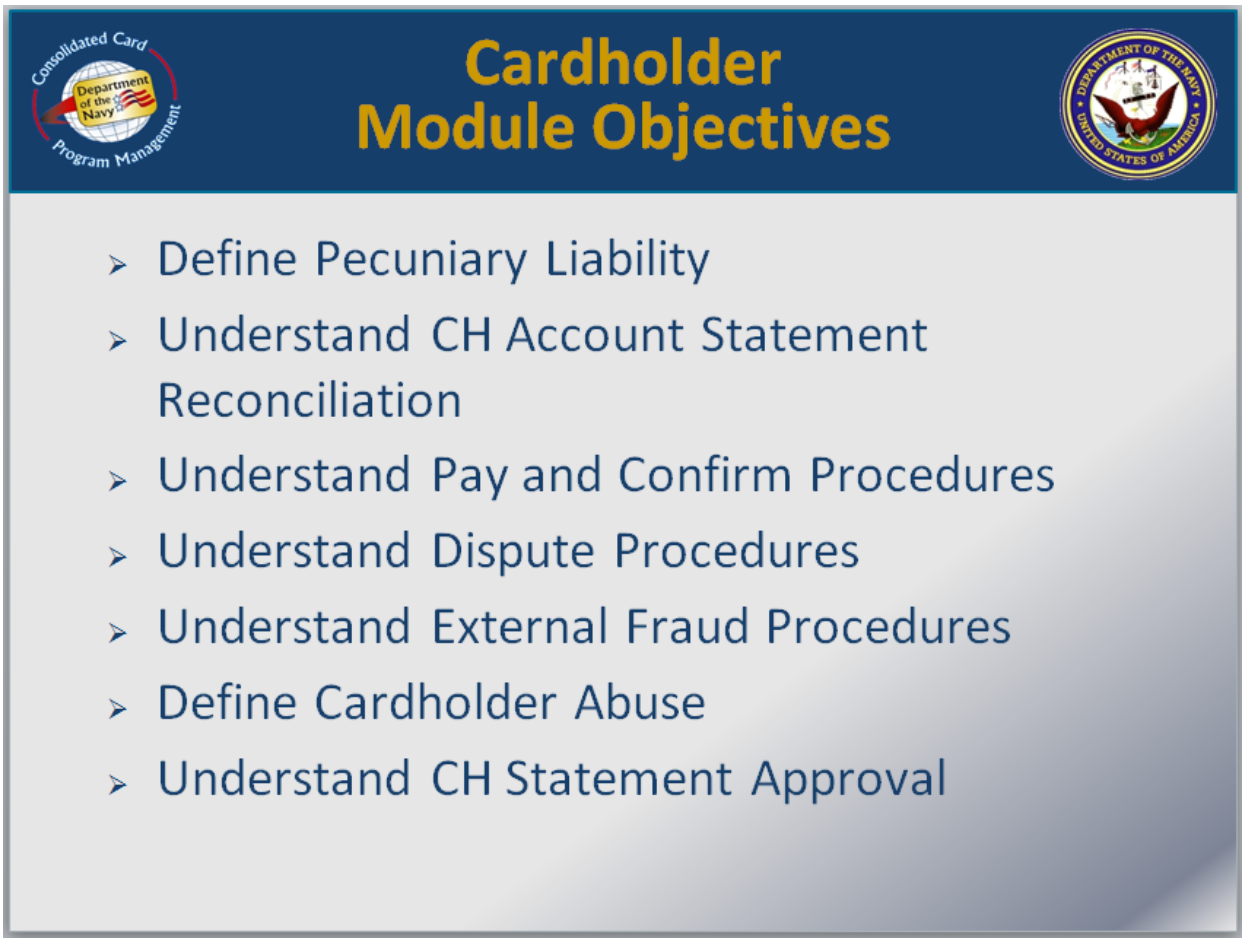
This is the third module of the Government Commercial Purchase Card Certification Course and we will be discussing program oversight.

Program oversight is very important because it ensures the integrity of the program and documents compliance with regulations.



In this module we will focus on account oversight and what pecuniary liability means.

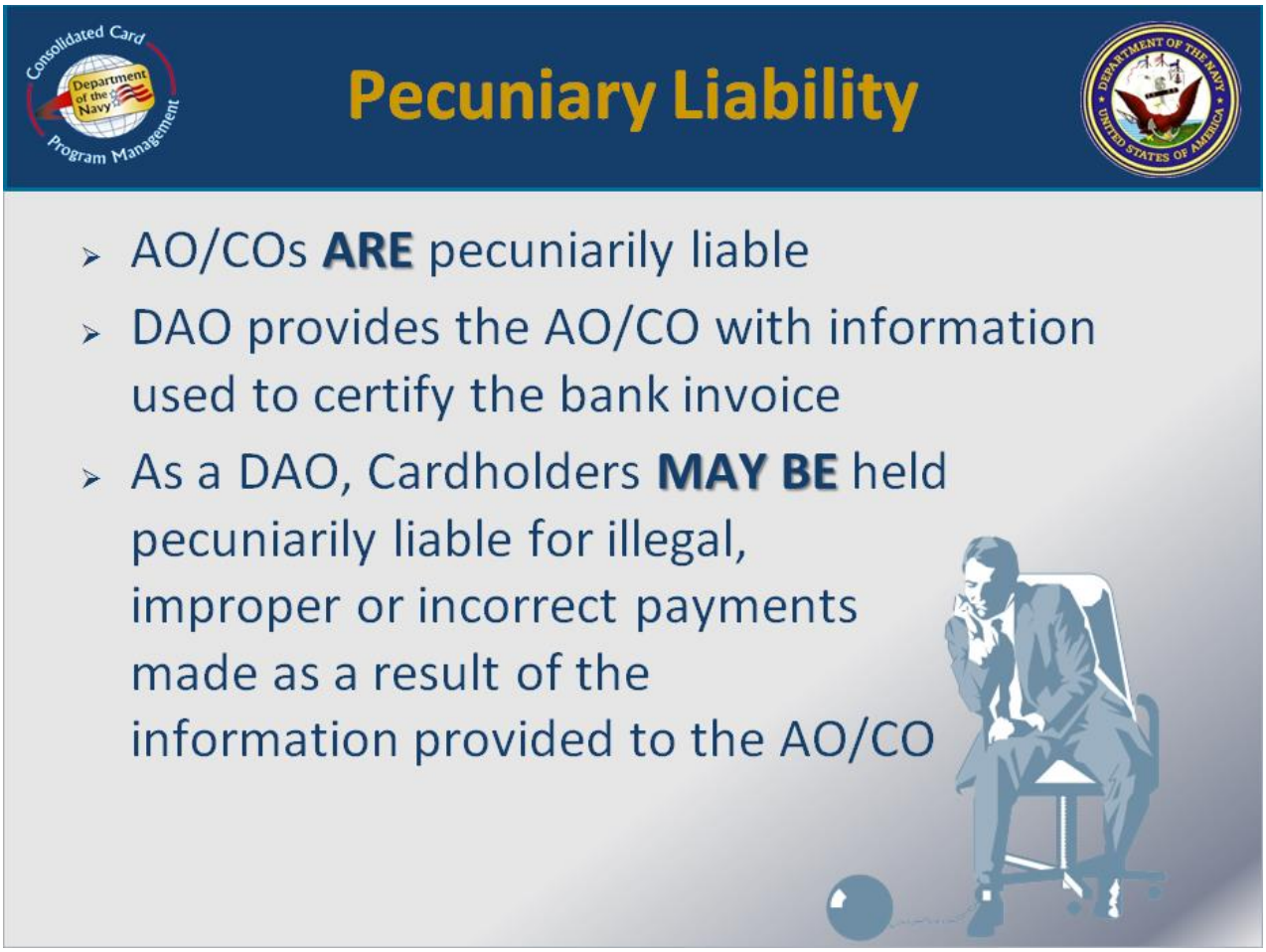
We will define account oversight responsibilities for Cardholders and Convenience Check writers and discuss what it means for a Cardholder or Convenience Check writer to be a Departmental Accountable Official (DAO).

We will look at how the Cardholders should reconcile their statement, and when to pay for an item shipped but not yet received using Pay and Confirm procedures.

We will show the procedures to dispute a purchase.

We will identify external fraud and the procedures used report a charge that the Cardholder did not make.

And we will define Cardholder abuse and lastly we will discuss Cardholder statement approval.

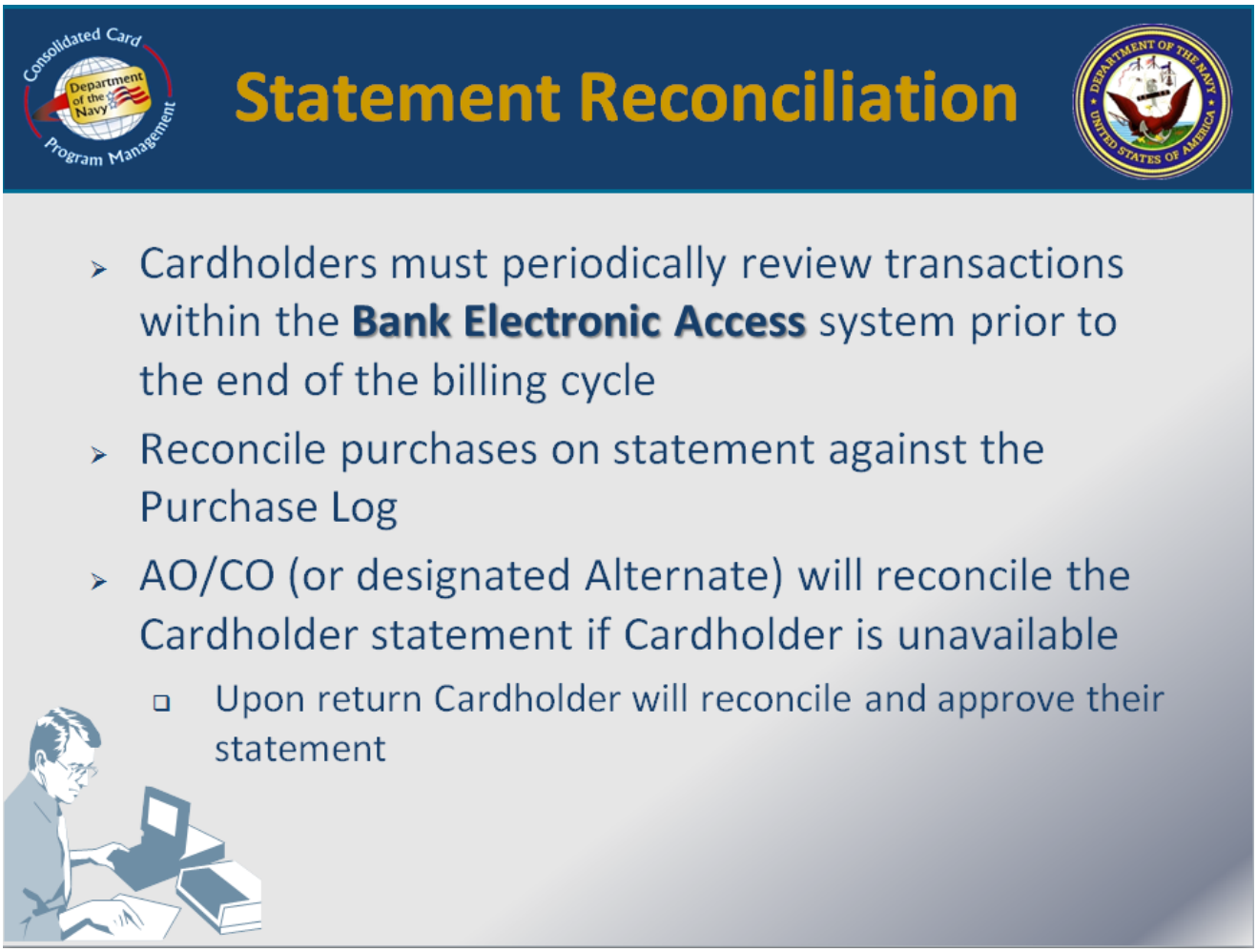


AO/COs are pecuniarily liable for illegal, improper or incorrect payments resulting from improper certification of the monthly bank invoice.

A Cardholder or Convenience Check writer is considered a Departmental Accountable Official (DAO) because they provide the AO/CO with information used to certify the bank invoice.

As a DAO, a Cardholder **may** be held liable for illegal, improper or incorrect payments made as a result of the information they provided to the CO.

This means that the DAO may be held financially responsible for payment of illegal, improper or incorrect payments.



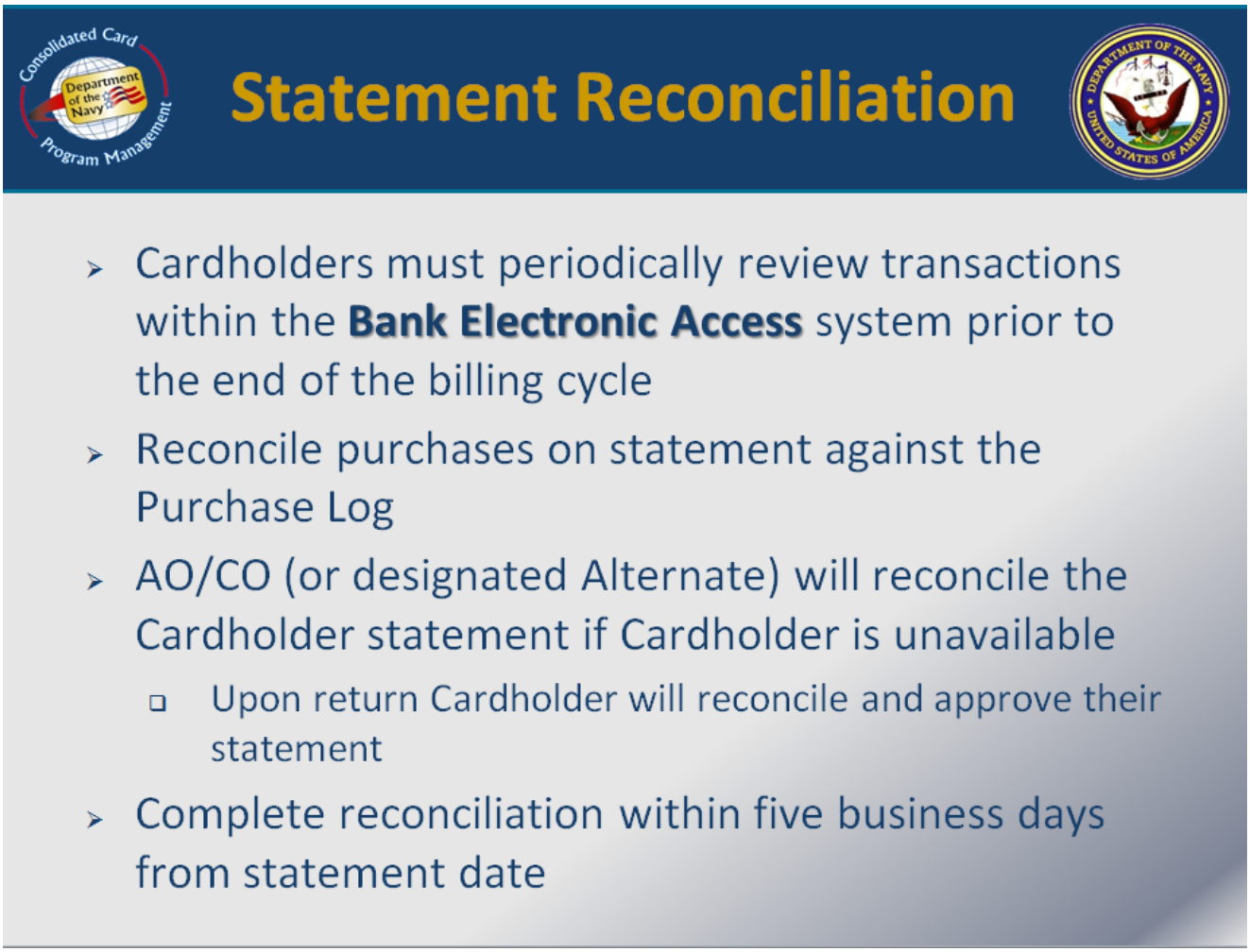
The Cardholder or Convenience Check writer needs to ensure their statement from the bank includes only items they purchased.

They should periodically review their on-line purchases prior to the end of the billing and then reconcile all purchases against their Purchase Log.

It is recommended that the reconciliation process be performed continuously throughout the cycle and not just at the end of the cycle.

The Cardholder's AO/CO, or designated Alternate AO/CO, will reconcile the Cardholder statement when the Cardholder is unavailable to perform their monthly reconciliation;

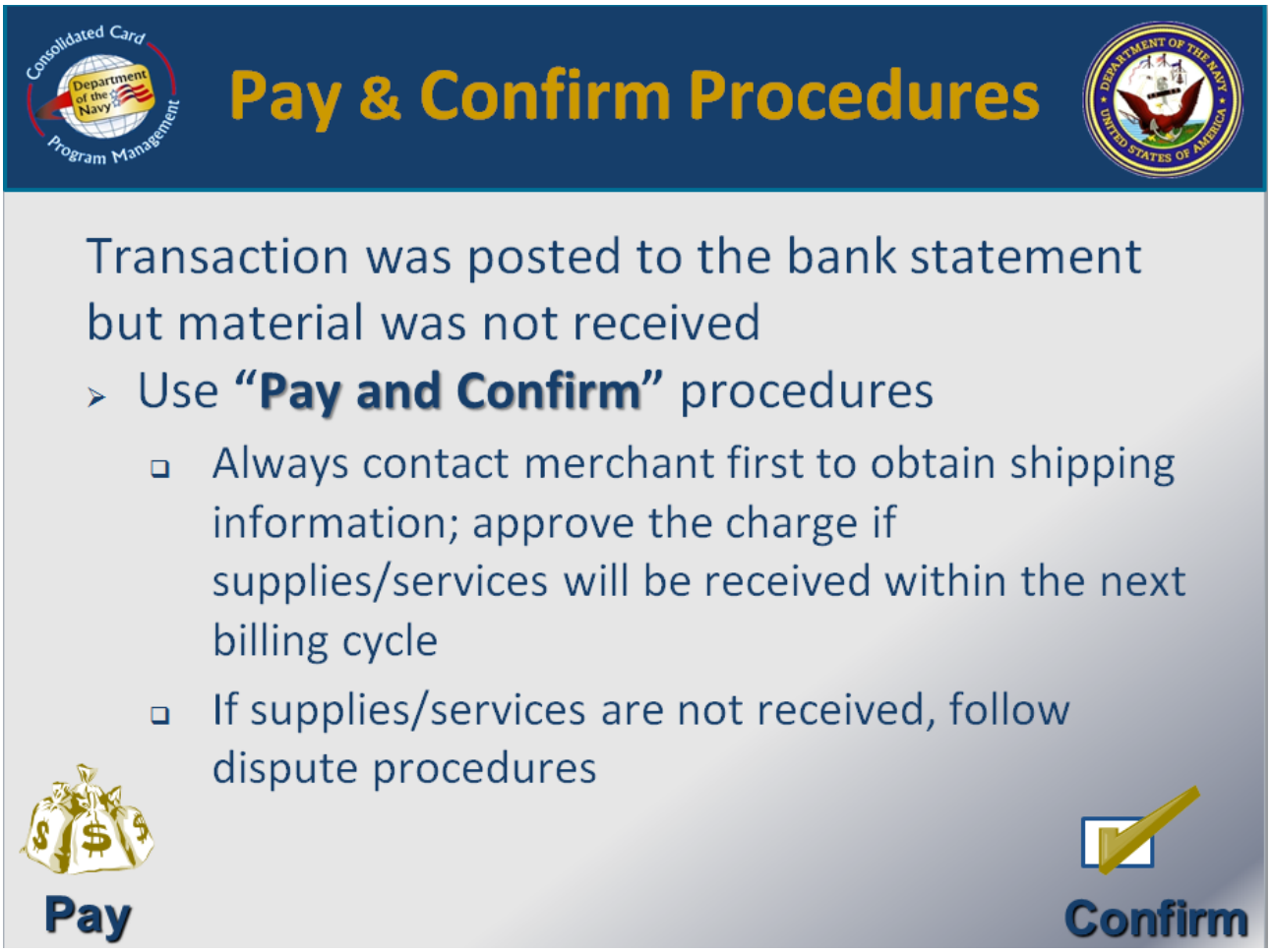
However, the Cardholder is still required to reconcile and approve their account statement upon return.



The Cardholder is required to complete the reconciliation process within five business days from statement date.

Hopefully, most purchases reconcile without any problems.

However, there are some situations where a purchase may not be reconciled. Let's go through several of them now.



First, you have a transaction that posted to your bank statement but the material was not received when the cycle closed and it's time to reconcile your statement.

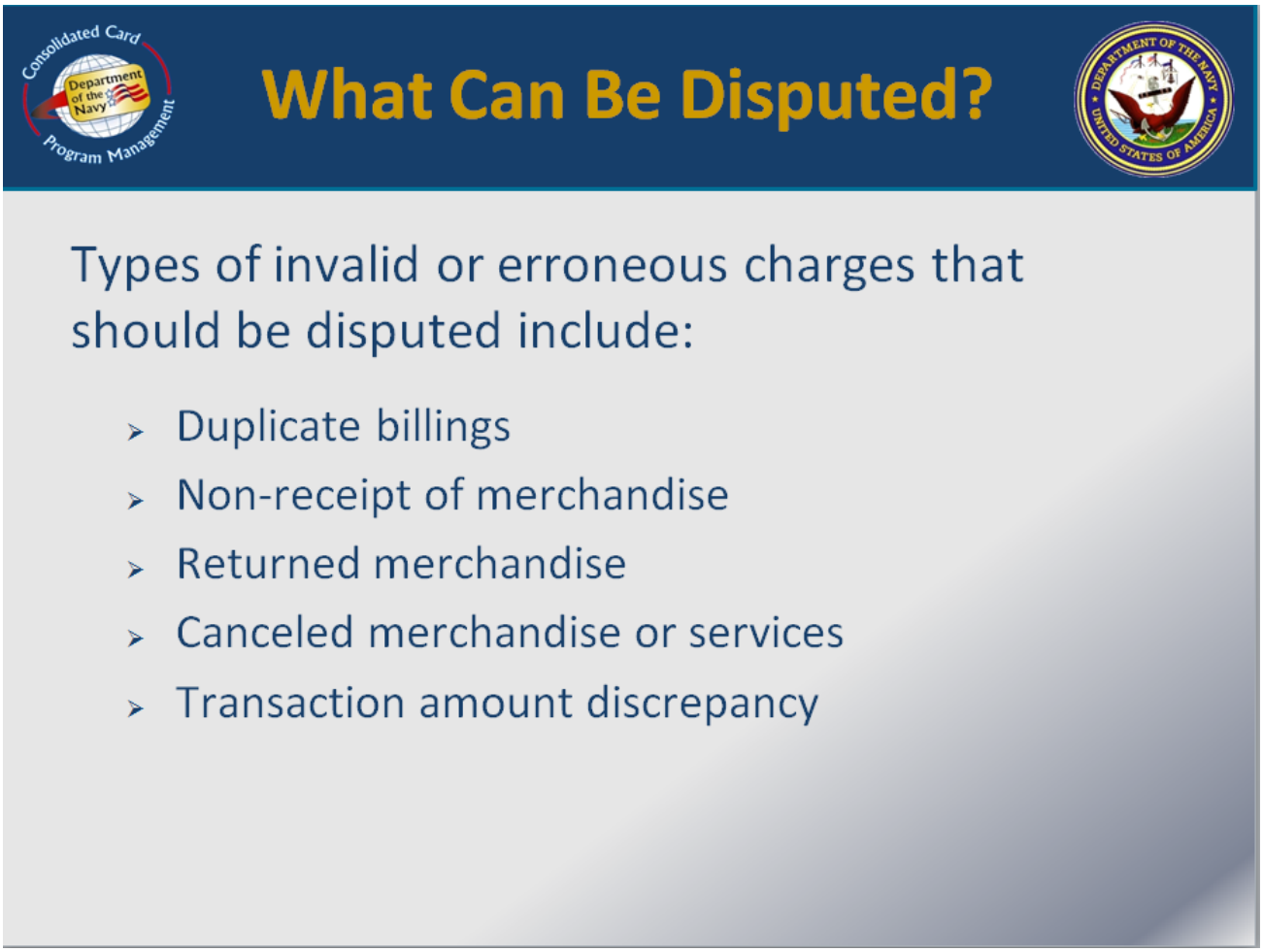
In this case DOD policy requires Cardholders to use Pay and Confirm procedures which state:

1) Always contact the merchant first to obtain shipping information
2) The Cardholder should approve the charge if supplies or services will be received within the next billing cycle.

If supplies or services are not received or estimated receipt date cannot be confirmed, you must follow dispute procedures.

Frequent review of Cardholder purchases should eliminate disputes at the end of the cycle as it will allow time for the merchant to apply credits for improper charges before the end of the cycle.

Let's look at what can be disputed.



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Invalid or erroneous charges are not to be paid by the government and should be disputed. These transactions include:

Duplicate billings on the Cardholder's statement where the merchant has double billed your account and won't issue a credit.

Non-receipt of merchandise charged to your account, f these are not received before the 60-day dispute timeframe.

Returned merchandise charged to your account with no pending credit transaction, If credit is not received before the 60-day dispute timeframe.

When you are billed for canceled merchandise or service and a credit has not been received within the 60 day dispute timeframe.

And if the merchant charged the wrong dollar amount and won't issue a credit for the difference.

Now that you know what can be disputed let's look at the dispute procedures.

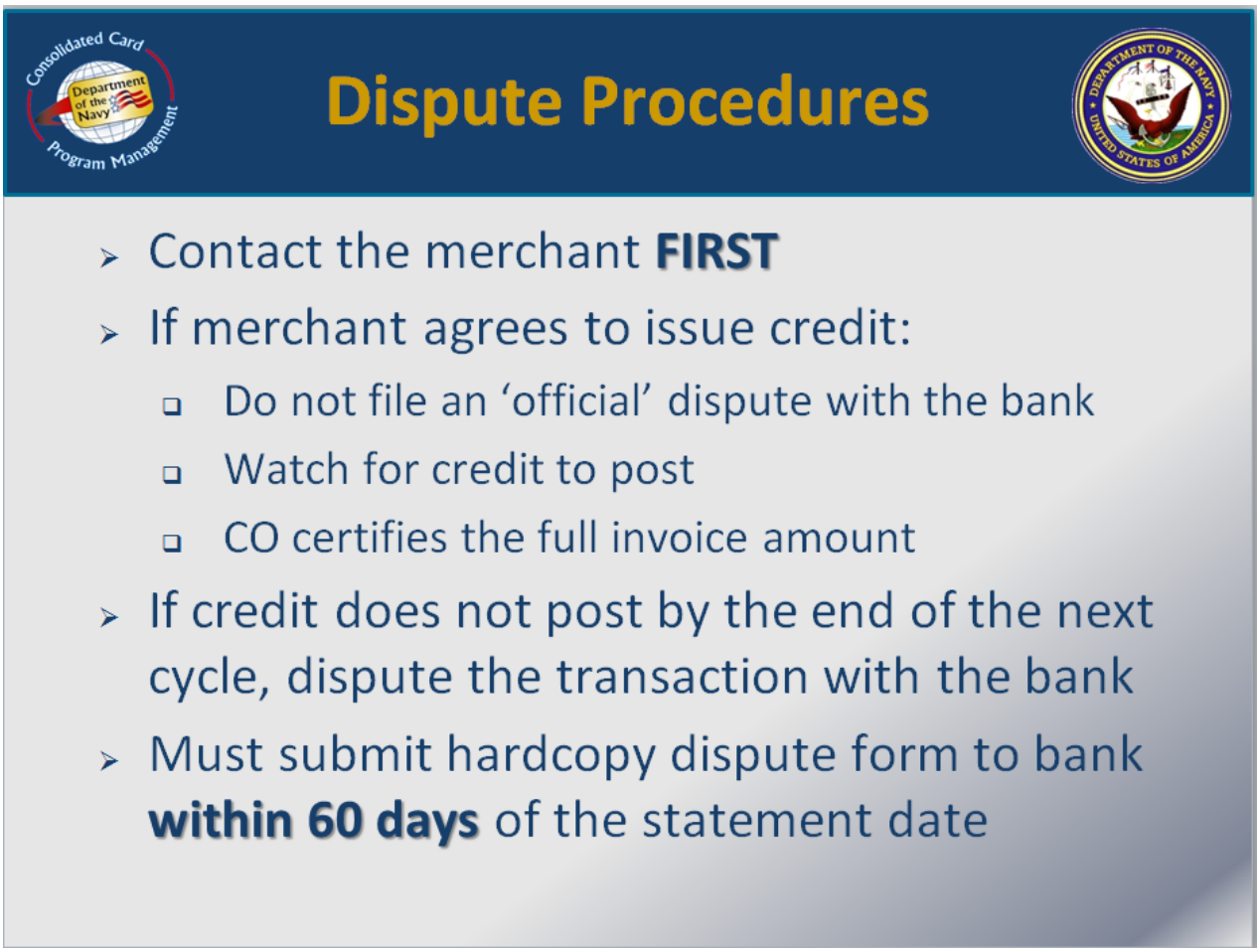
A formally disputed transaction with the bank can cause additional workload and can negatively affect the payment process.

It is recommended to avoid initiating a dispute with the bank if at all possible.

To avoid these problems associated with a dispute, contact the merchant first and try to resolve the questionable charge.

If the merchant agrees to issue a credit, do not dispute the transaction with the bank.

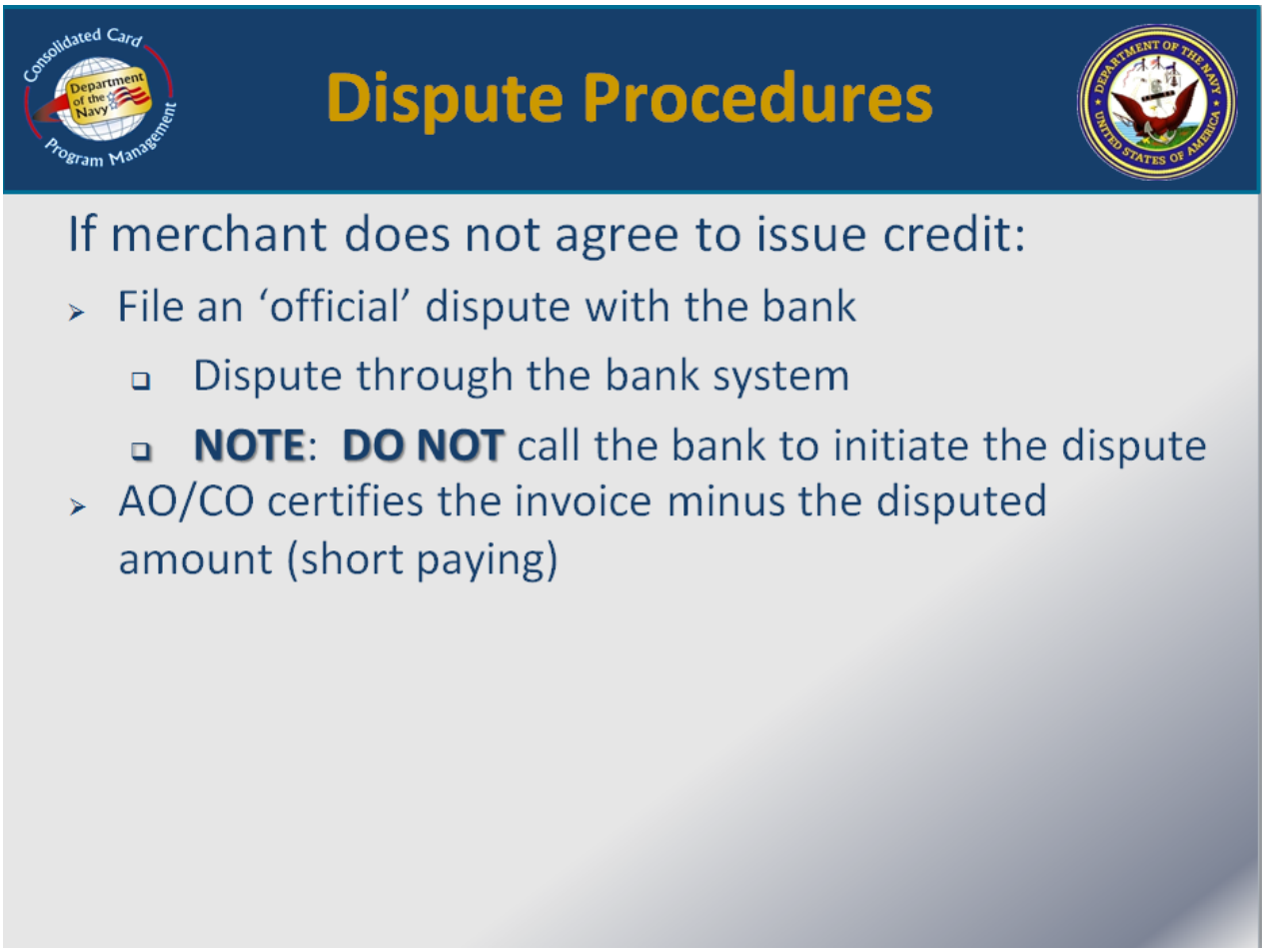
Watch for the credit to post and recommend the CO certify the full invoice amount.



If the credit does not post by the end of the next cycle, complete a dispute form and fax it to the bank.

DO NOT call the bank to dispute the transaction as this will interfere with the proper processing of your dispute.

Cardholders must submit a hardcopy dispute form to bank within 60 days of the statement date.



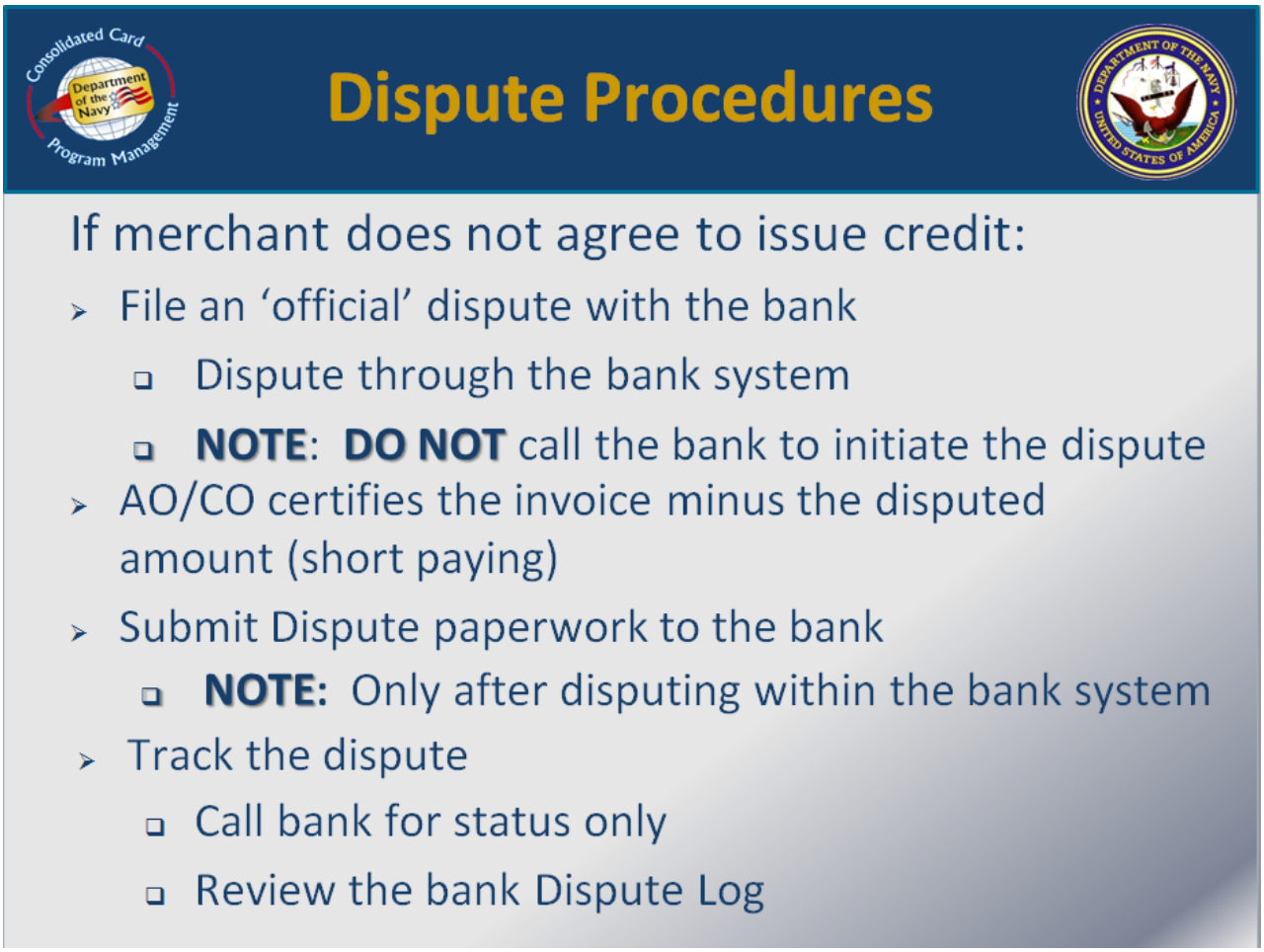
What should you do if the merchant does not agree to issue a credit?

The Cardholder should file an official dispute with the bank by disputing the transaction within the bank system.

Again as we just stated - Do not call the bank to initiate the dispute for this will interfere with the proper processing of your dispute.

Since the Government should not pay for this transaction, the AO/CO should "short-pay" the invoice by the amount of the dispute.

The bank does this automatically when you dispute the transaction within the system.

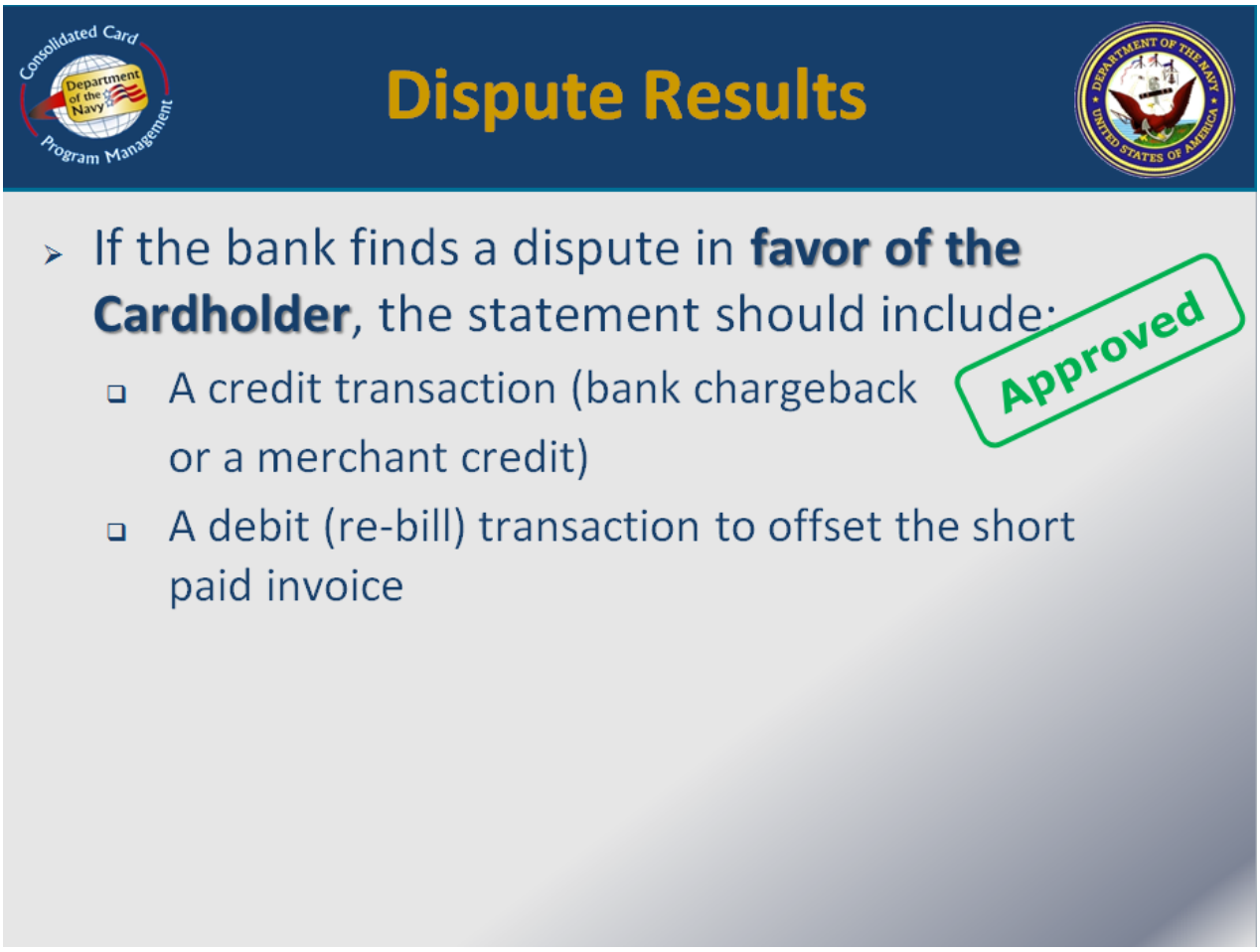


After the transaction has been disputed in the bank system, submit the dispute form to the bank.

Currently, the bank requires the Cardholder signature therefore any electronic submission must be backed up by providing the bank a signed form

The Cardholder should track the dispute until it is resolved either by calling the bank or reviewing the bank's dispute log.

Let's look at what happens when the disputes are resolved.

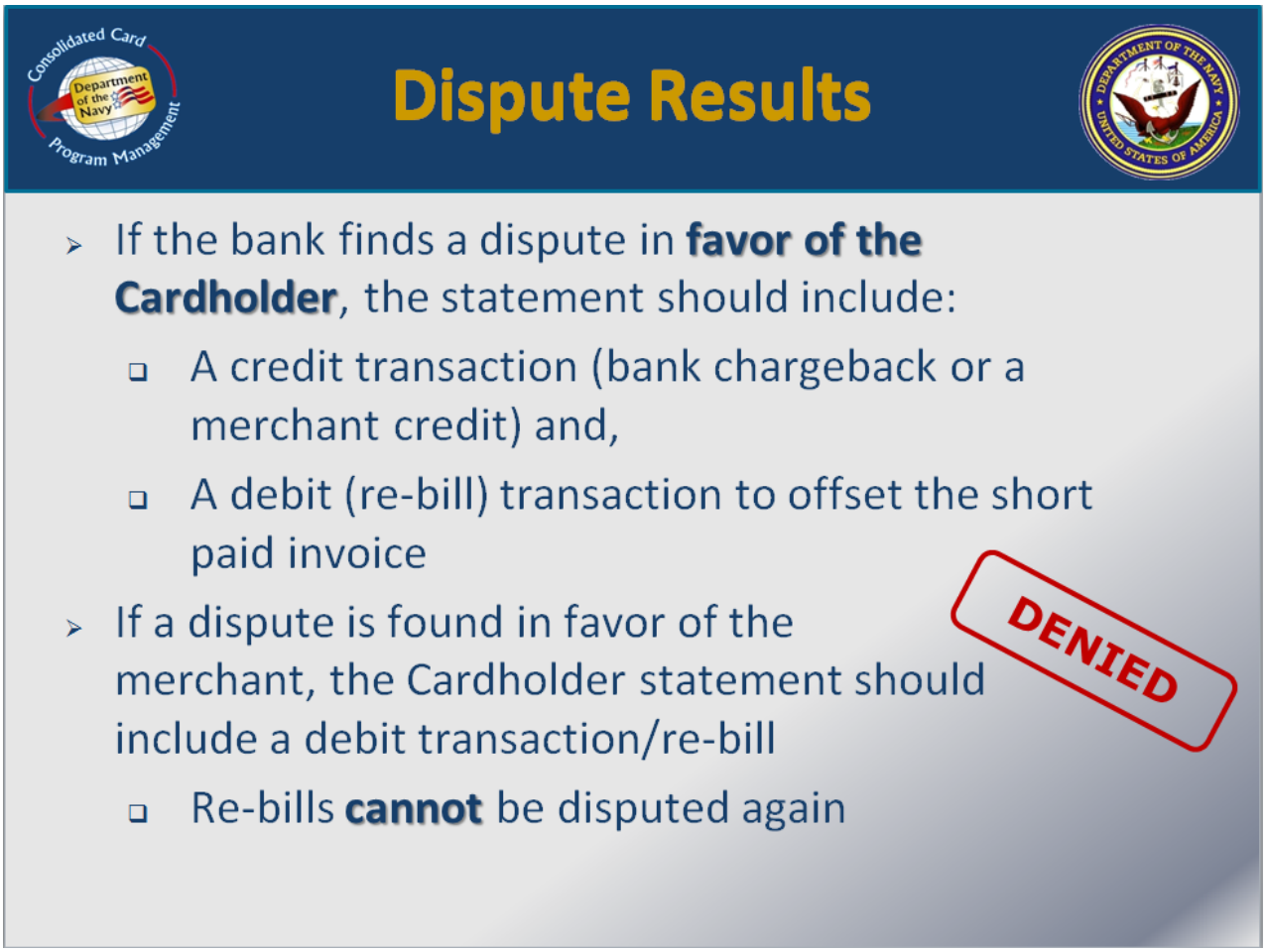


What are the possible dispute results?

If the bank finds a dispute in favor of the Cardholder, the Cardholder should see either a chargeback from the bank OR a merchant credit,

AND a debit (re-bill) transaction to offset the short pay mentioned on the previous slide.

This allows for the normal over payment of the invoice to balance the account since the bank's system assumes the invoice was short-paid.



If the dispute is found in favor of the merchant, the Cardholder should see a debit (re-bill) transaction.

Re-bills cannot be disputed again.

We just discussed what can be disputed.

Now let's look at what cannot be disputed.

Even though you are using a federal government Purchase Card, some merchants in some states may charge sales tax.

It is the Cardholders responsibility to request that the sales tax be waived but if the merchant applies the sales tax to the transaction the Cardholder must work with the merchant to issue a credit.

It can't be disputed.

Convenience check transactions are like writing a check so they can't be disputed.

When a Cardholder inappropriately uses their government Purchase Card for a personal purchase, it cannot be disputed because it is a Cardholder initiated transaction.

We'll discuss in a minute how to resolve this situation.

There are also situations where dispute rights are limited.

Third party transactions such as Pay Pal cannot be disputed with the merchant.

You will need to work with the third party payment authority to resolve any discrepancies.

On the merchant side, when a merchant processes or forces through a transaction without getting an electronic or verbal authorization from the bank they forfeit most of their dispute rights if a Cardholder disputes this type of transaction.

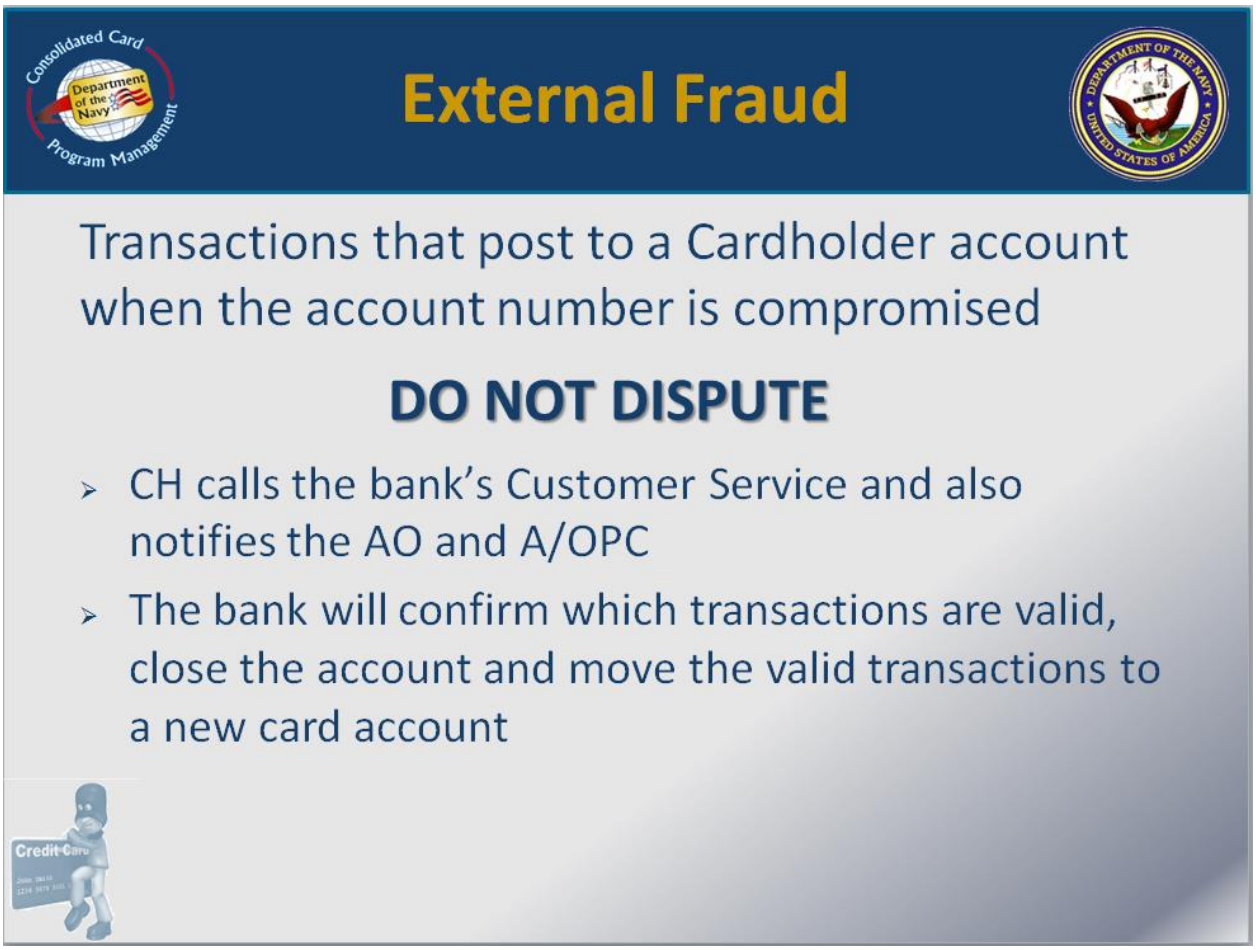
Let's look at another exception that may be found during the reconciliation process.

The second exception is External Fraud.

These are transactions that post to a Cardholder account when the account number is compromised.

A card account number can be compromised if it is lost, stolen or accessed by computer hackers.

Do not dispute transactions that appear to be external fraud.



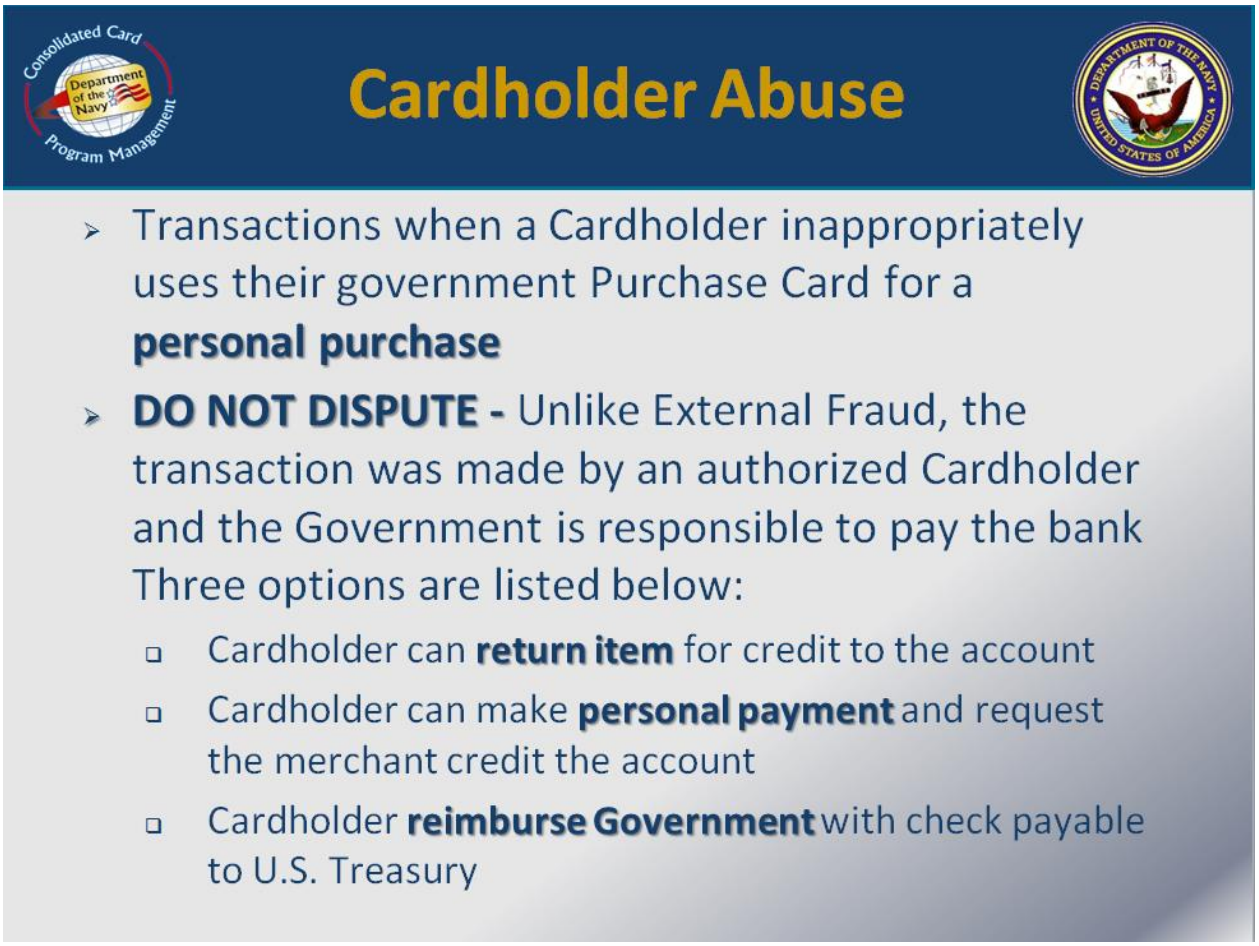
Contact the bank and follow their fraud procedures.

The bank will confirm with the Cardholder which transactions are valid and which may be fraud and move the valid transactions to a new card account.

By checking the account activity daily a Cardholder can reduce the impact of external fraud.

The third exception is Cardholder Abuse.

These transactions result from a Cardholder inappropriately using their government Purchase Card for a personal purchase.



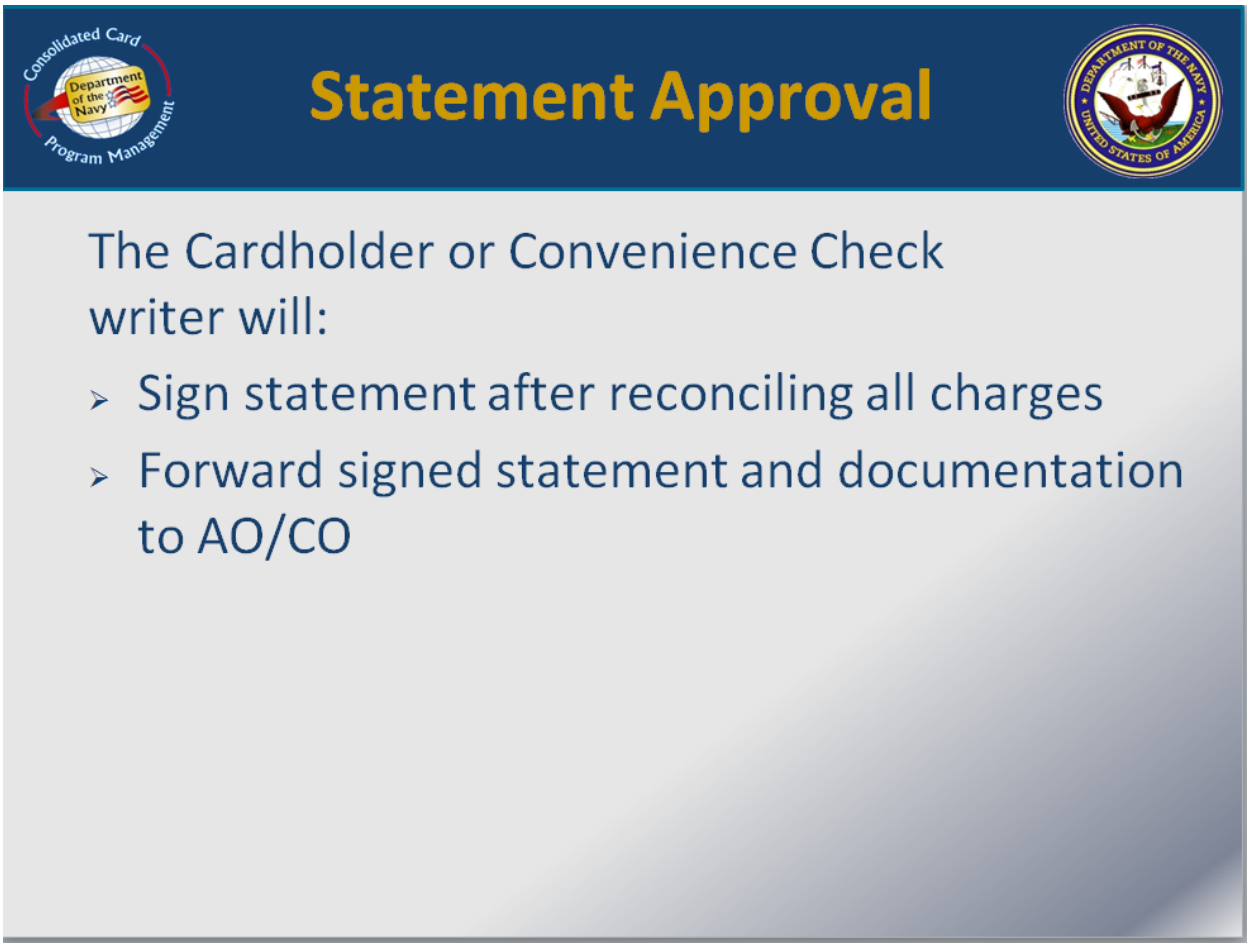
Unlike External Fraud, the transaction was made by an authorized Cardholder and the Government is responsible to pay the bank.

The command has several options.

The Cardholder can return the item for credit, or make personal payment and request the merchant credit the account

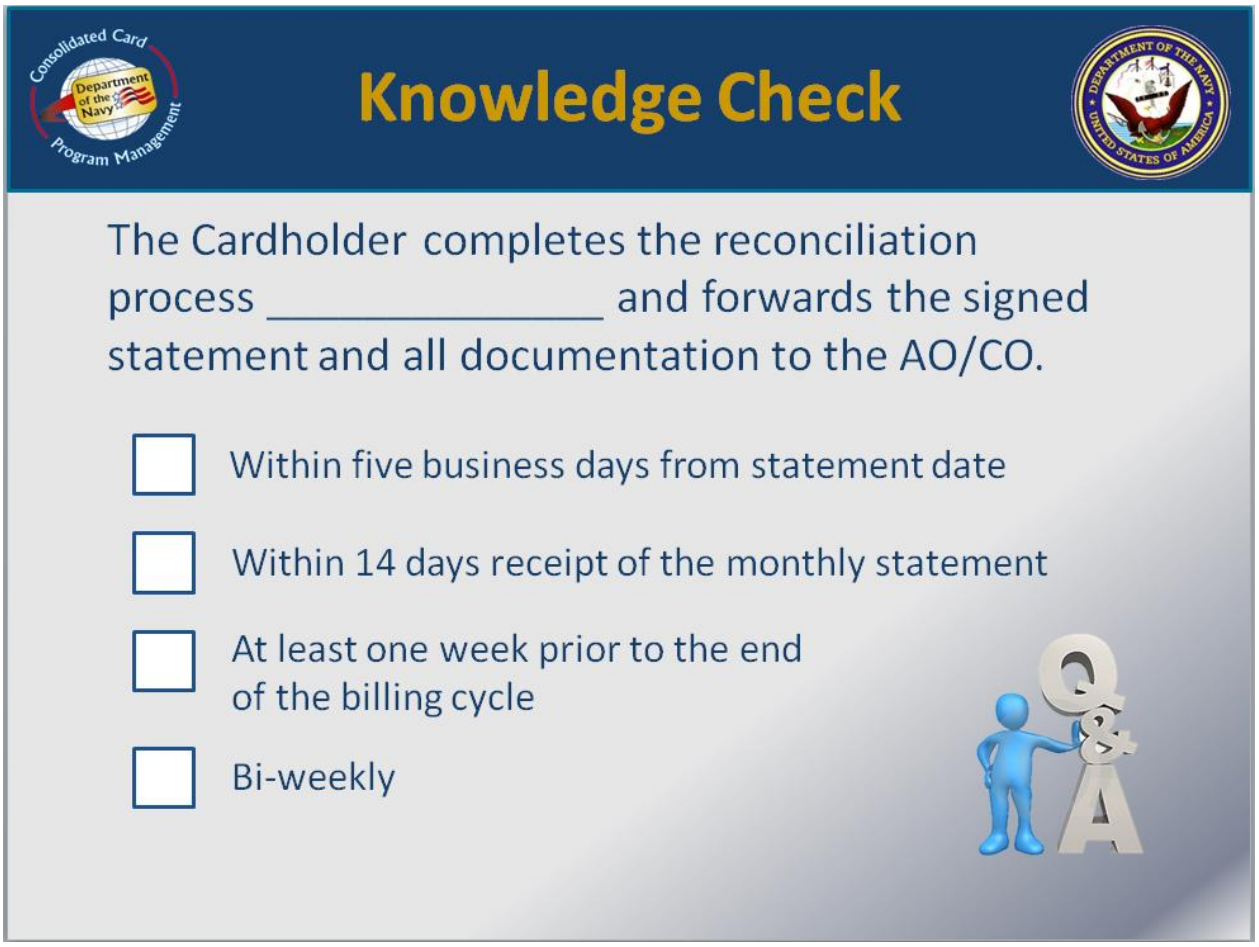
Or they can pay back the government by writing a check made out to the US Treasury for the amount of the transaction.

Now let’s look at the Cardholder account statement approval.



The Cardholder must sign their statement to indicate approval of the entire statement after all transactions have been reconciled and

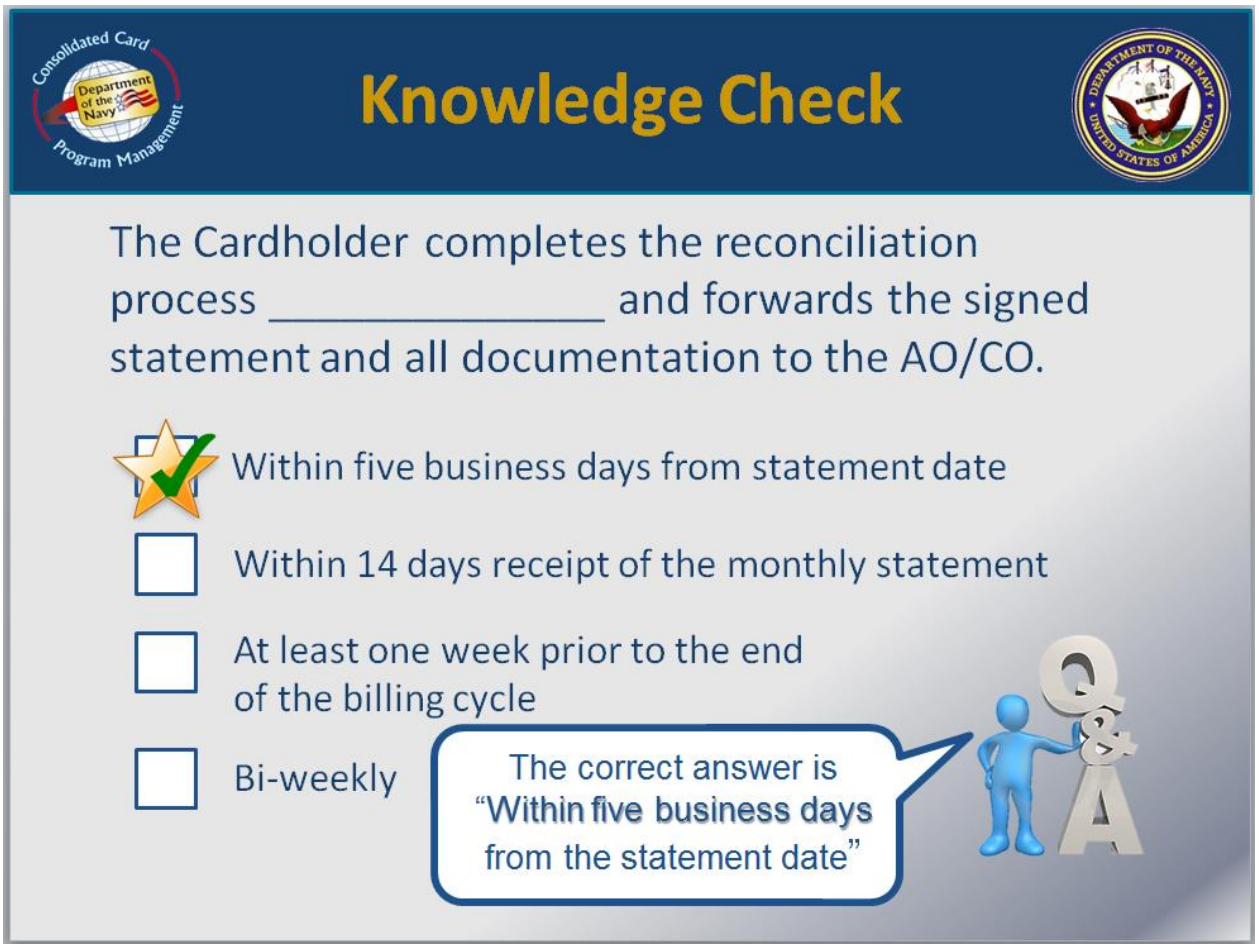
…they must forward the signed statement and all documentation to the AO/CO for invoice certification.



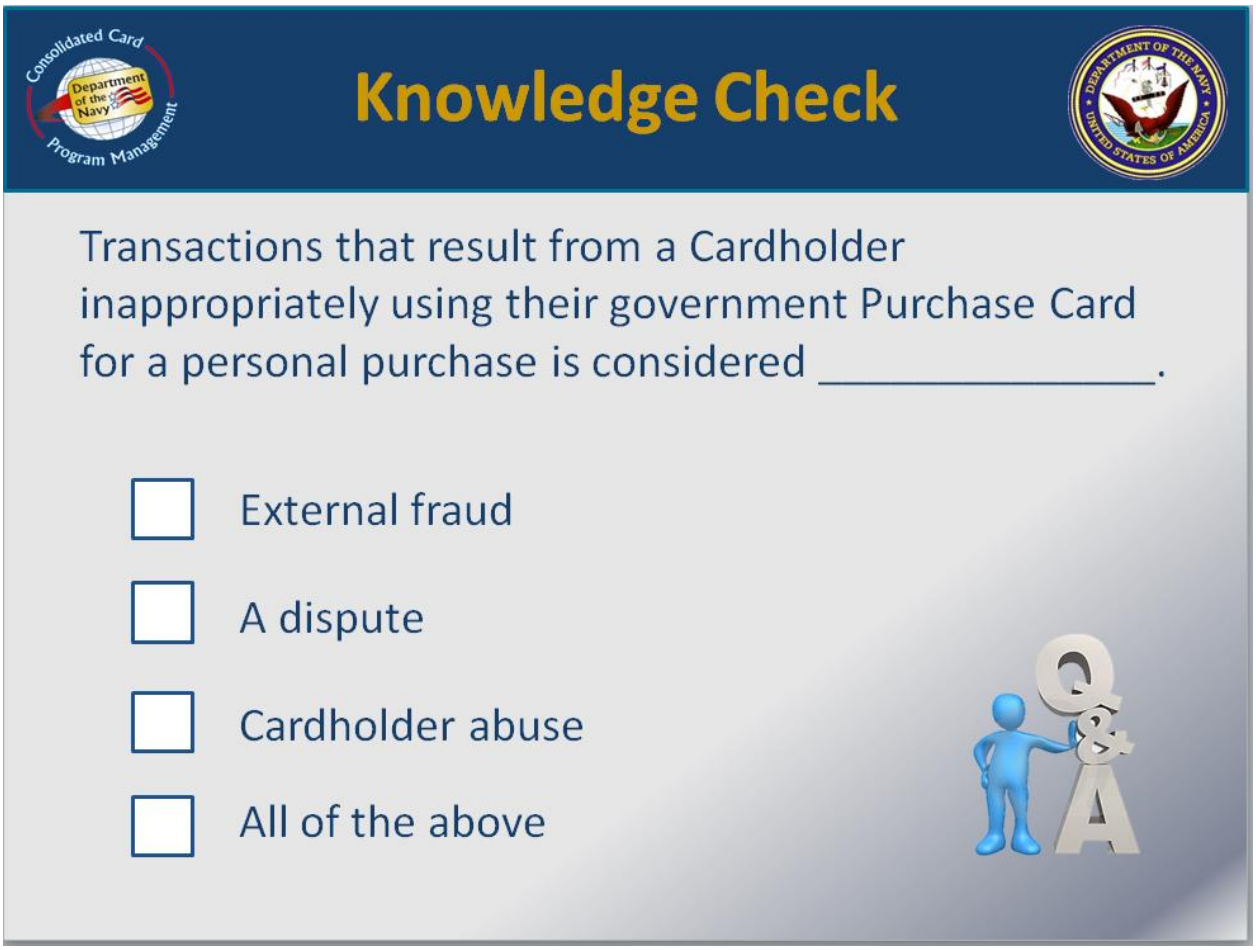
OK, it's time for the first module 3 knowledge check.

Here's you first question.

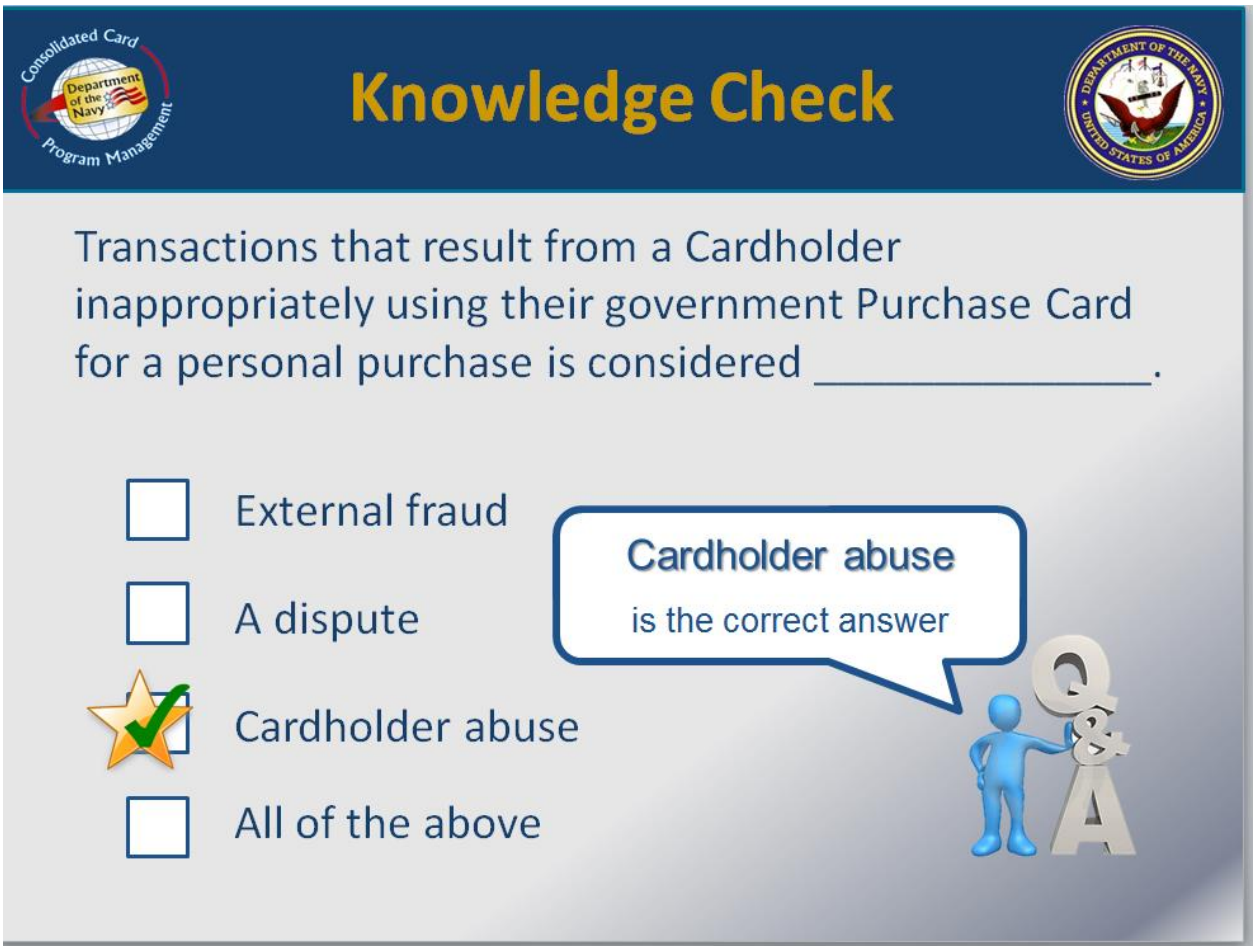
The Cardholder completes the reconciliation process _____ and forwards signed statement and all documentation to the AO/CO.



The correct answer is “Within five business days from the statement date”

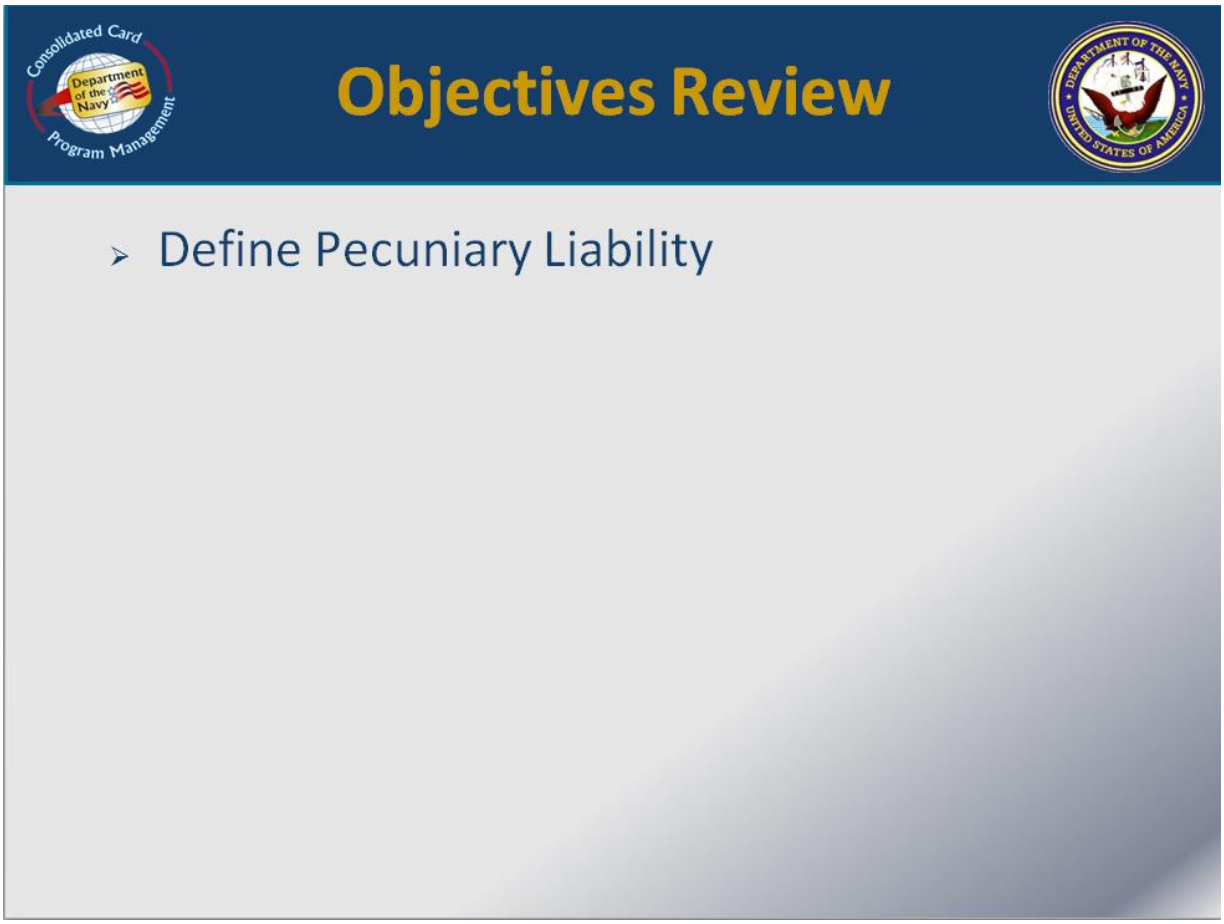


Transactions that result from a Cardholder inappropriately using their government Purchase Card for a personal purchase is considered



The correct answer is Cardholder abuse

These are transactions that result from a Cardholder using their government Purchase Card for personal purchases

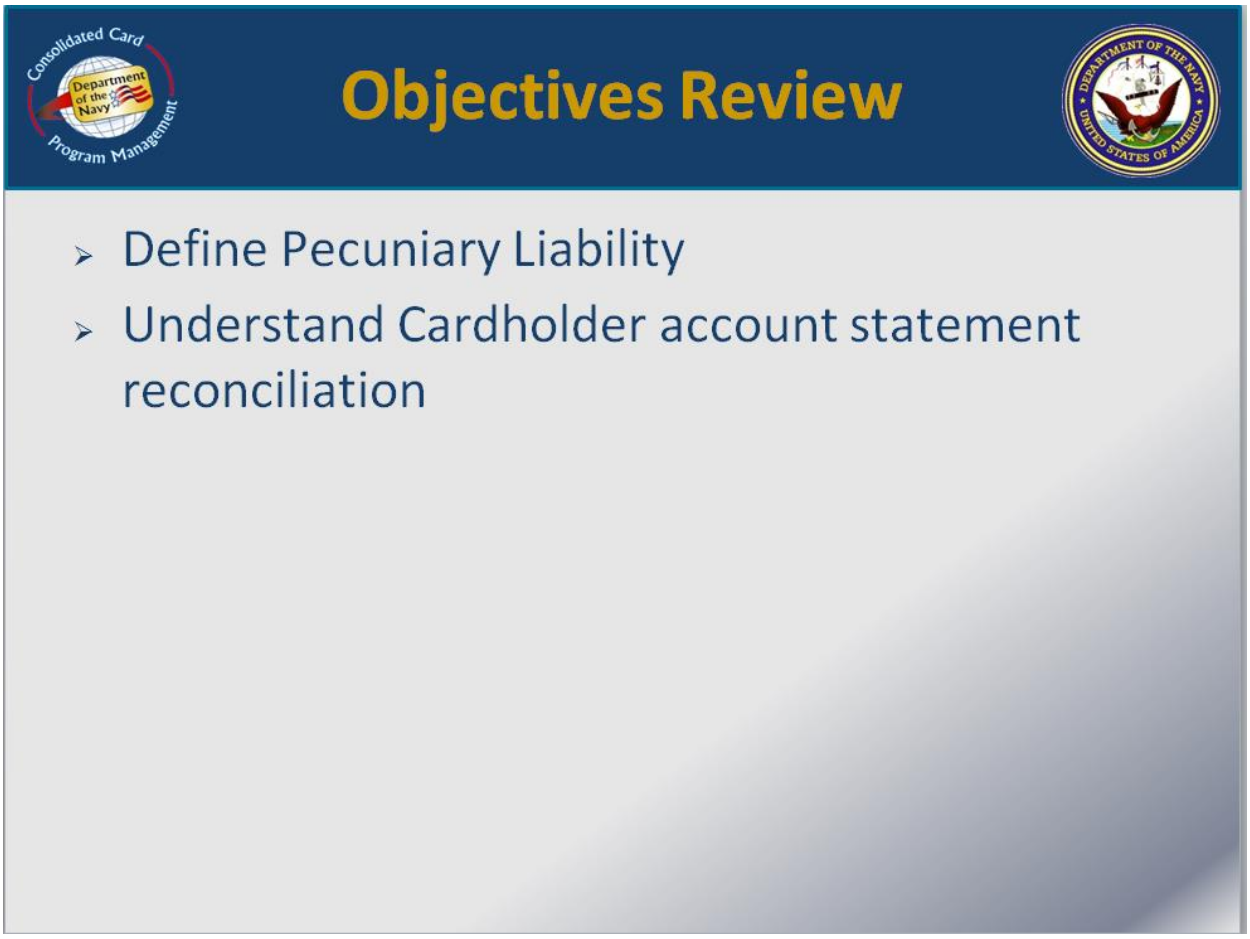


In this module we discussed account oversight and what it means to be held pecuniary liability means.

We explained that AOs/COs **are** liable for illegal, improper or incorrect payments resulting from improper certification.

We defined a Cardholder or Convenience Check writer as a Departmental Accountable Official (DAO) and as a DAO, they **may** be also be held

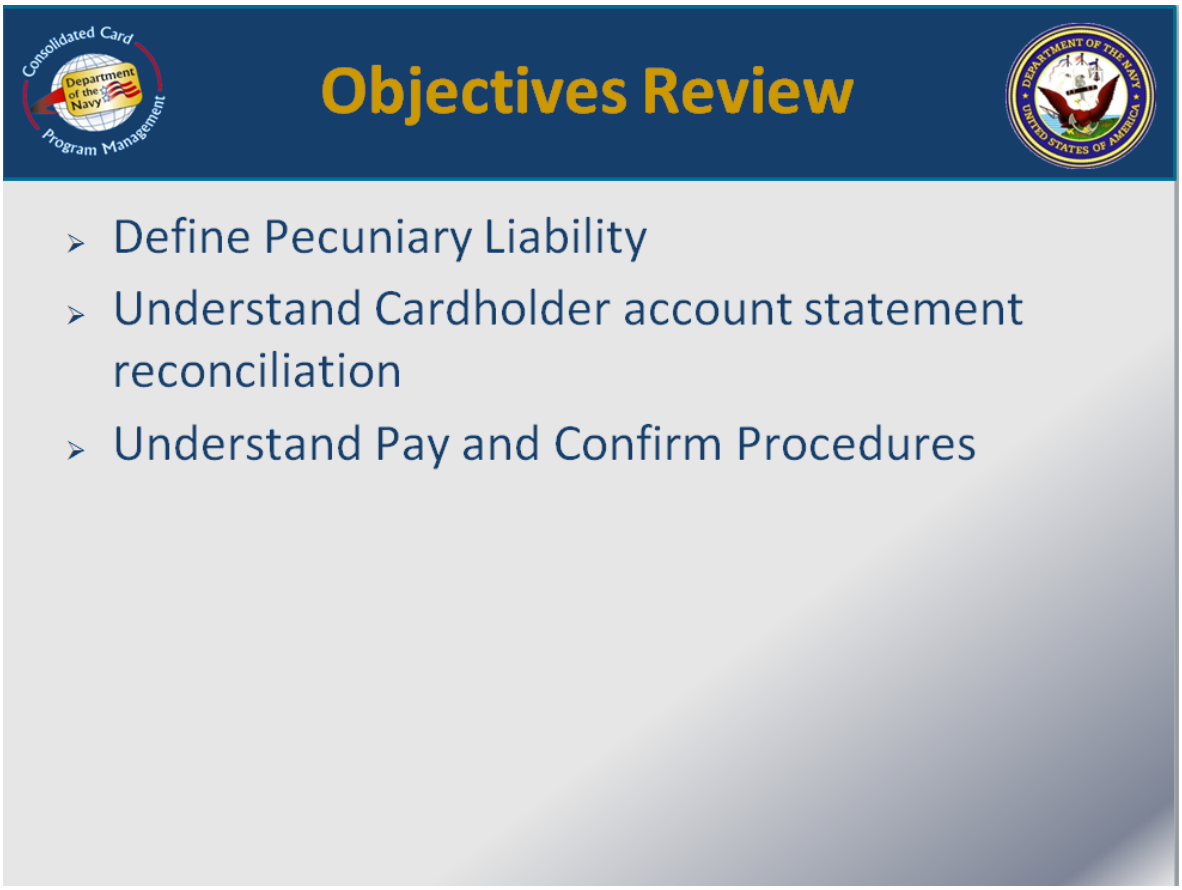
liable for illegal, improper or incorrect payments made as a result of the information they provided to the CO.



We also discussed the Cardholder reconciliation process and that the Cardholder or Convenience Check writer needs to ensure their bank statement only includes items they purchased and that the proper amount was charged to the account.

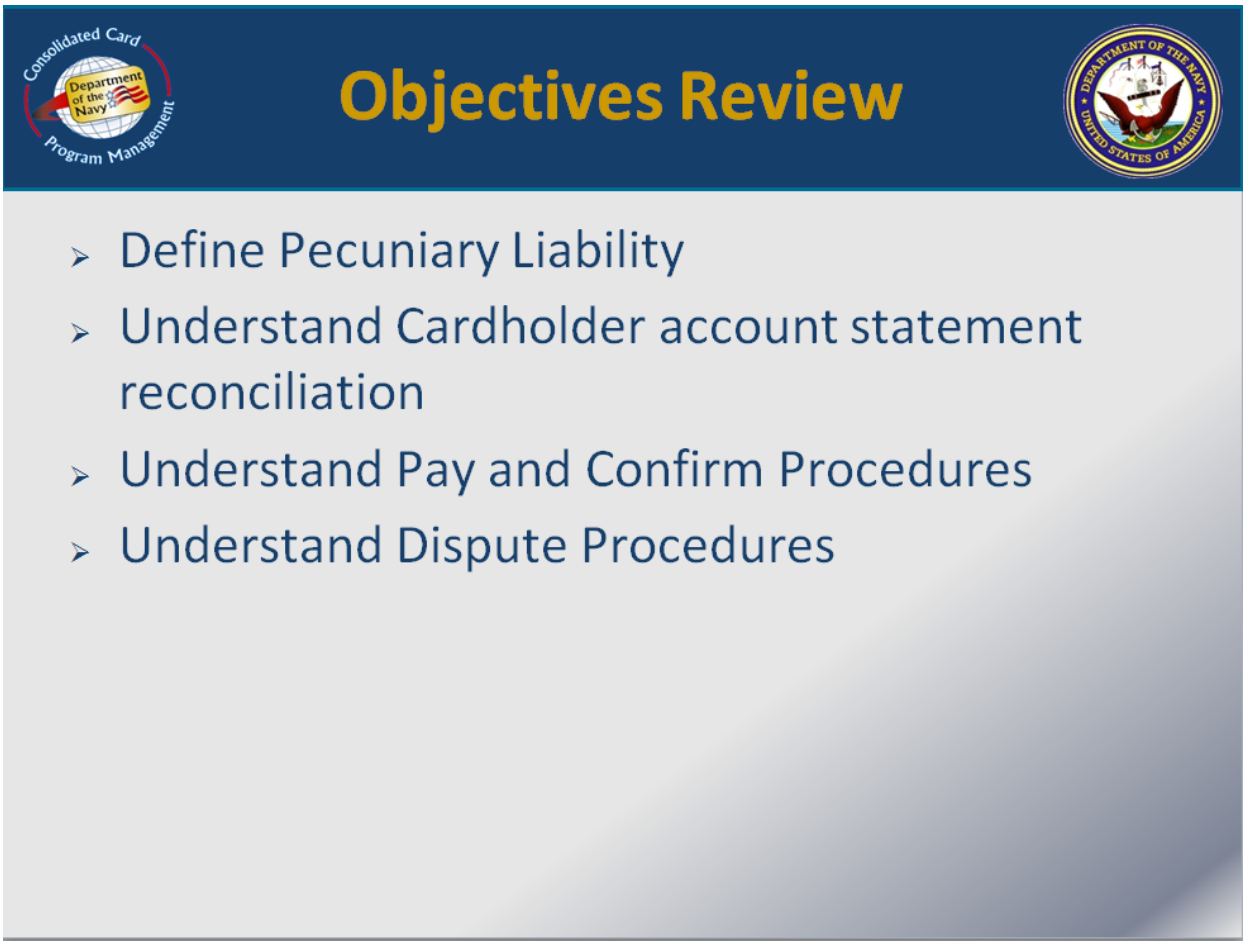
Cardholders should review their on-line purchases prior to the end of the billing cycle

Cardholders need to complete the reconciliation process within five business days from statement date.



Pay and Confirm procedures allow payment if an item was shipped but not yet received.

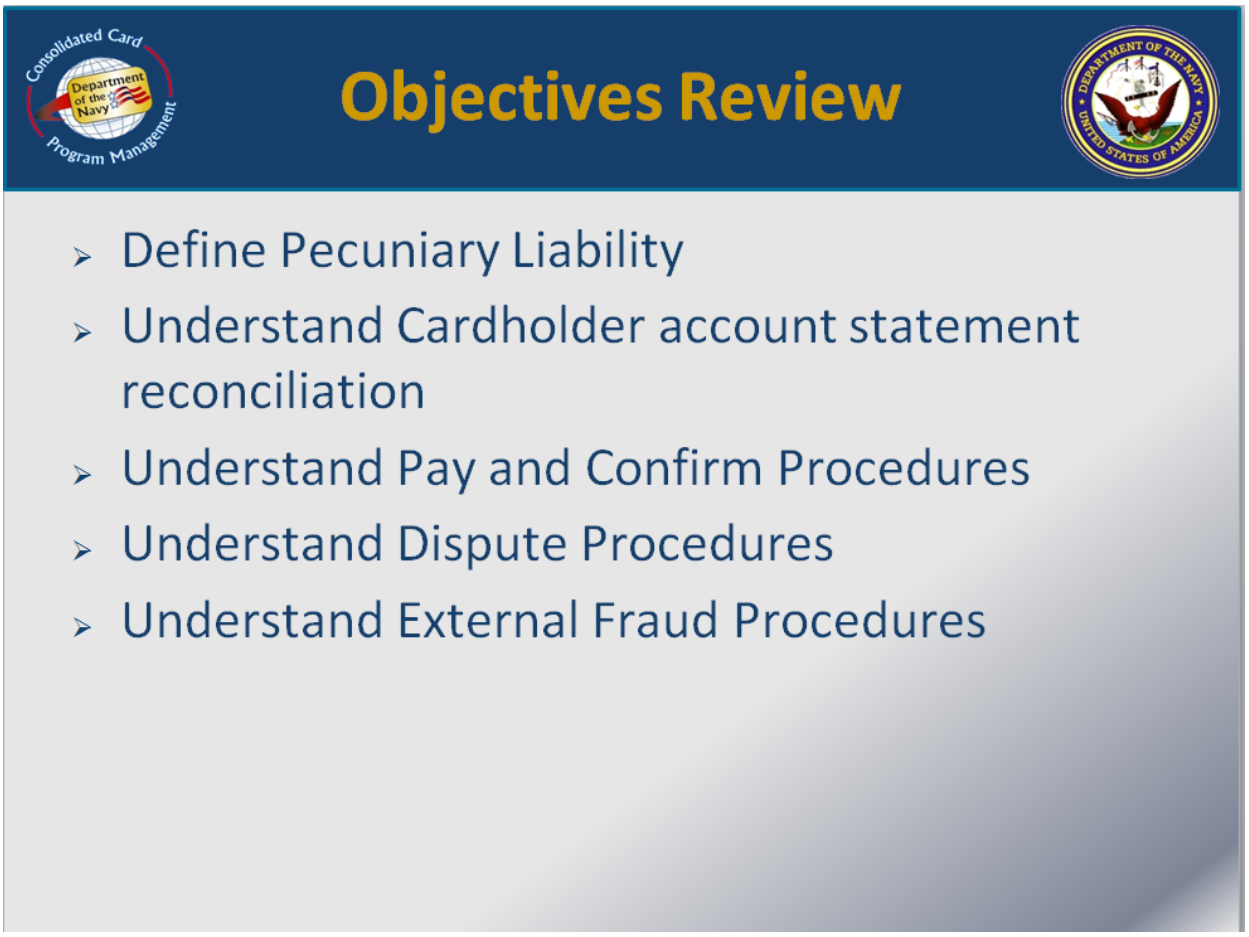
If the item is not received by the next statement, the Cardholder should follow dispute procedures.



Dispute procedures start with contacting the merchant first.

If the merchant agrees to issue a credit, do not dispute the transaction, watch for the credit to post and recommend the AO/CO certify the full invoice amount.

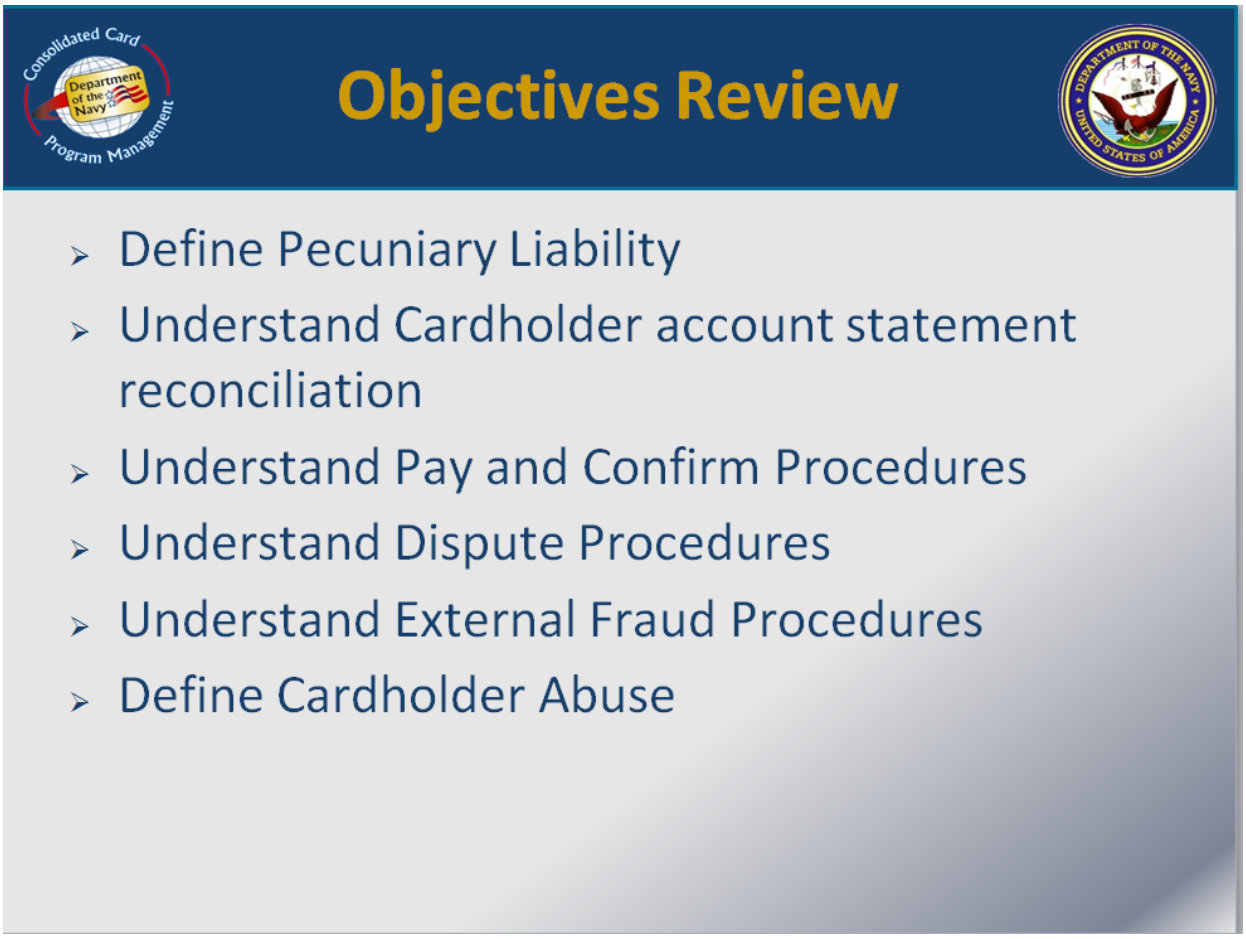
If the merchant does not agree to issue a credit, the Cardholder should dispute the transaction by filing an official dispute with the bank.



We defined external fraud as a transaction that posts to a Cardholder account due to the account number being compromised.

Do not dispute the transaction that appears to be external fraud.

Contact the bank and follow their fraud procedures.



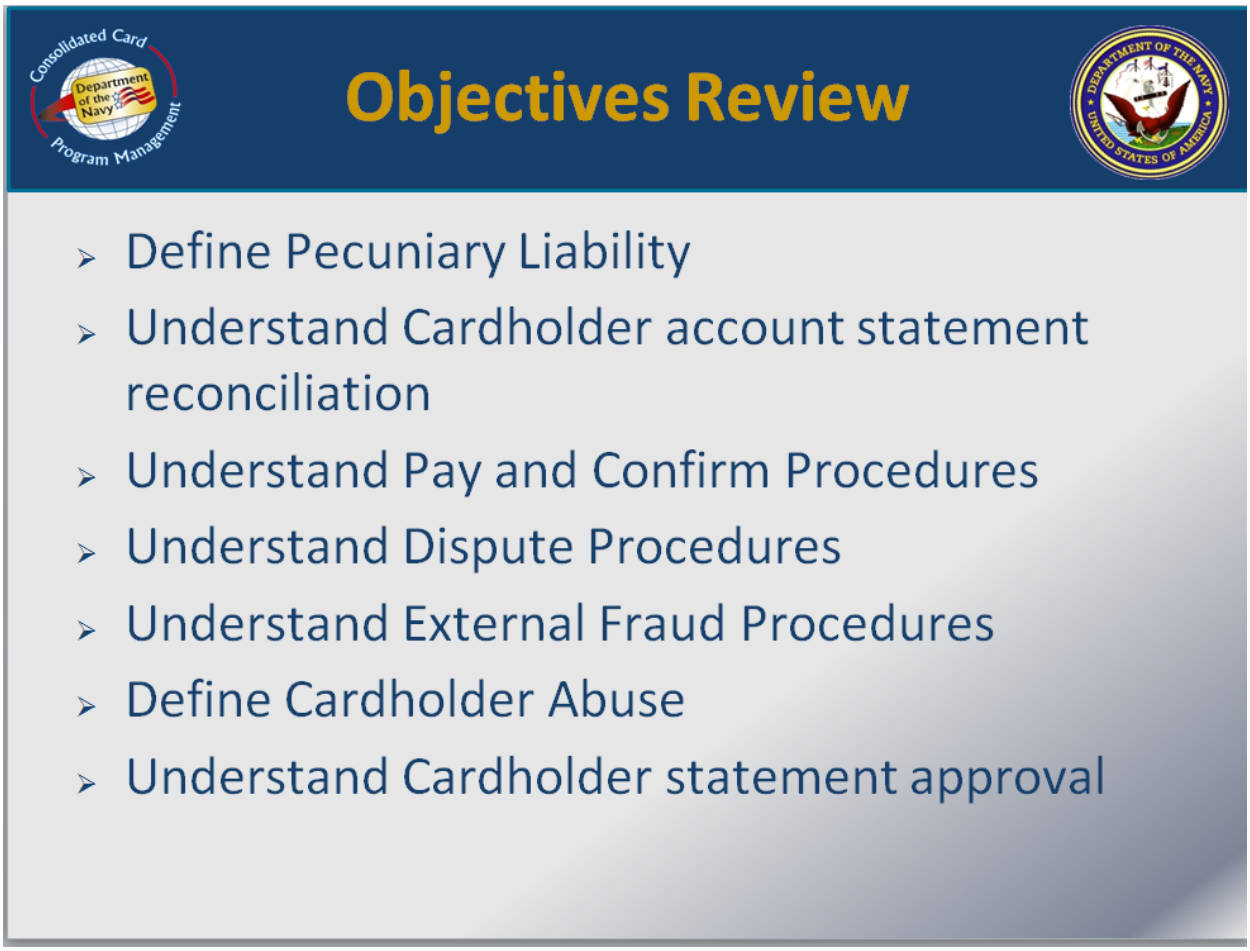
Cardholder abuse is defined as transactions that result from a Cardholder inappropriately using their government Purchase Card for a personal purchase.

Do not dispute this transaction.

It was made by an authorized Cardholder and the Government is responsible to pay the bank.

There are several options for addressing Cardholder abuse.

The Cardholder can return the item for credit, or make personal payment and request the merchant credit the account or can pay back the government by writing a check made out to the US Treasury for the amount of the transaction.



Lastly we stated that the Cardholder must sign their statement to indicate approval of the entire statement after all transactions have been reconciled and forward the signed statement and all documentation to the AO/CO for invoice certification.

This concludes Module 3 for Cardholders

Return to the main menu and select Module 4 to continue.