



March 29, 2017

GSA SMARTPAY SMART BULLETIN

U.S. GENERAL SERVICES ADMINISTRATION FEDERAL ACQUISITION SERVICE SMART BULLETIN NO. 028

GSA SmartPay® – Re-emphasizing Record Keeping Requirements (Issued pursuant to Government Accountability Office (GAO) Audit Report # GAO-17-276)

EFFECTIVE DATE: From Issuance until superseded.

BUSINESS LINE(S) AFFECTED:

Purchase and Integrated (when used as a Purchase Card)

INTRODUCTION:

The purpose of this GSA SmartPay® Smart Bulletin is to inform and remind customer agencies of the record keeping requirements under the purchase card business line of the GSA SmartPay program. It is updated as a result of a recommendation for GSA executive action contained in General Accountability Office (GAO) audit report # GAO-17-276, entitled “Purchase Cards: Little Evidence of Potential Fraud Found in Small Purchases, But Documentation Issues Exist,” dated February 14, 2017.

Purchase cards provide tremendous agility to the government to quickly meet mission requirements using streamlined business processes which reduce processing costs and save money. The integrity of the charge card system relies, in part, on reasonable, complete documentation practices consistent with the streamlined business processes it embodies.

SUMMARY:

At the request of the House Oversight and Government Reform Subcommittee on Government Operations, GAO began a review of a statistical sample of purchase card

transactions in January 2015. The intent of the audit was to review actions OMB and GSA have taken to enhance program controls and identify any weaknesses that may persist.

In February 2017, GAO released a final version of this audit report which identified weaknesses in the purchase card pre-approval and approval process for micro-purchases due to inadequate documentation. Specifically, in its sample, GAO found that 22 percent of transactions government-wide did not have complete documentation to substantiate the transactions' approval process. Note that based on mission needs, agency/organization pre-approval processes vary by agency.

The recommendation from the final audit report is that GSA re-emphasize guidance on obtaining and retaining complete documentation of purchases. The resources and information below are provided as a source of information for how cardholders and charge card managers should obtain and retain transaction documentation across all business lines. Both A/OPCs and cardholders may also want to revisit Smart Bulletin No. 25 for additional information on record retention requirements.

RESOURCES:

[GAO Audit 17-276](#)

[GRS 1.1 Financial Management and Reporting Records](#)

[Smart Bulletin No. 025](#)

ACTION:

A/OPCs and cardholders must familiarize themselves with the National Archive and Records Administration (NARA) General Records Schedule 1.1 Financial Management and Reporting Records requirements. Some of these changes affect record retention of documents associated with use of the GSA SmartPay program. For questions related to the GRS, please contact the NARA Office of the Chief Records Officer at GRS_Team@nara.gov.

GSA SmartPay online purchase card training already requires cardholders to document their transactions. This requirement encompasses all transaction-related documentation, including, but not limited to, documentation pertaining to the pre-approval to make a purchase card transaction, if and when such pre-approval is required by the cardholder's agency/organization policy. Additionally, agency card

managers, known as “Agency/Organization Program Coordinators or “A/OPCs,” are required by the GSA SmartPay master contract to ensure cardholders use the GSA SmartPay program properly.

Excluding the Departments of Defense and Veterans Affairs, GAO audit report # GAO-17-276 projected, based upon a sampling of agency data, an average 22% of purchase card transactions were incompletely documented. For the Department of Defense (DOD), GAO estimated an average of 23% of transactions were not fully documented; for the Department of Veterans Affairs (VA), an estimated 13% of transactions were incompletely documented.

As a result and as a best practice, GSA recommends A/OPCs periodically remind (at least once a year, at a minimum) cardholders for which they are responsible to obtain, maintain and retain complete documentation of all purchases in accordance with agency procedures, Office of Management and Budget (OMB Circular A-123, Appendix B, “Improving the Management of Government Charge Cards (as revised), NARA requirements, as well as the GSA SmartPay master contract and relevant GSA CCCM operational guidance (such as this Smart Bulletin). Pre-approval to make a purchase card transaction, if required by an agency/organization, may be issued by an agency/organization approving official or other authorized official on a per-transaction or a “class” basis, such as for a particular commodity which is needed to be purchased on an ongoing basis. Regardless of the type of approval, documentation of it is to be maintained as part of the cardholder’s file. In general, unless agency records management policy dictates otherwise, CCCM recommends all purchase transaction file documentation be maintained by the cardholder for a minimum of six (6) years from the date of payment. Note that since payment timing among agencies vary, retaining these records for an additional month or two beyond the six year recommended term may be advisable.

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If you have any questions or comments regarding this Smart Bulletin, please contact CCCM at 703-605-2808 or via email at: gsa_smartpay@gsa.gov