

Internal Control Assessment Credit Card- Disputed Items

Purpose

To ensure that proper internal controls exist regarding FSA's purchase card program.

Background

The General Service Administration is responsible for administering the small purchase card program, commonly referred to as the Smartpay program. FSA must have a designated official who is responsible for settling disputes involving Smartpay credit card transactions or a Transaction Dispute Officer (TDO), whose primary role is to assist in the speedy resolution of disputed items. The TDO generally serves as the focal point between merchants and the credit card issuing bank for resolving disputed transactions on cardholder statements. This official serves as the intermediary between the Designated Billing Office, the A/OPC and the billed account.

Internal Control Standard

FSA must have a designated official who is responsible for resolving disputed Smartpay credit card items.

Assessment of FSA's Compliance*

We examined a number of credit card transactions that were being disputed due to defective merchandise, incorrect merchandise received etc. We discovered that the disputed items were paid for even though the merchant or credit card issuing bank had not resolved the dispute.

* The actual testing phase including interviews and examination of sampled records has not yet occurred. This write-up is only a sample of what may be discovered during the testing phase of the FMFIA process.