Department of Energy
Washington, DC 20585

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MEMORANDUM FOR PROCUREMENT DIRECTORS
SITE AND FACILITY MANAGEMENT CONTRACTORS

FROM: PAUL BOSCO
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SUBJECT: Leveraging the General Services Administration's SmartPay2
               Program and its Single Use Account Feature

The Department of Energy (DOE) is committed to cutting costs and executing work in the most efficient manner. The General Services Administration (GSA) SmartPay2 Program supports the key objectives of Presidential Executive Order 13589 – Promoting Efficient Spending, Office of Management and Budget (OMB) Acquisition Cost Savings Initiatives, as well as DOE's mission, by reducing risk, paper and administrative costs; documentation streamlining; acting in a fiscally responsible manner; and identifying opportunities to promote efficient and effective spending of taxpayers' money. To maximize the opportunities for realizing cost savings, to track transactions, and to streamline reporting and drive rebate opportunities, DOE organizations should maximize purchases and payments through the GSA SmartPay2 Program, to include our contractors.

The GSA SmartPay2 master contract, including the purchase card program, allows federal contractors awarded cost-reimbursable contracts to participate in the GSA SmartPay2 Program when authorized in writing by a federal agency pursuant to 48 CFR 51.1. When our contractors participate, the terms of the master contract make it clear that they are liable for any unauthorized or fraudulent use of a SmartPay2 purchase card. There is minimal risk to DOE and there are major benefits, as illustrated in Attachment 1, SmartPay2 Card vs. Private Sector Card. In addition, the contractor's earned rebate is applied to the contractor's general and administrative (G&A) pool which reduces their indirect costs and in turn benefits DOE.

An additional feature of the SmartPay2 Program is the Single-Use Account (SUA), a payment mechanism in lieu of traditional paper-based payment and accounting methods such as cash and checks. An SUA is an electronic credit card-based payment solution. It helps monetize spend, reduce check fees, and enhance cash flow related to payment timing. The Department was the first federal agency to pilot and successfully process a SUA. Attachment 2 is a fact sheet demonstrating the key features and benefits of the SUA.

As part of the Department's overall effort to increase savings by leveraging its large spending, all future cost-reimbursement contracts should consider use of the GSA SmartPay2 Program, and all current and future GSA SmartPay2 Program contractors should leverage SUAs, where it makes sense.

If you have any questions, please feel free to contact Denise T. Clarke at 202-287-1748 or deniset.clarke@hq.doe.gov.

Attachments

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SmartPay Card vs. Private Sector Card

	SmartPay (Government)	Private Sector	Comments
Fees	☐	☑	Card issuance, rush process/delivery, electronic file and data mining
Enhanced security and fraud prevention	☑	☐	
Customized service	☑	☑	SmartPay rate $150/hr Commercial rate $250/hr
Dedicated customer service representative	☑	☐	
Expansion services (e.g., review of account payable file, etc. to leverage card technology and services)	☑	☑	SmartPay: Review of AP file at no cost; minimal cost to leverage the card technology/services. Commercial: Fairly steep cost.
Two-factor rebate	☑	☐	Leverages the overall agency spend in addition to an adjustment based on speed of pay.
Discounts available at the point of sale	☑	☐	SmartPay rate $150/hr Commercial rate $250/hr
Sign-on bonus	☐	☑	Bonuses typically have a claw back clause based on a set spending level not being met. Bonuses typically reduce the rebate amount until the bonus is offset by the rebate.

***Office of Acquisition and
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Single-Use Accounts for General Service Administration (GSA) SmartPay2

The GSA SmartPay2 Program (Program) provides thousands of purchase cards to support qualified personnel in achieving the Department of Energy's (DOE) mission. These cards are issued to individuals whose day-to-day functions require purchasing capability for standard items such as supplies and services. Typically, purchase purchasing authority is limited to the $3,000 micro-purchase threshold. In addition, controls such as single purchase limit and merchant category codes are used to minimize fraud and card misuse.

Key features and benefits
- Increase rebates by directing more payments through the Program
- Restrict purchases to a specific amount, date or date range, and merchant or category
- Integrate with existing agency payment systems and processes
- Matches cleared transactions, making reconciliation seamless and accurate
- Vendors receive their payment almost immediately, yet DOE still benefits from the float
- DOE can identify which accounts have been used and duplicate payment requests are easily recognized
- The Bank assists DOE with identifying which suppliers to target for SUA payment processing

To track transactions, streamline reporting and drive rebate opportunities, DOE is attempting to direct as many payments as possible through the Program. However, a large portion of annual spending remains outside the program. DOE continues to issue checks for one-time, large-scale purchases or ongoing payments to vendors.

J.P. Morgan Bank's (Bank) Single-Use Accounts (SUA) program can contribute to the solution. The SUA is a non-card, 16-digit electronic account that embodies the capabilities of a purchase card, while extending DOE's purchasing power, improving accountability and expanding the potential for rebates. It provides an excellent alternative to checks, cash and traditional paper-based payment and accounting methods.

Like a check, the credit limit on the SUA solution is set to the specific payment amount. The SUA can be given directly to a vendor for a specific need, contract or account. It is an ideal payment tool when targeting manual check payments and higher-dollar spending, or in situations where Automated Clearing House (ACH) payments and negotiated discounts cannot be maintained. Typical SUA scenarios include:

- Standard, recurring payment (e.g., leases, services, cellular phone, utilities, contracts)
- University and certification training services
- Industrial safety supplies
- Large-scale equipment purchases, rentals or repairs

How it works:
An SUA can be instantly generated online by a Finance Official via a batch interface from DOE's accounts payable system.

This is accomplished by automatically appending an approved payment request (e.g., invoice) to an SUA in the Bank's system. Controls can be fine-tuned for each account (e.g., credit limit, merchant category code, begin/end dates). This ensures that purchasing agents and payment managers do not encounter unapproved spending or overcharges.

Vendors are notified when a payment has been approved, prompting them to use the SUA to receive payment. Processing an SUA is exactly the same as physical card transactions.

The Bank's system then automates the matching of cleared transactions to DOE's payment tracking information. The process enhances reporting and provides controlled spending for each payment transaction. It also leverages the security and fraud prevention of the card industry and shortens reconciliation periods, while at the same time improving accuracy.

With these benefits, an SUA program enhances the existing advantages of the purchase card infrastructure and allows increased rebate potential by targeting manual check payments and higher-dollar spending.

For additional information, please contact Denise T. Clarke at 202-287-1748 or deniset.clarke@hq.doe.gov.