

Quick Tip for all Government-wide Purchase Card Agency and Organization Program Coordinators

Innovative Approach

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The Government-wide commercial purchase card is an excellent procurement tool. It not only eliminates the issuance of purchase orders and receipt of invoices. It also reduces administrative costs. And it improves cash management by eliminating the need for imprest funds, third party drafts, and cash on hand. Unfortunately, Department of Defense (DoD) has a history of being delinquent in purchase card payments to the U.S. Bank. At one point during last fiscal year, DoD was delinquent by over \$10 million and paid significant interest payments on those past due balances to U.S. Bank.

New approach

Over the past few years, DoD modified the purchase card policy focusing on making timely invoice payments and reducing interest payments. Current DoD policy requires the U.S. Bank to suspend any billing account that goes 60 days past due (90 days past the billing date). If any of those accounts become 180 days past due, the entire activity is suspended. The U.S. Bank will automatically lift the suspension once the appropriate payment is received.

Bruce E. Sullivan, Purchase Card Program Manager, has reiterated that a Department or Agency may not have more than 0.75 percent of their total receivables at the bank over 60 days past due, and there is a zero tolerance for any per-

centage of receivables over 180 days past due.

While the U.S. Bank no longer estimates interest penalties due under the Prompt Payment Act, the disbursing office that makes Department and Agency payments calculates the interest due on any late payments, based on the amount of dollars and numbers of days past due. The disbursing activity adds the self-assessed interest to the amount the certifying official approves –utilizing the certifying officials operating funds, and identifying the interest separately in the payment. When the interest is identified in the payment, the U.S. Bank accepts the interest payment in the total.

Sullivan has also stated that it is essential for Agency and Organization Program Coordinators to continually improve the established monitoring system and system metrics developed for their program. Consequently, the Los Angeles District has developed a self-monitoring query process, utilizing the Customer Automation and Reporting Environment (CARE) Program to identify potential delinquent accounts.

CARE Program

The report provides daily balances for all of our Authorizing Official accounts. The Organization Program Coordinator emails the report to the Authorizing Official weekly as feedback for how well the District is paying its bills. Since in-

stituting this process in March 2000, our District has not had one Authorizing Official account go 60 days past due. In addition, our District also quickly went from 12 of 49 Authorizing Official (AO) accounts with past due balances (totaling in excess of \$80,000) to three AO accounts with past due balances totaling (less than \$15,000 in May 2000).

This is not a “silver bullet” to fix program problems. It is another tool to raise visibility to the Authorizing Officials and management of payment deficiencies. Remember that early detection and corrective action is the best way to resolve delinquencies, reduce past due balances, reduce interest payments and avoid loss of card privileges.

If you would like to develop your own report for tracking your accounts at the 1, 2, 3, and 4 levels (which are controlled and authorized by the CARE Program) please visit our District web site at www.spl.usace.army.mil/ct/ct.html. For additional information containing important information on the most recent status of the U.S. Bank’s CARE Program go to <http://purchasecard.sarda.army.mil/care3.htm>.

Editor’s Note: The author welcomes questions or comments on this article. Contact him at mwegler2spl.usace.army.mil.