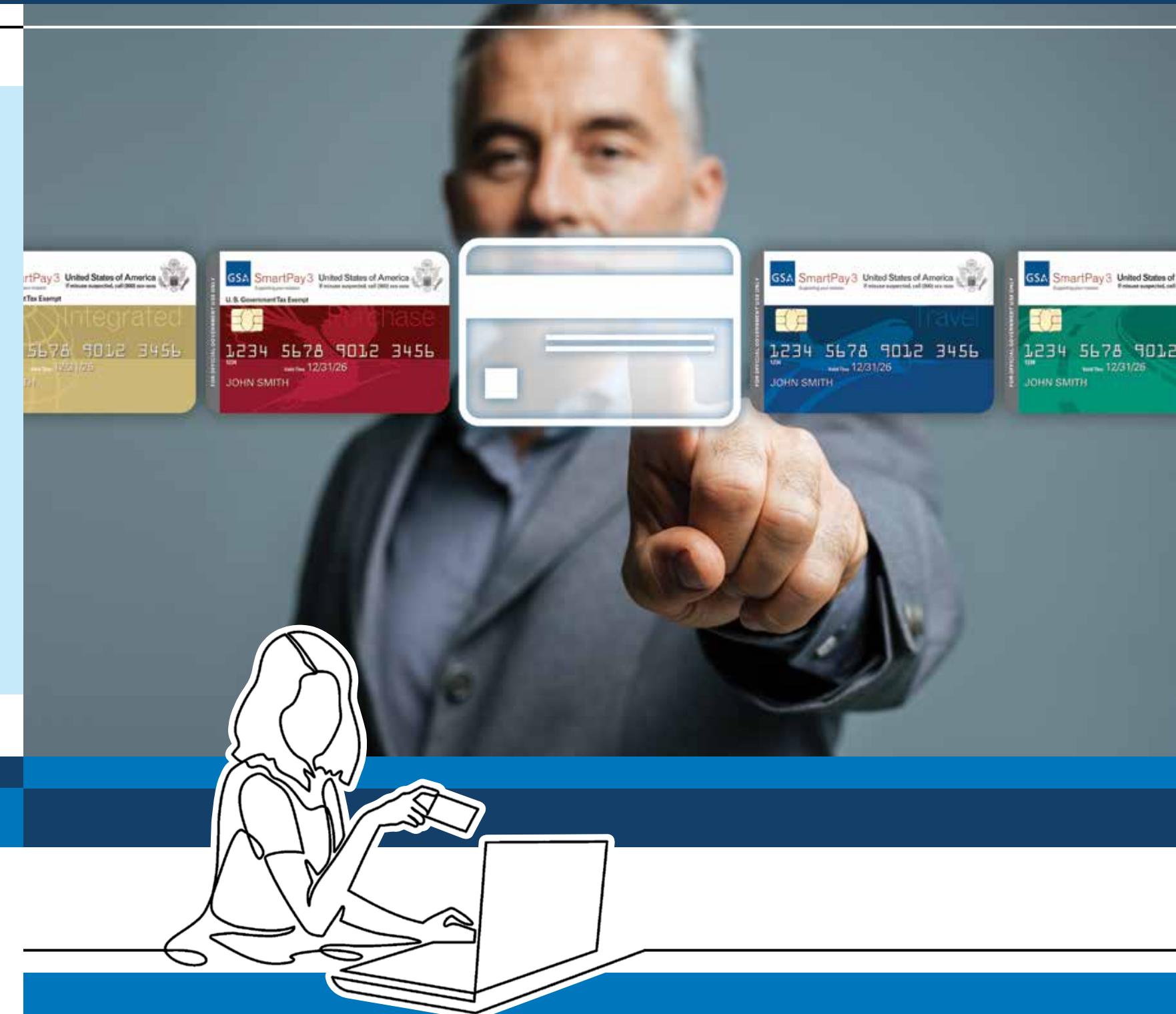
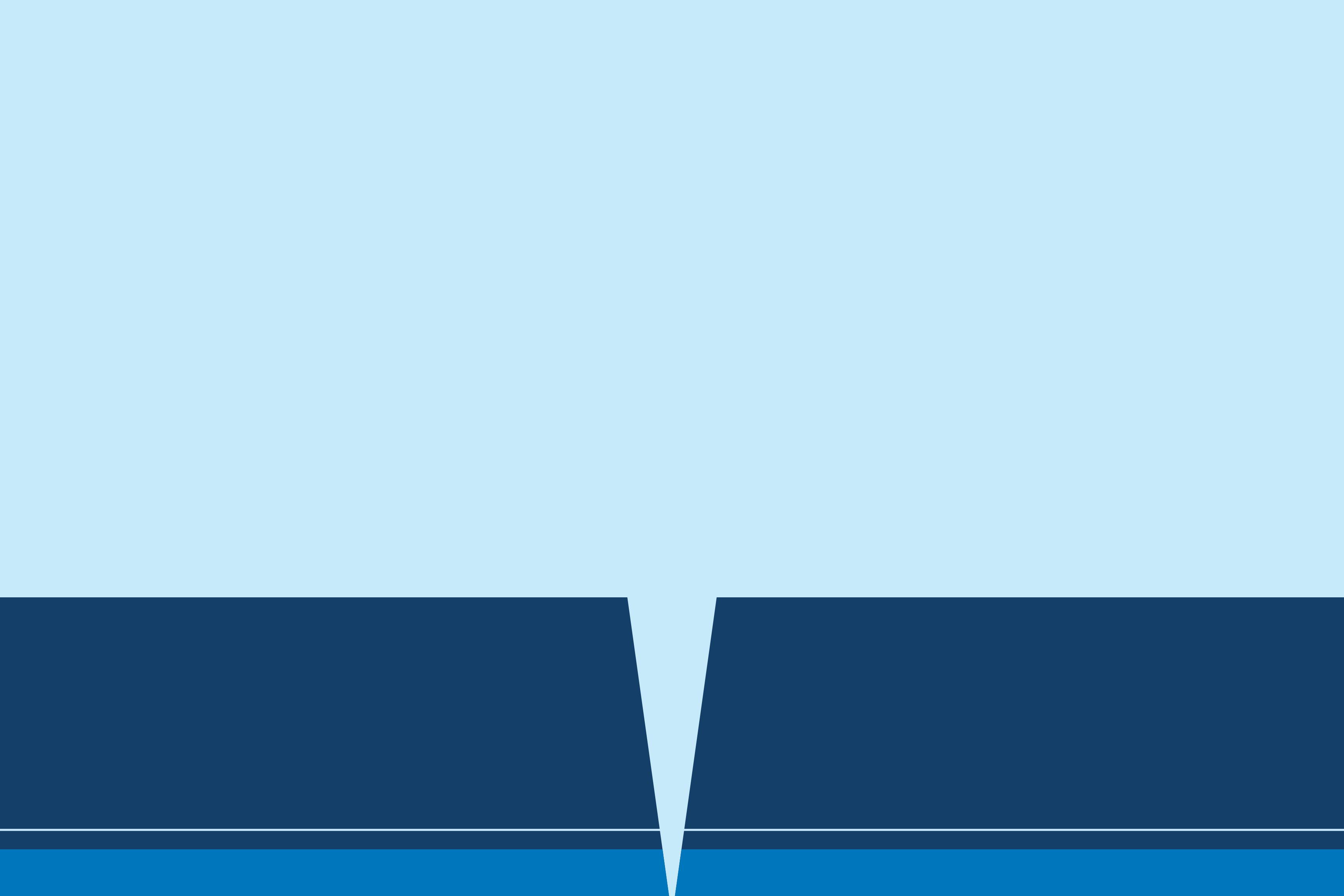


GSA SmartPay

Strategic Solutions

GSA SmartPay® Program Support
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A Note from the Center for Charge Card Management



Maximize Your GSA SmartPay® Payments Program through Strategic Payment Solutions

The GSA SmartPay program is dedicated to maximizing efficiency and increasing savings and refunds for customer agencies. That's why the GSA SmartPay 3 Master Contract includes more strategic payment solutions than ever before to take your program to the next level, many of which are included at no additional cost to your agency. Strategic payment solutions will allow you to gain efficiencies on current spend, capture additional spend, increase refunds, improve oversight and control, and gain transparency and accountability within your program.

The GSA SmartPay 3 Master Contract was awarded to two contractors: Citibank® and U.S. Bank®. Agencies subsequently awarded a task order to one of the two GSA SmartPay 3 Master Contract banks. The strategic payment solutions described in this folder are available to your agency under the Master Contract; however, it is important to confirm that these solutions have also been included in your agency's task order before working to implement the solutions. This can be done by contacting your Level 1 Agency/Organization Program Coordinator (A/OPC) or your agency's GSA SmartPay task order Contracting Officer.

Once you review the available strategic payment solution offerings, it is important to contact your GSA SmartPay contractor bank to ask for additional information on the specific offerings outlined in your task order. The GSA SmartPay contractor bank can provide your agency with specific commercial or government examples of how the payment solution offerings could be utilized within your program. The contractor bank can also provide you with assistance by completing an Accounts Payable File Review (A/P File Review).

This publication provides your agency with a wealth of information on the strategic payment solutions available within the GSA SmartPay Master Contract. It also provides examples of current agency use, potential agency use opportunities, and information on the best way to move forward once you have determined to take your program to the next level. We will discuss more specific information regarding the steps that your agency should take to work to implement strategic payment solutions within your program.

If you have questions about the strategic payment solutions offered through the GSA SmartPay program, please email us at gsa_smartpay@gsa.gov or call the GSA SmartPay customer service phone line at (703) 605-2808. We look forward to helping our customer agencies to review and to begin to implement solutions that will maximize the benefits that the GSA SmartPay program has to offer.

GSA SmartPay® Strategic Payment Solutions

Card-Not-Present Solutions



What is a “Card-Not-Present Solution” and what solutions are available under the GSA SmartPay program?

A card-not-present solution is a mechanism to complete a transaction without having a physical card in place. As the payment marketplace embraces more digital transactions, card-not-present solutions are becoming more and more common. Consumers and commercial entities alike have transitioned to making a large portion of their purchases online as opposed to in person at a brick-and-mortar location. Federal agencies are following suit and the trend toward online purchasing continues to grow. In addition, many commercial entities have implemented digital payment options at their physical locations.

The GSA SmartPay program offers several different strategic payment solutions for agencies to consider, including:

- Declining Balance Cards
- Ghost Cards
- Mobile Payments
- Single Use Accounts

Now that we know the card-not-present offerings offered under the GSA SmartPay Master Contract, let's discuss the differences and benefits of each of these strategic payment solutions.

All of the card-not-present solutions listed above are offered as Tier 1 Products and Services, or Core Products, under the GSA SmartPay Master Contract. This means that the contractor banks are required to provide the solutions at no additional cost to your agency.

Card-Not-Present Solutions and Benefits

Declining Balance Cards

Declining balance cards have the same functionality as a charge card, but the limits on the declining balance cards do not have to refresh each month. Declining balance cards are a central liability and thus are paid for by the agency/organization much like the Purchase or Travel Centrally Billed Accounts (CBAs). This type of card can be used for a specific purpose or for a specified time period and with a pre-determined credit limit. The credit limit can be reset as needed, set for a specified time, or become inactive once the balance is depleted.

A declining balance card allows for greater oversight and control. Like with a traditional centrally billed payment solution, an agency pays for the amount designated on the card as the card is depleted (and not when the card is set up and the limit designated), and therefore it would not be considered an advanced payment. Similar authorization controls, such as MCC blocks, can be used on these types of cards in the same way that they are used to control the traditional GSA SmartPay Program cards.

It is important to note that although we categorize a declining balance card as a potential “card-not-present” payment solution, your agency may want to utilize this solution in the form of a traditional plastic charge card. One example of an agency utilizing the solution this way is the Department of Health and Human Services’ (HHS) GO!card™. GO!card is a declining balance solution for HHS’s transit subsidy program. It replaced a traditional paper check system for federal government employees receiving transit benefits. The program has reduced administrative costs by eliminating the manual processes associated with issuing paper checks and vouchers for transit subsidies and, combined with the “no waste” feature of declining balance cards, is currently yielding an average of 26 percent cost savings over the previous program.

Ghost Cards

A ghost card is an account number that is specific to an agency or an entity within an agency. The term “card” can be misleading because there is not a need for a plastic card for the transactions. A ghost card is a CBA that is designated specifically for a supplier frequently



utilized by an agency, allowing for any authorized agency personnel to purchase from the vendor without having to use multiple cards or accounts. The ghost card is typically managed in a central location by one office/department within an agency.

A ghost card allows for an agency to consolidate purchases to a single vendor under one account, aiding in reconciliation as well as transaction oversight. Agencies can utilize ghost cards for purchases such as booking airfare for travelers and for paying utilities. It is important to note that accounts issued in the agency or department name, instead of an individual's name, have different chargeback and dispute rights. Similar to the declining balance card, agencies may consider the option to utilize this solution in the form of a traditional plastic charge card. Agencies should ensure that they check with their GSA SmartPay contractor bank for additional details.

One example of utilization of the ghost card solution is Department of Commerce's (DOC) Department Virtual Payment Cards. These cards allow DOC to pay UPS orders via GSA's Federal Strategic Sourcing Initiative (FSSI) Document Delivery Service BPA. This innovative solution improves operational efficiencies, reduces administrative costs, and allows DOC to earn additional refunds.

As a best practice, agency employees responsible for ghost cards should work closely with the vendor to ensure that the vendor is capable of passing a minimum of Level 2 data in order to aide in the reconciliation process. Centrally billed travel accounts, for example, utilize the passenger name in order to aide in reconciliation.

Mobile Payments

Mobile payments allow agencies to make secure payments utilizing a mobile device (e.g., a smartphone) at the point of sale. Essentially, a mobile payment is a version of a charge card loaded onto a mobile device so that the account holder doesn't have to carry a plastic charge card. Mobile payment utilization has increased drastically in the consumer card industry and has started to gain traction in the corporate card industry. Many brick-and-mortar retailers accept some form of mobile payments.

Under the GSA SmartPay 3 Master Contract, mobile payments are offered to your agency at no additional charge. It is important, however, to note that each agency must determine their own policies and procedures regarding the implementation of mobile payments. For example, your agency must determine whether mobile payments are allowable for CBA accounts and/or IBA accounts. In addition, it's important to review the types of mobile devices for implementation. If your agency provides employees with mobile devices, they may have a policy that allows for mobile payments to be authorized only on agency-owned mobile devices. However, if your agency does not provide employees with mobile devices, they may determine that individual account holders will be authorized to utilize mobile payments on their personal devices.

In accordance with the GSA SmartPay 3 Master Contract, agency-specific contractual requirements related to mobile payments must be outlined in the agency task order document. Agency-specific policies for mobile payments should be outlined in agency policy documents or memorandums.

Single Use Accounts

Single use accounts allow an agency to utilize a virtual account number for a single payment. The limit on each single use account is equal to the single payment amount. A single use account can provide your agency with a precise set of controls surrounding a single payment, including establishing the virtual account number for a single dollar amount, a limited amount of time, MCC blocks, and account expiration dates. Agencies also have the ability to append accounting data for seamless reconciliation. Similar declining balance cards and ghost cards, agencies may consider the option to utilize this solution in the form of a traditional plastic charge card.

Single use accounts are a great option for agencies looking to reduce the number of convenience checks being written. By utilizing an account number one time, the agency reduces the risk of fraud as compared to convenience checks, while increasing oversight into the payment data.

Single use accounts are a great option for agencies looking to expand contract payments through the charge card program. They allow agencies to make invoice payments to a specific vendor for a specific invoice and include controls to ensure that the vendor only receives the invoice amount. Agencies can greatly maximize refunds by moving these types of payments to single use accounts.

For More Information

As you can see, the GSA SmartPay Master Contract provides a variety of card-not-present payment solution options. The best way to get started with taking advantage of these solutions is to contact your contractor bank and ask them how these offerings can benefit your program.

If you have questions about the strategic payment solutions offered through the GSA SmartPay program, please email us at gsa_smartpay@gsa.gov or call the GSA SmartPay customer service phone line at (703) 605-2808. We look forward to helping our customer agencies to review and to begin implementing solutions that will maximize the benefits that the GSA SmartPay program has to offer.

GSA SmartPay® Strategic Payment Solutions

ePayables Solutions



What are ePayables and what kind of ePayables are offered under the GSA SmartPay program?

EPayables are a solution that augments or replaces the accounts payables process such that electronic transactions take place directly

between the government and the supplier. EPayables solutions are typically used with merchants who are traditionally paid by check or EFT or with merchants who do not accept charge card payments (e.g., utility companies). Examples include Straight-Through Processing, Buyer-Initiated Payments, Supplier-Initiated Payments, Procure-to-Pay, and other card-not-present solutions.

For the purpose of the GSA SmartPay Master Contract, ePayables do not include virtual cards, single use accounts, or other products/services presently defined under business lines.

The GSA SmartPay program offers three different ePayables solutions for agencies to consider, including:

- Supplier-Initiated Payments (SIP)
- Straight-Through Processing (STP)
- Buyer-Initiated Payments (BIP)

Supplier-Initiated Payments are offered as a Tier 1 Product and Service, or Core Product, under the GSA SmartPay 3 Master Contract. This means that the contractor banks are required to provide the solution at no additional cost to your agency. Straight-Through Processing and Buyer-Initiated Payments are offered as Tier 2 Products and Services under the GSA SmartPay Master Contract. This means that the contractor bank may charge a fee for utilizing these solutions.

It is important to learn the differences in the processes of each of the offered ePayables. Let's discuss how each ePayable works, including the roles of agencies, the GSA SmartPay contractor banks, and merchants in the ePayables process.



ePayables Solutions

Supplier-Initiated Payments (SIP)

Supplier-Initiated Payments are the process of electronically connecting suppliers (or other merchants) to the government's supply chain and back-end payment systems. This type of ePayables allows a supplier to enroll with the GSA SmartPay contractor bank in order to connect to an agency's supply chain and/or bank end payment system. The GSA SmartPay contractor bank prepares the invoices and processes approved invoices on behalf of the agency. The contractor bank remits payment to the supplier/merchant utilizing agency payment files for disbursement against designated account(s) for specific transactions.

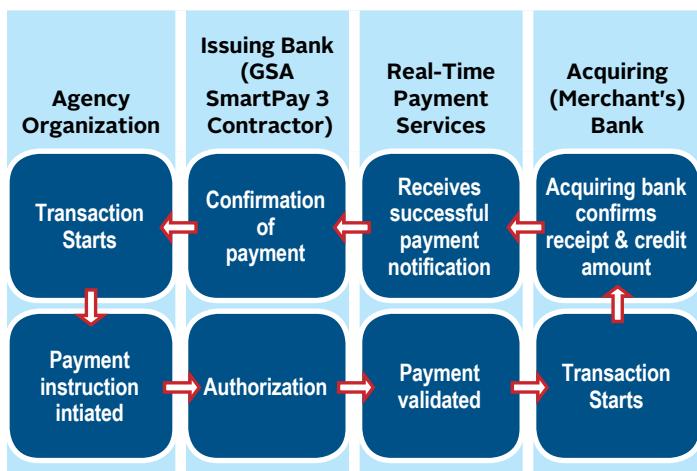
The chart below outlines the specific process utilized for Supplier-Initiated Payments.

1. Supplier (merchant) enrolls through GSA SmartPay contractor bank
2. Supplier (merchant) invoices agency/organization
3. GSA SmartPay contractor bank prepares invoice for submission to agency/organization
4. Agency/organization approves invoice in their financial system
5. Transaction is processed through the GSA SmartPay contractor bank
6. Payment is remitted to supplier (merchant)
7. Agency/organization is notified through the EAS
8. Transaction is reconciled

Straight-Through Processing (STP)

Straight-Through Processing is an automated payment transaction processing service where the agency sends the payment file directly to the merchant's acquiring institution (the financial institution or bank that they utilize for their business). The networks (Visa or MasterCard) process the payment automatically on behalf of the agency and GSA SmartPay contractor bank and deposit the funds directly into the merchant's bank account.

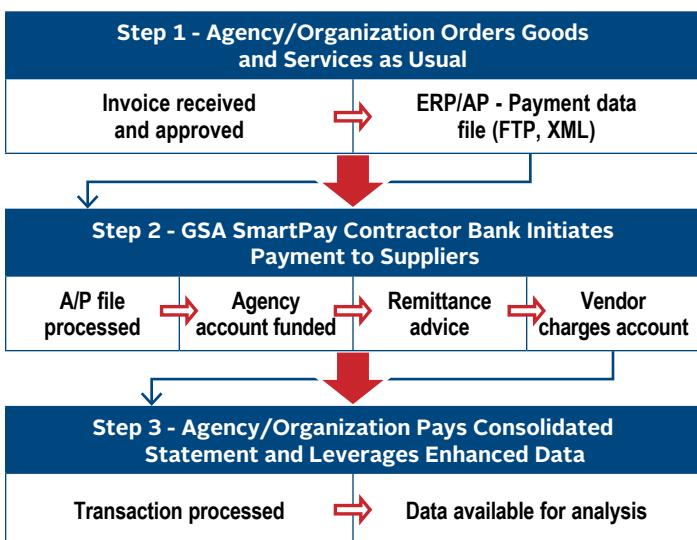
The chart below outlines the specific process utilized for Straight-Through Processing.



Buyer-Initiated Payments (BIP)

Buyer-Initiated Payments are a type of transaction that requires no action by the supplier (the merchant), no point-of-sale terminals, or other hardware/software required to receive payment.

The chart below outlines the specific process utilized for Buyer-Initiated Payments.



ePayables Solutions are Continually Evolving within the Payments Sector

As ePayables become more available commercially, there will be an increased opportunity for agencies to expand their programs and utilize these solutions. Agencies should review the GSA SmartPay Master Contract thoroughly to understand the functionality and the pricing related to ePayables offerings and also communicate with their GSA SmartPay contractor bank to learn more about the specific ePayables currently offered. For example, a Supplier- Initiated Payment is a Tier 1 offering, which means that all awarded contractor banks must make it available to the agencies. The other two ePayables offerings (Straight-Through Processing and Buyer- Initiated Payments), however, are Tier 2 offerings. This means that your contractor bank may or may not currently offer them under the Master Contract and/or your agency task order.

Always check with your contractor bank to get the latest information on their ePayables offerings.

For More Information

If you have questions about the strategic payment solutions offered through the GSA SmartPay program, please email us at gsa_smartpay@gsa.gov or call the GSA SmartPay customer service phone line at (703) 605-2808. We look forward to helping our customer agencies to review and to begin implementing solutions that will maximize the benefits that the GSA SmartPay program has to offer.

GSA SmartPay® Strategic Payment Solutions

Diving Deeper into Strategic Payment Options



Now that you know more about the strategic payment solutions offered under the GSA SmartPay Master Contract, what are some examples of how to use them? What are your next steps?

Although many agencies have become experts in traditional charge card payments, they often are not aware that the GSA SmartPay Master Contract has many payment solutions that allow them to greatly expand their programs through increased spend and efficiencies. Once you get a better understanding of the wide variety of offerings, your next step should be to take a look at payment areas within your agency where you can capture additional spend through the program. Ways that you can dive deeper into reviewing potential opportunities include:

- **GSA SmartPay Savings Calculator:** The Center for Charge Card Management (CCCM) has developed a savings calculator that allows agencies to put theoretical spend into various categories in order to assess potential increased refund opportunities. The GSA SmartPay savings calculator is designed to enhance and support leadership payment decision-making by visualizing the benefits of utilizing GSA SmartPay payment products in the areas of contract, grant, and local travel subsidy spend. The calculator provides estimates for potential savings based on increased utilization of the program. The GSA SmartPay Savings Calculator can be located on the GSA SmartPay website.
- **Accounts Payable (A/P) File Reviews:** An A/P File Review is a process where the GSA SmartPay contractor bank reviews an agency's payment files in order to find potential areas where payment solutions can be leveraged. In order to receive an A/P File Review, your agency must provide financial and payment information to the GSA SmartPay contractor bank. The bank will then provide a full report outlining areas where your agency may be able to capture additional spend through your program and/or gain efficiencies by utilizing offered strategic payment solutions. Your agency can utilize this information and work with the bank to implement new payment strategies within your program.

Section 3.1.1 of the GSA SmartPay 3 Master Contract states that the contractor shall provide an A/P File Review after task order award unless the agency indicates that they do not want a review.

Once you have done your research, you will need to work with your contractor bank, your agency contracting personnel, and your agency management to come up with a potential strategy to implement.

Strategic Payment Solution Examples

How can your agency leverage the offered payment solutions? There are many different areas of opportunity that you can explore to implement strategic payment solutions. The following are just a few examples of potential areas to review and consider that may be a practical next step in expanding your program.

Recurring Payments (Contract Payments, Rent, Utilities)

Many agencies have recurring payments for a wide variety of products or services such as payments for rent, utilities, contract payments, and much more. For example, you can use one of the offered virtual card solutions such as single use accounts, declining balance cards, or ghost cards for recurring payments. An example of a recurring payment may be a consulting contract that your agency awarded for a five-year period. Traditionally, you make a payment against the contract through your financial accounting system. Instead, however, your agency could implement the use of a ghost card account to make a recurring monthly payment against the contract. It is important to note that the appropriate contract must be in place and the contractor must be set up to accept the payments via cards. Another example of utilization may be that your agency has recurring payments with limitations on a monthly or quarterly basis. For example, your agency may want to consider utilizing a declining balance card for payments such as transportation subsidies (similar to the HHS GO!card™).



Did you know that on average the federal government spends approximately \$466 billion¹ in contract payments annually? Imagine if you moved just a portion of that spend to a GSA SmartPay strategic payment solution. Contract payments are one of the largest areas of opportunities to move payments and to greatly increase your agency's refunds!

New Employees, Temporary Employees, Part-Time Employees

Does your agency have a unique mission that requires the use of temporary employees or a large amount of part-time employees, or frequently has an influx of new employees? There are many agencies that fall into these types of categories. Agencies such as the Department of Defense, which constantly hires new recruits for active duty (boot camp), the Bureau of Labor and Statistics, which hires temporary employees for the census, and the Federal Emergency Management Agency (FEMA), which hires temporary employees for emergencies such as natural disaster assistance, all fall into one of these categories. Payments to these types of employees can be an administrative burden and carry a high risk of erroneous payments and difficult oversight. What if your agency could utilize a strategic payment solution to lower those risks and streamline the payment process? The single use account (SUA) offering under the GSA SmartPay program would allow just that. SUAs allow agencies to establish one account for these employees that can include a large amount of controls such as increased Merchant Category Code (MCC) blocks and established spend limits.

Practical Use Example: The Department of Defense sends new personnel to boot camp, where trainees are provided with a voucher to cover expenses during the training time period. Instead of a voucher, trainees could be provided with SUAs to cover those expenses, which allows for spending limits, increased controls, and increased transparency into expenditures.

Supplier Retail Operations

Monthly subscription services with specific merchants are often common within the federal government. Many agencies enroll in subscriptions in order to keep up with the latest information and data within the commercial marketplace. Payments for these types of subscriptions occur regularly and frequently to a single merchant. In addition to the option of solutions such as ghost cards for these types of payments, agencies can also utilize Supplier-Initiated Payments, an ePayable strategic payment solution that is offered under the GSA SmartPay Master Contract. Supplier-Initiated Payments require that the agency and contractor bank work with the merchant to get them enrolled in the Supplier-Initiated Payments program. Once enrolled, the merchant will initiate payment requests to the agency, and the agency will receive the request through their Electronic Access System (EAS). The merchant controls the frequency of payment initiation and transaction processing. Supplier-Initiated Payments allow for the agency to have a direct payment relationship with the merchant.

¹ Five-year average government-wide contract payment spend from FY 2013 to FY 2017 located on USASpending.gov's Data Lab located at <https://data.lab.usaspending.gov/contracts-over-time.html>

Practical Use Example: A federal agency has a monthly subscription to gain access to industry data and information through a supplier such as Gartner®. The agency and contractor bank work with Gartner to get the company enrolled in Supplier-Initiated Payments. Gartner initiates a payment request through the EAS to the federal agency on the 15th calendar day of every month. The agency is able to view the information in their EAS and make a payment directly to Gartner.

Specialized or Complex Invoicing Processes

Does your agency deal with complex invoicing processes with large vendors for large dollar values? Invoicing for these types of products or services can be very complex and time-consuming. Although complex, the opportunity for increased refunds is very great, given the dollar value of these types of transactions. Buyer-Initiated Payments, an ePayable solution offered under the GSA SmartPay Master Contract, may be a potential solution that allows an agency to control the frequency of payments to the vendor while simultaneously streamlining payment processes and reducing operational costs. Like Supplier-Initiated Payments, Buyer-Initiated Payments require that the agency and contractor bank work with the vendor to get them enrolled in the Buyer-Initiated Payments program. Once enrolled, your agency will be able to initiate purchasing supplies from the vendor through the EAS and will provide payment once supplies are received. The agency controls the frequency of purchases and payments to the vendor. This solution is beneficial when you have more frequent back and forth purchasing and payments to a single vendor, which may add up to a larger dollar value.

Practical Use Example: A federal agency that requires ongoing purchasing of lab supplies and equipment has a contractual agreement in place with a single vendor for those items. Instead of initiating a new financial document for every purchase, the agency establishes a Buyer-Initiated Payments relationship with the vendor by enrolling them in the program with the assistance of their contractor bank and their contracting office. Now the agency can initiate a request for lab supplies as frequently as needed through the EAS, receive the supplies from the vendor, and make the payment directly to the vendor through the EAS. This saves the agency and the vendor time and money by streamlining the purchasing and payment processes.

For More Information

CCCM is excited to offer agencies the opportunity to expand their programs, increase spend, increase efficiencies, and increase refunds to support their missions. If you have questions about the strategic payment solutions offered through the GSA SmartPay program, please email us at gsa_smartpay@gsa.gov or call the GSA SmartPay customer service phone line at (703) 605-2808. We look forward to helping our customer agencies to review and to begin implementing solutions that will maximize the benefits that the GSA SmartPay program has to offer.