

**UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
NATIONAL BUSINESS CENTER
DENVER FEDERAL CENTER , BLDG. 50
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In Reply Refer To:
1380 (BC620) P

September 21, 2000

EMS TRANSMISSION 9/22/00
Information Bulletin No. BC-2000-142

To: All Washington Office and Field Officials
Attn: All BLM Employees

From: Director, National Business Center

Subject: Charge Card Delinquency and Disputing Charge Card Transactions

Purpose:

The purpose of this Information Bulletin (IB) is to provide Bank of America (BoA) charge cardholders with information to clarify what constitutes delinquency, what actions the Bank of America will take when a cardholder's account becomes delinquent, and the process for disputing charge card transactions.

Background:

There are approximately 9,000 charge card holders in the Bureau of Land Management (BLM), most of whom have the travel business line on their card that allows them to use their card for travel related transactions. Many transactions such as transportation tickets, car rentals, fuel for rental cars, parking, and taxis/shuttle services are billed directly to and paid by the BLM. These are referred to as "centrally billed" items and show up on your monthly charge card statement as "memo" items. Other charges such as ATM cash advances and related charges, hotels, and meals show up as items on your statement that must be paid by you and are referred to as "individually billed" items.

Undisputed individually billed items must be paid prior to the due date on the statement. If your individually billed items have not been paid in full by the next statement date, your account is 30 days delinquent. For example, any individually billed charges that show on your September 19th statement and not paid by October 19 will show as 30 days past due on the October 19th statement. If your account becomes past due, BoA will initiate various actions at

specific time intervals in an effort to collect past-due amounts. BoA actions may include suspending your account, canceling your account, having past-due amounts deducted from your salary, reporting delinquent information to credit bureaus, initiating collection agency action, and taking legal action. Attachment 1 outlines the collection action life cycle that BoA follows with delinquent accounts.

If you have improper charges on your statement, either individually or centrally billed, it is your responsibility to work with the vendor and BoA to resolve these discrepancies. If the disputed charges are centrally billed, they will be paid automatically by the BLM and you must work with the vendor and BoA to affect a credit to your account. Your failure to pay undisputed individually billed charges by the statement due date (the 14th of each month) will result in your account being delinquent (past due). Attachment 2 outlines the transaction dispute process. Your Agency/Organization Program Coordinator (A/OPC) can assist you if charges need to be disputed..

Additional policy and guidance is available on these and other charge card subjects at the following web sites:

1. BLM Interim Manual Section 1512 - Charge Cards and Convenience Checks for Travel, Purchase, Fleet, and Uniforms - <http://www.blm.gov/nhp/efoia/wo/fy00/im2000-048.html>
2. DOI Integrated Charge Card Program Guidelines - <http://www.doi.gov/pam/guideline.html>
3. Travel and Transportation Reform Act of 1998 (PL 105-264) - <http://www.doi.gov/pfm/fam98-31.html>
4. Financial Administration Memorandum No. 2000-010, Resolving Delinquencies on Individually Billed Travel Charge Card Accounts - <http://www.doi.gov/pfm/fam00-10.html>
5. Financial Administration Memorandum No. 2000-011, Travel and Transportation Reform Act of 1998 (PL 105-264) - Federal Travel Regulation - Final Rule - <http://www.doi.gov/pfm/fam00-11.html>

Summary:

It is your responsibility as a cardholder to pay all undisputed amounts monthly by the payment due date and to resolve disputed charges with the merchant and BoA. BoA will aggressively pursue collection of past due amounts as outlined in the attached documents.

If you have any questions regarding this IB, please first contact you local A/OPC. If you need additional assistance, please contact Larry Keller by e-mail or at 303-236-9455, or Lloyd Fread at 303-236-5927.

Signed by:
Ed Dettman, Acting Director
National Business Center

Authenticated by:
Marcia Lane
Staff Assistant

3 Attachments

- 1 - Bank of America Individually Billed Account Delinquency Management Life Cycle (2 pp)
- 2 - Transaction Dispute Processing (1 p)
- 3 - Financial Administration Memorandum No. 2000-10 (8 pp)

Distribution:

RS-150A, BLM Library
BC-610, file

Bank of America
Individually Billed Account Delinquency Management Life Cycle

Days Past Due	Action Taken by BoA
30	Statement message notifying cardholder of past due status
45	Delinquency letter sent to card holder Phone call (optional)
55	Pre-suspension letter sent to cardholder Phone call (optional)
61	Account is suspended - attempted charges will be disapproved Account suspension letter sent to cardholder Statement message notifying cardholder of suspension Phone call (optional) * Cardholder's name sent to the DOI Payroll Operations Division (POD) to begin the salary off-set process * POD sends a 60-day "due process" letter to the cardholder notifying them of possible salary off-set to collect past due amounts
90	Statement message notifying cardholder of status of account Pre-cancellation letter sent to cardholder Phone call (optional) Late fee assessed
96	Account is canceled - reactivation requires new application Account cancellation letter is sent to cardholder Phone call (optional) Alternative payment options explored
120	Statement message notifying cardholder of status of account Past due letter sent to cardholder Phone call (optional) Alternative payment options explored Late fee charged to account * POD begins salary off-set to collect past due amounts
150	Statement message notifying cardholder of status of account Past due letter sent to cardholder Phone call (optional) Alternative payment options explored Late fee assessed

Days Past Due	Action Taken by BoA
180	Statement message notifying cardholder of status of account ** Pre-charge off letter sent to cardholder Phone call (optional) Alternative payment options explored Late fee assessed
210	Account is charged off ** Charge off letter is sent to cardholder Recovery efforts continue with collection agency or attorney

* Note 1: Salary off-set is an option available to BoA to resolve delinquencies on individually billed Government-sponsored travel charge card accounts. This process was authorized by the Travel and Transportation Reform Act (TTRA) of 1998 and Amendment 90 to the Federal Travel Regulation (FTR)(issued on January 19, 2000). The Department of Interior implemented the TTRA and Amendment 90 to the FTR by issuing Financial Administration Memorandum No. 2000-010 (FAM 10). FAM 10 is included as Attachment 3 to this IB.

FAM 10 covers numerous topic related to guidelines for resolving delinquencies such as:

- Responsibilities of individually-billed travel charge card users (employee)
- Responsibilities of travel charge card issuer (BoA)
- Responsibilities of the Payroll Operations Division (POD)
- Bureau oversight responsibilities
- Charge privilege reinstatement
- Suspicion of fraud
- Penalties

** Note 2: The term “charge off” is a term used by the bank that relates to a legal requirement to no longer carry the debt owed by the cardholder as an asset but to show it as a loss on the books. The bank may still pursue collection efforts with salary off-set for those individuals still employed by the Federal Government and through collection agencies or attorneys.

Transaction Dispute Processing

Definitions:

1. Dispute: A disagreement between the account holder and the merchant with respect to a transaction.
2. Reconciliation: The process of balancing the statement against transaction records.
3. Charge-back: A procedure where the issuer (BoA) charges all or part of a transaction back to the merchant in accordance with MasterCard regulations.

Account Holder Responsibilities:

1. Reconcile the statement to begin the dispute process.
2. Pay undisputed charges by the payment due date.
3. Attempt to resolve disputed charge directly with the merchant.
4. Obtain assistance from A/OPC if necessary.
4. Notify BoA of any unresolved disputed transaction(s) within 60 days of the statement.
5. Send documentation regarding the disputed transaction to BoA. Documentation may be sent by mail (USPS), fax, or by e-mail as follows:

Mail: Government Card Disputes
PO Box 53142
Phoenix, AZ 85072-3142

Fax: 1-888-678-6046

E-Mail: government.claims@bankofamerica.com

Bank of America Responsibilities:

1. Acknowledge receipt of the dispute by sending a letter to the account holder.
2. Track progress and all correspondence related to the dispute.
3. Investigate disputed item(s) through resolution.
4. Provide temporary credit to the cardholder
5. Charge-back the merchant if appropriate.

May 1, 2000

FINANCIAL ADMINISTRATION MEMORANDUM (FAM) NO. 2000-010 (II.G.1)

To: Bureau Assistant Directors, Administration
Chief Executive Officer, National Business Center
Bureau Finance Officers
Finance Officer, Financial Management Services

From: Director, Office of Financial Management /s/
Director, Office of Personnel Policy /s/

Subject: Resolving Delinquencies on Individually-Billed Travel
Charge Card Accounts

The purpose of this Financial Administration Memorandum is to provide updated procedures for resolving delinquencies on individually-billed Government-sponsored travel charge cards, and to implement the Travel and Transportation Reform Act (TTRA) of 1998 and Amendment 90 to the Federal Travel Regulation (issued on January 19, 2000). A related goal is to streamline and automate the process for resolving delinquencies to the greatest extent possible, by making maximum use of the services of the National Business Center, Payroll Operations Division.

The objectives of the attached procedures are to:

- comply with the mandatory charge card use and salary offset provisions of the Travel and Transportation Reform Act of 1998;
- minimize financial penalties to the Department associated with the risk mitigation provisions of the SmartPay contract;
- comply with ethics guidelines for Federal employees (5 C.F.R. Part 2635, Section 809); and
- reduce the amount of delinquencies owed by employees to the travel charge card issuer.

Also attached is a time line highlighting actions being taken by both Bank of America and the Department during different periods of time. Should you have questions or require additional information regarding this FAM, please contact either John Combs on (202) 208-6754, or Ted Woronka on (202) 208-4701.

Attachments

cc: Bureau Personnel Officers

Prior Financial Administration Memorandums on this subject:
No. 98-030, dated November 16, 1999 - Canceled

POLICY AND PROCEDURAL GUIDELINES FOR RESOLVING DELINQUENCIES ON INDIVIDUALLY-BILLED CHARGES MADE ON GOVERNMENT-SPONSORED TRAVEL CHARGE CARDS

A. Purpose

The purpose of this Financial Administration Memorandum (FAM) is to provide updated procedures for resolving delinquencies on individually-billed, Government-sponsored travel charge cards consistent with implementing the Travel and Transportation Reform Act (TTRA) of 1998 and Amendment 90 to the Federal Travel Regulation (issued on January 19, 2000). A related goal is to streamline and automate this process to the greatest extent possible, by making maximum use of the services of the National Business Center, Payroll Operations Division.

The procedures which follow are intended to:

- comply with the mandatory charge card use and salary offset provisions of the Travel and Transportation Reform Act of 1998;
- minimize financial penalties to the Department associated with the risk mitigation provisions of the SmartPay contract;
- comply with ethics guidelines for Federal employees (5 C.F.R. Part 2635, Section 809); and
- reduce the amount of delinquencies owed by employees to the travel charge card issuer.

B. Background

The Department uses a single charge card which covers the travel, purchasing and fleet business lines. The goals of the DOI's integrated card program are to: improve mission support, streamline and standardize operations, increase card use by maximizing card acceptance for all types of transactions, reduce administrative costs, and outsource transaction processing. Provisions of the SMARTPAY Contract with Bank of America (contract #GS-23F98004, Task Order #14-34-98-HQFS1304) provide monetary incentives for the Department to reduce past due accounts and mitigate contractor risk.

C. Responsibilities of Individually-Billed Travel Charge Card Users (Employees)

1. In accordance with their cardholder agreement, employees are obligated to pay the undisputed balance on their individually-billed Travel Charge Card account within 30 days of the billing/closing date. Employees must also comply with all Federal laws, regulations and policies regarding employee conduct and use of the Government-sponsored charge card only for official purposes.
2. Employees are required to prepare the travel voucher and submit it to their approving official within 5 workdays after completion of travel, 30 day segment of extended temporary duty travel, or segment of permanent change of station move.
3. If circumstances arise where an employee anticipates that a payment will be late, the employee should inform the local charge card coordinator for the travel accounts and contact the charge card issuer. The charge card issuer may provide a viable option to the cardholder that would assist in resolving the matter short of account suspension or cancellation.
4. Loss of travel charge card privileges could pose a hardship on the employee if he/she is required to frequently travel as part of position duties. The Travel and Transportation Reform Act of 1998 requires employees to use the Government sponsored charge card to pay for official travel related expenses to the greatest extent possible. If an employee loses his/her Travel Charge Card privileges (through either suspension or cancellation) due to account delinquency or

misuse, Departmental policy states that the employee will be expected to come into compliance with this policy by promptly resolving any outstanding balance on the Travel Charge Card, and to use personal funds to finance all travel expenses (except transportation tickets) on official travel until Travel Charge Card privileges are restored. When personal funds are thus used, employees will be reimbursed for qualifying travel expenses by submitting a proper travel voucher.

In cases of extreme hardship, employees who have lost charge card privileges may request written approval for a travel advance on a trip-by-trip basis from their Program Assistant Secretary or equivalent, who may redelegate this authority to a level not lower than the Bureau Assistant Director for Administration. Consideration of such requests will be made on a case-by-case basis, and approval should not be assumed. It should be made clear to employees that the Travel Charge Card should be used for all allowable expenses associated with official travel, and that any exceptions should be short-term in nature and rare.

A written record of all such approvals, as well as the basis for each approval, will be maintained by the approving office and a copy forwarded to the Office of Financial Management. This record shall be regularly reviewed by A/S- PMB.

5. DOI will not initiate a salary offset request by BOA if the employee has filed a timely voucher and it has not been paid. Upon written notice of the intent to administer salary offset by the Department, the employee must inform the Payroll Operations Division in writing (using the return mail information provided in the notice) if he/she has not been reimbursed and provide the name and phone number of their travel voucher approving official for confirmation.

D. Responsibilities of Travel Charge Card Issuer (Bank of America)

1. Bank of America will perform normal account maintenance procedures on all accounts. This includes issuing billing statements to individual account holders approximately every 30 days when there is a balance due and other periodic communications necessary to maintain accounts in good standing and informing cardholders of charge account activities.

2. Bank of America will suspend an account once an undisputed transaction remains unpaid for 61 days or more from the billing statement date.

3. Bank of America will cancel an account once undisputed transactions remain unpaid 96 days or more from the billing statement date. An account may also be canceled if it has been suspended twice during the preceding 12 months, and becomes past due again.

4. Bank of America may request collection assistance on accounts 61 or more days past due from the billing statement date.

E. Responsibilities of the Payroll Operations Division (POD), National Business Center

1. Upon the written request for collections assistance by the Bank of America for an account which is unpaid 61 days or more from the billing statement date, POD will issue a letter to the delinquent employee and inform him/her of “due process” rights and indicate that if the account is not satisfactorily resolved within the next sixty days (i.e., by approximately 120 days aged from the billing statement date on Bank of America records), payroll offset will automatically begin. Attached is a copy of the letter that POD will send to the employee’s payroll address of record. Salary offset actions will not be initiated when the employee has notified the POD that he/she not been reimbursed for a properly filed travel voucher causing the offset action request. The POD will confirm this with the employee’s immediate supervisor.
2. In addition to the amount owed the charge card issuer, another fee may be charged by POD to recover its incremental processing costs.

F. Bureau Oversight Responsibilities (Agency/Organization Program Coordinators [AOPC], Immediate Supervisors, and Management)

1. Bureau AOPCs for travel accounts will review delinquency reports (both paper reports and those available on EAGLS) on individually-billed accounts, and notify each delinquent employee’s immediate supervisor when accounts first become past due and each 30 day cycle thereafter if the accounts continue to be past due.
2. All travel transactions shall be reviewed periodically by the employee’s immediate supervisor (or designated reviewing official) to ensure that charge cards are being properly used for official purposes.
3. Accounts that remain unpaid 30 or more days after the billing statement date are considered past due. Upon notification that an individually-billed account has reached a past due status, the employee’s immediate supervisor should discuss the matter with the employee and informally encourage the employee to resolve the past due account.
4. Formal disciplinary actions should be considered by the employee’s immediate supervisor if there is evidence that the charge was used for other than official purposes, and/or if the employee’s ability to perform his/her assigned duties as a result of card suspension or cancellation are compromised. Before the immediate supervisor initiates any formal action, and before issuing any notices to the employee, the supervisor must contact the bureau’s servicing personnel office to ensure that all the necessary requirements are satisfied and all the appropriate documents are properly prepared. Please refer to the Department’s *Handbook on Charges and Penalty Selection for Disciplinary and Adverse Actions* and Sections H & I below.
5. Bureau Management officials are responsible for reviewing delinquency reports, and ensuring that appropriate internal controls are being followed to prevent waste, fraud and abuse.

6. As a part of the Exit Clearance process, bureau representatives performing the exit clearance confirmation should inform the exiting employee that the charge card contractor will be notified of their departure and forwarding address. Bureau representatives providing the confirmation are required to notify their Agency/Organization Program Coordinator (AOPC) for the Charge Card Program, and the charge card account is to be immediately canceled. (Note: an employee should destroy the charge card by cutting it through the numbers and magnetic strip. An employee is not required to surrender the card to the Department.)

Under the charge card contract terms and provisions of the Travel and Transportation Reform Act of 1998 (PL 105-264), the Department may offset an employee's final pay to recover delinquent amounts due the contractor under certain conditions. Salary offset may apply to an exiting employee's final payment provided the exiting employee is accorded the process cited in section E.1., above.

G. Charge Privilege Reinstatement:

The Travel and Transportation Reform Act of 1998 requires mandatory use of the government contractor-issued charge card to employees for official travel unless an exemption has been granted. If an employee loses his/her Travel Charge Card privileges (through either suspension or cancellation) due to account delinquency or misuse, Departmental policy states that the employee will be expected to come into compliance with this policy by promptly resolving any outstanding balance on the Travel Charge Card, and to use personal funds to finance all travel expenses (except transportation tickets) on official travel until Travel Charge Card privileges are restored (Please refer to C.4 above). To conditions for reinstating charge card privileges are:

1. The individual account balance must be paid in full.
2. The cardholder must reapply (complete a new application) for a limited use card and a new card will be sent to the cardholder.
3. The cardholder's supervisor must approve the new application.

H. Suspicion of Fraud:

In cases of suspected charge card fraud by an employee, the Bureau-level and Agency-level AOPCs are to be immediately notified. The Bureau-level AOPC must notify the OIG and Bank of America (unless the matter was initiated by Bank). If an employee registering the complaint and desires to remain anonymous he/she may call the OIG Hotline on: 1-800-424-5081 within the Continental United States, 671-648-6060 in the Northern Pacific Region, or 703-235-9221 in the Caribbean Region. Fraud carries criminal penalties. Charge card abuses are subject to penalties under Ethics rules (see Executive Order 12674) and/or Employee Standards of Conduct.

Please refer also to the Department's *Handbook on Charges and Penalty Selection for Disciplinary and Adverse Actions*. The Office of Personnel must be contacted for further instruction on the appropriate procedures to follow.

I. Penalties:

1. Standards of Conduct

Sanctions:

Employees found in violation of any of the standards of conduct may be subject to criminal and civil penalties and to appropriate corrective, remedial, or disciplinary action. Such disciplinary action, to be taken at bureau discretion except where mandated by statute, may include, but is not limited to:

- Oral or written warning or admonishment;
- Reprimand;
- Suspension;
- Reassignment;
- Reduction in pay; or
- Removal from government office.

SAMPLE - DUE PROCESS NOTICE

Date

Name

Address

City, State, Zip

Subject: Delinquent Bank of America Charge Card Account Balance - Offset of Wages

Dear Sir/Madam:

This is to advise you that Bank of America has requested the Payroll Operations Division to offset your pay for a delinquent government credit card balance in the amount of \$_____. The delinquent balance excludes any disputed transactions which are still pending.

The Travel and Transportation Reform Act of 1998 authorizes the Department to offset up to 15% of your disposable pay at the request of the credit card contractor to collect delinquent balances. Therefore, payroll deductions will begin the first pay period ending 60 days after the date of this letter unless you resolve the matter prior to that date. The deduction will continue until the total amount is paid-in-full or we are notified by the Bank of America to stop collection action.

The amount deducted in any single pay period, *including the administrative fee*, will be limited to 15% of your disposable pay. Disposable pay, for this purpose, is defined as your biweekly gross pay less deductions required by law, i.e., retirement, Thrift savings plan, federal, state, local taxes, Medicare, OASDI, regular life insurance and health benefit premiums, and any debt owed to the United States Government.

The deductions for the offset will show on your Leave and Earnings Statement as ".PRIV DEBT RECOV".

If you wish to authorize a larger salary offset in order to accelerate the payment of this debt, please submit a written request to: Department of Interior, National Business Center, Payroll Operations Division, D-2640, 7301 W. Mansfield Avenue, Denver, CO 80227. Your request should specify a percentage of disposable pay or a specific dollar amount.

If you believe that the credit card charges are delinquent because you have not been reimbursed for a related travel voucher, please contact your Finance Office to determine the status of the voucher. You must inform this Office in writing the name and phone number of your travel reimbursement voucher(s) approving official to verify a travel reimbursement delay.

You have the right to inspect and copy records related to the delinquency, to request Bank of America review its decision to pursue collection of the debt from your federal salary, and to make a written repayment agreement with Bank of America. If you wish to exercise any of these rights, please contact a representative of the Bank of America directly at 1-800-472-1424 (domestic), 1-800- 672-0779 (TTY/TDD access) or 1-757-472-4124 (international collect call). You should also contact Bank of America, if you have questions about the requested offset, or wish to dispute the offset as erroneous. We suggest that you keep copies of any correspondence and/or evidence of payment to Bank of America. Any changes or amount adjustments regarding the delinquent credit card balance offset must be reported to us by Bank of America.

The Department's Employee Assistance Program is available to employees who wish to voluntarily and confidentially seek counseling due to stress caused by personal financial problems. For further information on the Employee Assistance Program please contact Carolyn Jensen at 1-800-222-0364.

If you have questions regarding our process in this matter, please contact _____ at (303) 969-_____.

Debt Management Branch
Payroll Operations Division