

SPAWAR Purchase Card Policy Notice (S-PCPN 2013- 004)

Note: Level 5 APCs - It is your responsibility to give this Policy Notice widest dissemination to include all AOs & CHs.

13 March 2013 – Effective Immediately

PURPOSE: This S-PCPN addresses Dispute and Fraudulent Transaction **definitions** and procedures for reporting. It emphasizes the differences and understanding of which procedure should be used and procedures for reporting each. The **updated** process for handling disputes and fraud in NERP is attached.

OVERVIEW: [NAVY GCPC Consolidated Card Program Management Division \(CCPMD\) sent out PCAN 6 MARCH 2013 - DISPUTE AND FRAUDULENT TRANSACTION REPORTING.](#) This PCPN addresses definitions of disputes vs. fraudulent reporting to reinforce understanding of which procedure should be used and reporting procedures for each. Misunderstanding and incorrect application of Dispute and Fraudulent Transaction Procedures are causing a trend of payments being incorrectly short-paid and accounts becoming delinquent.

DEFINITIONS:

Dispute. Instances where transactions on the CH's statement do not agree with entries in the log or retained receipts that are presented to the bank for resolution. The process is presented to Citibank for resolving discrepancies between the CH's transaction acquisition records and the bank statement after no resolution is achieved by contacting the vendor. Examples are when a vendor charges tax or number or quality of items are incorrect or questioned.

ACTION/GUIDANCE: Prior to initiating either Dispute Procedures or Fraudulent Transaction Procedures, the CHs must have a clear understanding of the difference in definition and procedures between the two. The CH must determine which procedure is appropriate and initiate only one procedure for a suspect transaction. Using both procedures in an invalid transaction may cause payments to be incorrectly short-paid and the account will become delinquent.

Do not report a suspect transaction as both a dispute and a Fraudulent Transaction.

Dispute Procedures.

The process starts with contacting the vendor first. If the vendor agrees to issue a credit, do not dispute the transaction, watch for the credit to post and recommend the AO certify the full invoice amount. If the credit does not post by the end of the next cycle (<60 days from the statement date) then dispute the transaction. You must submit a Citibank Government Card Holder Dispute Form to the bank.

https://www.navsup.navy.mil/ccpmd/purchase_card/bank_guidance/CH%20DISPUTE%20FORM.pdf.

DO NOT call Citibank to dispute the transaction and ensure transaction is disputed through the invoice certification process within CitiDirect prior to faxing the form to the bank.

If the merchant does not agree to issue a credit, file an official dispute with the bank by disputing the transaction within CitiDirect . DO NOT call Citibank PROCEDURES TO IMPLEMENT POLICY Page 6-73 of 5.02 GCPC Deskguide to initiate the dispute. This will interfere with the proper processing of your dispute.

After the transaction has been disputed in CitiDirect through the invoice certification process, submit/fax the Citibank Government Card Holder Dispute Form to Citibank. Currently Citibank requires the CH signature therefore the electronic submission must be backed up with faxing or mailing the form to Citibank. Since we don't want to pay for this transaction the AO should "short-pay" the invoice by the amount of the dispute. CitiDirect does this automatically when you dispute the transaction within these systems. Track the dispute to resolution either by calling Citibank or review the Citibank dispute log within CitiDirect.

When disputing a transaction, it is the CHs responsibility to track the discrepancy to its complete conclusion. Ultimately, a formal dispute filed with the bank will either be decided in favor of the merchant or the CH. It is the CHs responsibility to ensure that the government's interest is protected and that the dispute is properly credited and resolved efficiently. The CH must work closely with the AO to track disputes to completion. Based on the outcome of the dispute process, the charge will either be resolved in favor of the CH or the merchant. If the dispute is resolved in favor of the CH, the charge is offset by either a vendor credit or bank initiated credit. If the dispute is resolved in favor of the merchant, a letter will be sent to the CH explaining the decision and the charge will appear in the balance due on the next invoice and must be certified for payment. If the dispute is found in favor of the CH you should see either a chargeback from the bank or a vendor credit, and a debit (rebill) transaction to offset the short pay. This allows for the normal over payment of the invoice to balance the account since the banks system assumes the invoice was short-paid. If the dispute is found in favor of the merchant you should see a debit (rebill) transaction. The CH will have 60 days from the date of the billing statement to formally dispute transactions.

Disputable charges. Disputes involving the following items must be handled by the CH and the bank (with notification to the Level 5 A/OPC); duplicate billing, non-receipt of merchandize, returned merchandise, cancelled merchandize or services, invoice amount discrepancies and/or the transaction was paid by other means. It is recommended that the CH try resolving the dispute with the vendor first, then, if appropriate, file a dispute if the credit is not received on the next billing cycle. All dispute documentation shall be retained by the AO for six years and three months.

Non-disputable charges. Charges on the CH statement that involve misuse or abuse by the CH are not disputable with the bank. If the transaction was processed following the controls established (i.e., within the purchase limits).

Fraud. Fraud is defined as use of the GPC to acquire supplies or services that are unauthorized and intended for personal use or gain and constitutes a fraud against the Government. Examples include a CH's unauthorized purchase of power tools for his home, a supplier's intentional charges for services not provided, and the unauthorized use by a third party of a CH's compromised or stolen account for personal gain. The DON classifies fraud as internal fraud and external fraud.

Internal fraud is identified as purchases made by a CH for personal use or gain.
External fraud as unauthorized purchases not made by a CH as a result of a compromised card number or lost card.

ACTION/GUIDANCE: Fraudulent Transactions Procedures

All Government employees have a duty to report all suspected instances of fraud to the appropriate authorities. The CH must report any purchases believed to be fraudulent during monthly statement reconciliation. The CH must report cases of fraud to the card issuing bank, the A/OPC and follow their Internal Operating Procedures.

Accounts reported with fraudulent activity will be closed immediately, and replacement accounts are opened and new cards issued. The bank will confirm with the CH which transactions are valid and which are fraudulent, close the account and move the valid transactions to the new card account.

Fraudulent Transactions shall not be certified for payment. The invoice must be "shortpaid" by the amount of the transaction(s) in question. CitiDirect and SALTS certifiers should short-pay using the manual certification process not the dispute process. The bank must be notified and the CH will complete a Declaration of Unauthorized Use form to be submitted to the bank.

https://www.navsup.navy.mil/ccpmd/purchase_card/bank_guidance/Declaration%20of%20Unauthorized%20Use%20Email%20Form%20-%20Electronic%20Signature.pdf.

If Citibank generates security credit transactions in the following cycle invoice, this invoice should also be certified manually since the debits were excluded in the previous invoice.