



**The Comptroller General
of the United States**

Washington, D.C. 20548

Decision

Matter of: United States Government National Credit Card
File: B-214459
Date: November 12, 1987

DIGESTS

1. Claims or demands against the government which seek payment for supplies or services sold to it must be accompanied by adequate evidence of delivery to or acceptance by an appropriate government official of the goods or services at issue.
2. When settling oil company credit card claims against the United States, conducting audits, or prosecuting false or fraudulent credit card claims, the government needs to be able to satisfy itself, based on the "documents" which evidence those transactions, that an authorized individual used a valid card to properly service or supply an official vehicle engaged on official business.
3. Oil companies participating in the United States Government National Credit Card Program (SF-149) may be permitted to adopt new technologies which result in the elimination of signed paper "delivery tickets" (e.g., credit card charge receipts), if appropriate auditing and accounting controls are maintained and the government's ability to settle claims, conduct audits, and litigate false and fraudulent claims, are otherwise adequately protected.
4. The United States Government National Credit Card Program (SF-149) should be modified to require users of the SF-149 credit card to tender their government "ID" along with the SF-149, so that the station operator can verify the user's name and official status.

DECISION

In a letter of August 15, 1986, the Comptroller of the General Services Administration (GSA) sought our opinion of an oil company proposal affecting the payment of invoices against the United States arising from use of the United States Government National Credit Card (SF-149). Presently, oil companies are required to submit along with the company's invoice signed "delivery tickets" (i.e., credit

card charge receipts) from persons who use SF-149 credit cards. The proposal would eliminate the requirement that charge receipts be submitted with company billings. As explained below, we cannot endorse eliminating the requirement for oil companies to obtain and preserve adequate documentation of the sale of company supplies or services (whether paper or electromagnetic) which serves the function presently served by signed paper delivery tickets. Nevertheless, so long as the government's interests are adequately protected, the oil companies may be permitted, in the exercise of sound discretion, to adopt technological alternatives to the traditional paper delivery ticket system.

The SF-149 Program^{1/}

The SF-149 is a credit card issued by GSA which may be used by authorized government officials and employees to make credit purchases of fuel, supplies, and services (for government vehicles engaged on official business) from commercial oil company retailers who participate in a series of procurement contracts issued and administered by the Defense Fuel Supply Center (DFSC). 41 C.F.R. § 101-26.406-1 (1983). The standard terms of the DFSC contracts presently provide that the oil companies are entitled to be paid "upon submission of proper invoices for supplies and/or services rendered and accepted." DFSC Bulletin DSA600-3.33, Clause No. L159(a). When submitted, the contractors' invoices must be accompanied by "delivery receipts" (traditionally paper documents) which show: name and address of the service station and date of delivery; item, quantity, and grade of product, other supplies or service delivered; unit price with extended totals; license tag or identification number of the vehicle; and signature of the credit card user, acknowledging receipt of delivery. Clause No. L158(a).

The Oil Company Proposal

GSA's submission states:

"The DFSC has notified us [GSA] that the Exxon Company, and other major petroleum suppliers, intend to automate the processing of credit card transactions. The installation of electronic terminals, at selected service stations, will allow for an on line electronic processing of credit card transactions to a contractor Credit Card Center. Within the system, a delivery ticket

^{1/} This program is described in greater detail in 64 Comp. Gen. 337 (1985).

may or may not be provided depending on the type of terminal in use at the service station. When available, the original ticket will be given to the purchaser, and a copy retained by the seller. No paper ticket will be sent to the Credit Card Center, nor will any delivery tickets be furnished with the Contractors' invoices.

"Heretofore, in accordance with established government contract payment provisions, the credit card receipt has served as a receiving report. Since the delivery tickets will no longer be available for inclusion with Contractors' invoices, the Exxon Company has specifically asked that the delivery ticket submission requirement be amended for future service station contracts."
(Emphasis added.)

Consequently, DFSC asked GSA whether it (or other agencies) would object to elimination from future SF-149 program contracts of the requirements for obtaining and submitting paper delivery tickets. GSA, in turn, asked whether GAO would object to the payment of oil company invoices under those circumstances. In order to better understand and resolve GSA's questions, we informally consulted with the GSA and DFSC staff who administer the SF-149 program.

DISCUSSION

When settling oil company credit card claims or demands against the United States, auditing program operations, or prosecuting unauthorized or fraudulent credit card claims, the government needs to be able to satisfy itself, based on the "documents" which evidence those transactions, that an authorized individual used a valid card to properly service or supply an official vehicle engaged on official business. 64 Comp. Gen. 337 (1985). In this regard, the government's accounting officers have long held that claims for payment of supplies or services sold to the government must be accompanied by evidence of delivery to or acceptance by an appropriate government official of the goods or services at issue.^{2/} An early application of this rule to oil company credit card transactions may be found in A-49009, Nov. 24, 1950, in which this Office advised an oil company that:

". . . an invoice or bill in summary form signed and certified to by the vendor, or an authorized

^{2/} E.g., 3rd Ed. Digest Dec. Second Comp. at 63, Para. 445 (1869) (re 23 Second Comp. Dec. 221); Digest Dec. Comp. 243 (1902) (re 7 MS Comp. Dec. 1225 and 8 MS Comp. Dec. 570).

representative, and supported by the original or copy of the delivery tickets bearing the signatures of the individuals making the purchases, properly executed as to unit prices and taxes, will meet with the audit requirements of this Office."

Consistent with this longstanding rule, DFSC's previous oil company contracts have required service station operators to obtain and submit to the government copies of signed paper "delivery tickets." Clause No. L158(a). However, Exxon and other companies now wish to use "electronic terminals" which, GSA understands, "may or may not" result in the creation of signed delivery tickets. Moreover, GSA understands that even if the new systems do provide delivery tickets to the purchasers, "no paper ticket will be sent to the Credit Card Center, nor will any delivery tickets be furnished with [those companies's] invoices."

As a general principle, we conclude that GSA and DFSC (as the administrators of the SF-149 program) have the discretion to allow the oil companies to take advantage of new technologies. At the same time, however, we also conclude that, before the government agrees to significant changes to the SF-149 program, such as eliminating the requirement for oil companies to obtain and submit paper delivery tickets, it is absolutely essential that GSA and DFSC assure that the government's audit requirements and other interests in this area will be adequately protected. Putting it another way, before agreeing to any significant change, GSA and DFSC must determine whether implementing the proposal would unreasonably interfere with or eliminate auditing and accounting controls and procedures which are necessary to protect the government's interests in the SF-149 program.

Based largely upon the suggestions and comments made by the GSA and DFSC staff during our informal consultations, it is our view that, whatever changes are made by GSA and DFSC, the following types of auditing and accounting controls and procedures should be retained in the SF-149 program, unless DFSC and GSA properly determine that other controls or procedures would adequately assure that the transactions billed are proper:

- (1) There should be adequate "documentation" (whether on paper, or through some acceptable electromagnetic or other means) that the government, through its agent, officer, or employee, received the goods or services for which the government is being billed. This "documentation" will normally include (A) the number of the credit card used; (B) the identification number of the

vehicle serviced or supplied; (C) the date of transaction; (D) the purchased item, quantity, grade or product, supplies, services, etc.; (E) the unit and total price; (F) the service station at which the transaction occurred; (G) an acknowledgement, whether express or implied, by the credit card user of (i) receipt of the goods or services billed and (ii) the particular details listed above; (H) the credit card user's identity in the form of the user's name, or some other identifier of the user (such as the user's social security or government identification number), and the presence of the user's signature or some other mark, symbol, device, or confidential code number which is unique to the user and thereby proves the user's participation in the transaction.

(2) Invoices submitted by oil companies under the SF-149 program, whether in the form of paper or some electromagnetic medium, should be required to specify for each transaction billed, if reasonably possible, the user's identity, the credit card number, the vehicle identification number, the date of the purchase, and the transaction price, as well as the service station where the purchase occurred.

(3) If an oil company does not submit to the government along with its invoices its portion of the "documentation" described in paragraph (1), the company should be required to preserve that documentation for a period of time which is consistent with applicable retention schedules by some acceptable and legible means which facilitates ready access, location, and examination of either particular transactions, or particular groups of transactions retrievable in the following categories: (A) purchaser, (B) vehicle identification number, (C) credit card number, (D) service station, (E) date of transaction, and (F) any other categories which DFSC and GSA find desirable.

(4) The oil company should be required to provide to the government, within a reasonable period of time, any documentation requested by the government.

(5) Agencies should be required to establish and follow satisfactory auditing and accounting controls and procedures which are calculated to assure the reliability of invoices submitted to the government and records maintained by the oil companies (including, for example, the preservation of documentation, and the fact and authenticity of the transactions billed to the government).

We are aware that there are emerging technologies in the credit card industry, and various configurations of those technologies. We do not present the preceding listing as an absolutely rigid formula from which there may be no deviation under any of the technological variations. If anything is rigid, it is the overall responsibility of those administering the program to assure that the payment system used adequately protects the government's interests. Any payment system must provide reasonable assurances that the government is being asked to pay only that which it is properly obligated to pay, and must include the capability of verification through audit. Within this broad prescription, the precise details of the payment system to be used under a given technology are to be worked out in the first instance by the agencies responsible for administering the program. Under any system, the primary question is not whether some particular piece of information is included or how it is recorded, but whether that system, in relation to the technology, is reasonably adequate to meet the government's objectives.

In addition, we strongly recommend to GSA and DFSC that the SF-149 program be modified to require credit card users to tender their government "ID" along with the SF-149, so that the station operator can verify the name and official status of the credit card user. In this regard, this Office has observed on several occasions that:

" . . . The possession of a credit card, or of the official car identified thereon, in itself alone, does not justify an extension of credit to the bearer as a representative of the United States. The service station employees to whom such cards are presented should require competent evidence as to the identity and official status of the persons holding them. All Federal employees authorized to use official cars and purchase gasoline and oil on the credit of the Government have available means of readily establishing these facts." 64 Comp. Gen. 337, 342 (1985) (emphasis added), quoting, 23 Comp. Gen. 582, 583 (1944) and 32 Comp. Gen. 524, 525 (1954).

Since the government will not pay for SF-149 transactions made by unauthorized users,^{3/} it is clearly consistent with the best interests of both the government and the oil companies to implement these requirements and recommendations.

^{3/} E.g., 64 Comp. Gen. 337, supra.

In summary, DFSC and GSA have the discretion to allow oil companies to take advantage of new technologies, including the elimination of paper delivery tickets, so long as the government's interests in settling claims, conducting audits, and litigating false and fraudulent claims are otherwise adequately protected.

for Milton J. Fowler
Comptroller General
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