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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 SEP 2 7 1999

17 SEP 1999

SAF/AQ

PC-PMO

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Purchase Card Delinquency Policies

As you know, I committed to Dr. Hamre that we would minimize aging delinquencies within the Purchase Card Program. The actions we recently took to eliminate seriously delinquent purchase card accounts resulted in identification and correction of systemic deficiencies within the Department's certification and payment process which contribute to payment delinquencies. Although we made good progress, the effort was painfully labor intensive and unnecessarily preoccupied the time and attention of senior level managers. We do not have the resources to duplicate this process on a recurring basis. We must continue to improve and instill proper delinquency management at all levels.

Current Department policy requires US Bank and Citibank, to suspend any billing account that becomes 60 days delinquent. If any of those accounts become 180 days delinquent, all billing accounts at the activity (level 4 for US Bank, level 5 for Citibank) will be suspended. The banks will automatically suspend billing accounts when they become delinquent and will automatically lift the suspension once they are paid. US Bank implemented the 60 and 180 day suspension policy on August 31, 1999; Citibank will implement the policy effective January 1, 2000.

Essential to continued improvement is the establishment and monitoring of viable system metrics. Therefore, in addition to the above suspension policy, I am announcing new delinquency standards across the Department. A Department or Agency may not have more than 0.75 percent of their total receivables at the bank over 60 days past due. A zero tolerance will be maintained for any percentage of receivables over 180 days past due. My intent is to strike a balance between a manageable level of delinquencies (that mirrors delinquency standards and practices in the commercial sector) and the need for micro management of the Department's delinquency accounts. The issuing banks agree that these standards are acceptable and I will not impose any additional delinquency reporting if you meet these standards. You are encouraged to implement more stringent metrics within your respective Department or Agency, as you deem appropriate.

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I thank you for the support and cooperation you have continuously provided me. The above actions should ensure we do not return to the high delinquency figures we experienced in early 1999. My staff will continue to provide any assistance you may need and I urge you to take advantage of their expertise. As always, you will find the most current delinquency information on our web page at http://purchasecard.sarda.army.mil.

Please feel free to contact me at (703) 681-7564 or Capt. Shawn Caldwell at (703) 681-0372, DSN 761, or email: shawn.caldwell@sarda.army.mil, for any additional information.

Bruce E. Sullivan
Program Manager
Purchase Card Program
Management Office

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