

OMB Circular A-123 (Revised January 2016)
Appendix B

Improving the Management of Government Charge Card Programs

4. Risk Management..... 9
4.1 Creditworthiness

4. Risk Management

This section summarizes SBA policies and procedures regarding risk management. Risk management begins well before any credit cards are issued. Management must assess who is applying for a card, what position they hold, and what official business of the agency they perform with a credit card. The application is submitted to the credit card vendor, who determines the creditworthiness, based on the credit score. Credit card use is monitored closely.

4.1 Creditworthiness

4.1.1 Purchase Card Program

Creditworthiness checks are not required for the purchase card system, and SBA does not conduct them.

4.1.2 Travel Card Program

4.1.2.1 Regular Applicants

Under the SmartPay2 program, the credit card vendor conducts creditworthiness checks for all new SBA card applicants – a service provided at no cost to the agency. Transferred employees who had a travel card at their previous agency are treated as new applicants. Although the travel card vendor does not share the actual credit scores with the SBA, they maintain records to document their decision to allow either a standard card or a restricted card (described in more detail below).

4.1.2.2 Disaster Applicants

The SBA's, Office of Disaster Assistance (ODA), conducts pre-employment credit checks on all disaster job applicants. A sufficient score is required for employment, as it is very difficult to perform disaster relief duties without the benefit of a travel card (restricted or regular). ODA performs a credit check through one of the credit agencies, independent of the travel card vendor, in advance of any travel card application. When a card application is submitted, ODA communicates the result of that query on the face of the completed application by noting the color green for a standard card and the color yellow for a restricted card. The yellow and green coding is determined by the credit score. The word "Disaster" is also reflected on the application alerting the card vendor that a check has already been performed. The vendor may elect to do a second check depending upon their level of comfort with the application. As mentioned above, multiple credit checks can adversely affect an employee's credit history, so the SBA has arranged for such pre-employment checks to be "soft hits" without negative score consequences. GSA travel card training certificates must be submitted with the application.

4.1.3 Card Option The SBA has established card limit options for both Standard cards and Restricted cards (see Attachment E). The vendor compares an applicant's credit score with established thresholds to determine whether the applicant should receive a Standard card or a Restricted card. If the applicant declines to give authorization to have their credit score evaluated, they are only eligible for a Restricted card. Restricted cardholders are emailed a letter to explain their status and the restricted usage of this card.

4.1.4 Alternate Assessment

If an applicant does not have a credit score or their credit score cannot be evaluated, the SBA initiates an alternate creditworthiness assessment. The SBA uses an alternate assessment form (see Attachment F) patterned after the credit worthiness questions contained in the already approved Standard Form 86 - *Questionnaire for National Security Positions*.

4.1.5 Subsequent Checks

A subsequent creditworthiness check may be performed for a number of reasons, including:

- An employee originally declined a credit check and was issued a restricted card – now the supervisor recommends the employee upgrade to a standard card.
- An employee was downgraded from a standard card to a restricted card due to delinquency/misuse, and now the supervisor recommends an upgrade to a standard card.
- A former disaster employee was off the roles for over 1 year and is being rehired.
- An employee was originally issued a restricted card and has a positive travel card use and payment record, and due to job requirements, an upgrade is required.