DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY OF THE ARMY
ACQUISITION LOGISTICS AND TECHNOLOGY
103 ARMY PENTAGON
WASHINGTON DC 20310-0103

REPLY TO
ATTENTION OF

26 JUL 2001

SAAL-PI

MEMORANDUM FOR DISTRIBUTION

SUBJECT: Purchase Card Dispute Policy

With the rollout of US Bank's Customer Automation and Reporting Environment (C.A.R.E.) Internet application, Army card officials now have a powerful tool at their disposal to perform their duties faster and more efficiently. The deployment within the Army, however, has identified the need to re-emphasize existing policy on how to handle disputes.

Change 1 to Purchase Card Reengineering Memorandum #3 – Streamlined Financial Management Procedures, requires DOD cardholders to implement a "pay and confirm" process whereby payment of invoices will be made promptly, subject to verification and acceptance of goods. DOD recognizes that "Most disputes currently are due to billings being received in advance of verification that goods have been received and accepted. In most cases, receipt and acceptance of the goods is verified before the next billing statement is received."

Unfortunately, Army cardholders are not following this policy. They are disputing transactions (via C.A.R.E. dispute application) for items that have not yet been received within the cycle the item is billed. The C.A.R.E. dispute functionality was designed by DOD to withhold payment for disputed items based on the assumption that officials would follow policy. The current situation is leading to an unacceptable situation where "double credits" occur when the dispute is eventually resolved in the favor of the cardholder. To fix the problem, I have requested the bank to revise the process by not withholding pay for disputed items. To avoid payment of fraudulent charges (charges made by other than the cardholder and the government has not benefited), cardholders must promptly advise the bank and they will issue a credit within 72 hours. Under the contract, the government is liable for improper purchases made by Army cardholders. An annotation that administrative action/disciplinary actions are being taken with the cardholder for improper use of the card are sufficient to satisfy the certification requirement so that full payment can be made.

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Again, let me reiterate that Army Agency Program Coordinators (APCs) should implement a "pay and confirm" payment process. Cardholders should be viewing their transactions daily so that they can promptly identify issues. Cardholders should first attempt to resolve all issues with the merchant before considering a dispute action in C.A.R.E. Merchants who process duplicate invoiced amounts should be advised by the cardholder to immediately issue a credit so that it posts within the same billing cycle as the duplicate. After the billing statement is certified, cardholders can still institute a dispute in C.A.R.E. if the item or credit has not been received 45 days following its first appearance in a billing statement.

Please ensure that this policy is clearly cited in cardholder training. In addition, contracting offices shall ensure compliance with this policy in their annual reviews of the card programs under their cognizance. The point of contact for this action is Dorothy Hindman, Level II Army Program Coordinator, (703) 681-3417, DSN 761-3417, FAX (703) 681-1121, email address: dorothy.hindman@saalt.army.mil.

Gwellen D. Jeffries
for Edward G. Elgart
Acting Deputy Assistant Secretary of the Army
(Procurement)

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