DEPARTMENT OF THE NAVY
NAVAL SUPPLY SYSTEMS COMMAND
5450 CARLISLE PIKE
PO BOX 2050
MECHANICSBURG PA 17055-0791

TELEPHONE NUMBER
COMMERCIAL
AUTOVON
IN REPLY REFER TO
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From: Commander, Naval Supply Systems Command

Subj: PURCHASE CARD DELINQUENCY STANDARDS AND POLICIES

Ref: (a) DOD PC-PMO Purchase Card Delinquency Policy Memorandum of 17 Sep 99
(b) ASN(FM&C) Memorandum "Process Improvements And Compliance With The Policies Of The Purchase Card Program Within The Department Of The Navy" of 3 Jun 99.

1. Reference (a) provides suspension policy for delinquent purchase card accounts and establishes new delinquency standards for the DOD and DON purchase card programs.

2. Effective 1 January 2000, DOD Policy requires Citibank to suspend any billing account that goes over 60 days delinquent. It is noted that all cardholders under the cognizant billing official will be suspended should the billing account exceed 60 days past due. Additionally, billing accounts that exceed 180 days past due will result in the entire activity (level 5) being suspended. Before initiating suspension procedures, Citibank is required to contact and notify the Agency Program Coordinator (APC) and designated Billing Office on two separate occasions. When an account reaches 45 days past due, Citibank will request payment for the undisputed principal amount by letter or document a telephone call to the APC and designated Billing Office. Citibank will also provide the APC a Pre-Suspension/ Pre-Cancellation Report that identifies the undisputed amount that is overdue. If payment for the undisputed principal has not been received 55 days past due, Citibank will notify the APC and Designated Billing Office electronically or in writing of suspension if payment for the principal amount is not received by the close of business on the 5th calendar day after notification. Citibank will also notify the APC and Designated Billing Office of a point of contact at the Bank to assist in resolving the past due account. If payment for the undisputed principal has not been received 61 days past due, Citibank will suspend the account. The suspension will automatically be lifted once the undisputed principal amount has been paid.

3. Suspension exemption waivers for Billing Officials with operational emergencies may be granted on a case-by-case basis. Exemption requests must be submitted in writing from the Level 3 APC to Mr. Albert Fanelli, NAVSUP Code 21C, or via the internet at albert_j_fanelli@navsup.navy.mil. Exemption requests must include a statement describing what actions will be taken to resolve account delinquencies.

4. Reference (a) also established new delinquency standards. Major Claimants may not have more than 0.75 percent of their total receivables at the bank over 60 days past due. Additional delinquency reporting standards will be imposed for any Major Claimant not meeting this standard.

5. Compliance with reference (b) guidance will assist in the certification and payment of purchase card invoices in a timely manner and avoid accounts going over 60 days past due. Reference (b) is summarized as follows:

a. Unless the Approving Official (AO) has been notified in writing to the contrary, the AO will presume that all cardholder transactions are proper and certify the purchase card statement within five working days.

b. Resource Managers should ensure that advance reservation of funds, commonly referred to as bulk obligations, is used to the maximum extent possible and that there are sufficient funds available to cover all anticipated purchases to be made in the billing period.

c. Agency Program Coordinators (APCs) should ensure that their AOs and cardholders fully comply with the concept of pay and confirm. Specifically, invoices will not be disputed or delayed if a vendor has shipped the goods, but they have not been received. Invoices should be certified in these instances. If the goods are not received by the next billing cycle, the transaction should be formally disputed.

d. APCs and AOs should hold weekly reviews with Resource Managers to review any suspended purchase card transactions which cannot be paid by the cognizant OPLOC due to insufficient funds. In cases where AOs have a significant number of transactions, it may be advantageous that they be given direct access to the bill paying system to review the suspended transaction reports.

e. Interest charges are increasing and are being monitored closely. Organizations causing excessive interest penalties will be subject to the reallocation of their resources to reimburse the DON prompt pay interest centrally managed account. Invoice processing metrics are being monitored and compiled by NAVSUP. Invoice processing metrics will be provided to the Major Claimants and to ASN (FM&C) on a monthly basis.

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6. Point of contact is Mr. Paul Ziedins who can be reached at DSN 430-2521, commercial 717-605-2521 or via the internet at paul_ziedins@navsup.navy.mil.

EVA M. ROBINSON
By direction