized government-related purchases. The agency will issue payment for all charges made with the Purchasing Card.

## S

**Single Purchase Limit:** A dollar limitation of purchasing authority assigned to the cardholder for each total charge made with the Purchasing Card. The maximum amount cannot exceed the cardholder's limit. An agency will establish the limit set for the individual cardholders in accordance with the Purchasing Card program guidelines. A single transaction amount may include multiple items but cannot exceed a cardholder's limit.

**V**

**Value Added Network:** A value-added network (VAN) is a network maintained by a third-party vendor. That vendor leases access to users for various communication purposes. A VAN provides a number of services in addition to file delivery/data exchange.

**W**

**Wire Transfer:** Generically refers to large dollar, instantaneous electronic funds transfers.