



ADMINISTRATIVE MEMORANDUM No. 129

**SUBJECT: CORPORATE CREDIT CARD PROGRAM REWARDS AND
REBATES POLICY**

CONSIDERING,

The OAS Corporate Credit Card Program is a valuable tool to maintain administrative efficiency and internal controls;

That OAS Corporate Credit Card Program is a self-sustained service fund, thus the benefits, such as points, rebates or rewards, generated by the Program are needed to fund the expenses related to administration of the Program;

That Chapter III.1 of the Administrative Memorandum 103, Budgetary and Financial Rules, states that miscellaneous income earned from activities is generally deposited in the Fund which principally financed the activity or a specific fund to finance activities of a similar nature, as the case may be; and

That it is necessary to set out clear rules and procedures for the administration and use of the points, rebates or rewards generated by the corporate credit cards of the General Secretariat,

THE DECISION:

To adopt the Corporate Credit Card Program Rewards and Rebates Policy as set forth in Attachment A.

A handwritten signature in black ink, appearing to read "Jay Anania".

Jay N. Anania
Secretary for Administration and Finance



Organization of
American States

Secretariat for Administration and Finance (SAF)

Revised: English
June 2016

CORPORATE CREDIT CARD PROGRAM REWARDS AND REBATES POLICY

**Department of Procurement Services (DP)
Department of Financial Services (DFS)**

CORPORATE CREDIT CARD PROGRAM – REWARDS AND REBATES POLICY

The OAS Corporate Credit Card Program is a valuable tool to maintain administrative efficiency and internal controls. Use of a corporate credit card is advantageous to the OAS General Secretariat because alternative sources of payment (such as via cash or purchase order) would be more complex, more expensive to administer and involve additional internal controls risks related to handling cash or processing a multitude of direct vendor payments. As described in this policy, the program is designed for self-funded administration, with points, rebates or rewards generated by the program paying directly for the expenses related to proper maintenance of internal controls necessary to justify the program's continued existence.

Definitions of common concepts related to corporate credit card management

The following definitions provide additional guidance to apply this policy.

Reward

In general terms, a *reward* is an incentive to support a desirable behavior. Credit card companies offer different reward programs (points, air miles and other benefits) that can be redeemed for rebates, cashback, statement credits, awards, travel, gift cards or other goods and services. Most credit card companies offer rewards to encourage use of their card programs. In some cases these benefits are presented in the form of a specific monetary amount, or as a percentage of expenses registered on certain category transactions. This last option is usually known as cashback or cash back reward. These rewards are not contractually guaranteed and can be altered at any time by the corporation. Thus, they are unpredictable in nature.

Rebate

A *rebate* constitutes a return of a portion of a purchase price by a seller to a buyer, usually on the purchase of a specified quantity, or value, of goods within a specified period. Unlike a discount (which is deducted in advance of payment), a rebate is given after the payment of full invoice amount has been submitted. A rebate is a partial refund of the cost of an item. It acts as an incentive for the customer.

Cashback or Cash Back

A *cashback* is a type of reward denoting a form of incentive offered to buyers of certain products or services, whereby they receive a cash refund after making purchases. A cashback reward program is an incentive program operated by credit card companies where a percentage of the amount spent is paid back to the corporate card program reward administrator. Under this program, card holders typically receive between 0.5% and 3% of their net expenditure (purchases minus refunds) as an annual other periodic rebate. Such rebates are applicable to total net expenditures, not individual purchases. This rebate is normally recorded as a credit in the card holder's monthly statement or can be paid directly to the corporate card program administrator.

Refund

Different from a rebate or cash back, a *refund* is a compensation paid to a customer for over-invoicing or for returned goods. It is money typically paid back to the customer, when he or she is not satisfied with the goods or services purchased.

Cost to card holder / corporate program administrator

When accepting payment by credit card, merchants typically pay a percentage of the transaction amount in commission to their bank or merchant services provider. In general, merchants are often not allowed to charge a higher price when a credit card is used as opposed to other methods of payment, so there is no penalty for a card holder to use their credit card. The credit card issuer is sharing some of this commission with the card holder to incentivize them to use the credit card when making a payment.

Background

In 2012, the Department of Procurement Services (DP) initiated a credit card pilot that eventually became the current corporate program managing several million dollars of annual procurement and travel-related transactions. Use of the credit card simplifies administrative procedures and speeds up the procurement process, which is especially important when purchasing air tickets, whose prices often rise without prompt purchase. As part of the program, these transactions generate corporate points that can be redeemed for cash, credits and other awards. Due to the lack of resources to acquire additional staff to administer the program, and following the definitions provided in the OAS Budgetary and Financial Rules Chapter III.I.c– Miscellaneous Income - the program was created as a self-sustained service fund. The OAS uses the benefits (rewards) from the credit card use to fund the functions needed to administer the program; in this case, the cost of an individual to maintain necessary internal controls, and in particular, to conduct timely monthly reconciliations.

Administration of the Reward Program

- The points, rebates and rewards generated by the corporate credit cards are related to purchases from all funds administered by the General Secretariat. Thus this service fund benefits all funds proportionately to the rewards earned based on purchases by those accounts.
- DP is responsible for administering the program. As such, DP will be responsible for keeping clear records and supporting documentation of all points, rebates and rewards generated or redeemed by the corporate credit program administered by the General Secretariat.
- The Department of Financial Services (DFS) is responsible for monitoring and verifying the balance of rewards and redemptions of the program and for processing the requests for their accreditation in the corresponding financial accounts. On a monthly basis, DP will send to the Chief of Operations and Analysis of DFS the statement “Corporate Membership Rewards – Monthly Statement and Program News” which includes an account summary of the points (See Annex 1, Sample report). DFS will perform a

monthly verification of the balance of rewards, points earned, points reinstated/adjusted, and ending balance, ensuring that all redemptions and adjustments are justified by DP. DP must document and provide DFS written explanations of redemptions and adjustments in the account summary of points. DFS is not responsible for calculating how points were earned by AMEX. DFS will take the points earned, provided by AMEX, as is.

- The Director of DP will initiate redemptions. DP will notify in advance the Director of DFS each time a redemption is to be exercised. This communication should include the expected credit amount for the redemption. Each redemption request to AMEX by DP must be documented and be available for review as needed.
- DP will notify the Secretary for Administration and Finance (SAF) concerning the ongoing operation of the program, including levels of redemptions. DP will seek modification to this policy should changing conditions – such as insufficient or excess rewards -- necessitate such changes.

Administration and Use of Resources and Proceeds from the Program

- Points, rebates and rewards earned by the use of the corporate credit card will be utilized for the management and maintenance of the credit card program, consistent with Administrative Memorandum 103. This program will be operated similarly to other OAS service funds, including those which manage usage fees from the Hall of the Americas and the Parking Fund.
- The funds derived from the use of the credit cards as rebates, gift cards or points will be primarily used to finance the position necessary to maintain strong internal controls, including the periodic reconciliation of credit card statements with OAS procurement and financial records. This account is designed as a self-sustained program that permits proper management, and thus the continuation, of the corporate credit card program. Alternative sources of payment (such as via cash or purchase order) would be more complex, more expensive to administer and involve additional internal controls risks from handling cash or a multitude of direct vendor payments.
- All rebates and rewards will normally be used exclusively to pay expenses related to administering the credit card program.
- Under special, non-routine circumstances, SAF may approve in writing other uses of the resources to offset other necessary expenses in the best interest of the Organization. Should other routine expenses arise, SAF will update this memorandum to authorize such spending.

Administrative Redemption process

- DP will seek to exchange rewards in the best interest of the Organization to the most advantageous benefit (cashback, miles, travel rewards, etc.) in consultation with the Secretary for Administration and Finance, analyzing possible alternate uses of points available in lieu of cash redemption.
- Where possible, DP will seek to redeem points for the cash equivalent, which will be reflected as a redemption “credit” in the monthly statement. In that case, DFS will record all transactions in the statement and apply the statement redemption “credit” to the designated DP Service account.
- If the option to obtain cash is exercised, DFS must duly record all transactions after which DP will request the funds. Records will include the redemption exchange, copies of all documents, records and receipts of relevant supporting documentation provided by DP.
- If necessary or advantageous, DP will redeem points in other manners. In these cases, DP will maintain complete records of the redemption and the use of resources received.
- For audit purposes, DP will be responsible for the maintenance and recordkeeping of all pertinent documentation related to the rewards and rebates administration and redemptions.



Corporate Membership Rewards® Monthly Statement and Program News

CORPORATE
MEMBERSHIP
rewards

For questions about your
Corporate Membership Rewards
account, visit us at
atwork.americanexpress.com

or contact us at 1-888-800-8564

American Express
Membership Rewards
P.O. Box 297813
Ft. Lauderdale, FL 33329-9785

Statement Period
April 1, 2016 - April 30, 2016
Account activity after this period does not appear on this statement

Prepared for
ALEX P GRAHAMMER/OAS **Total Points Balance**
Membership Rewards® Account Number
1M04268891

Points Earned this Period are pending until charges are paid in full and all your accounts are in good standing. Points Earned this Period may include Bonus Points.
Points Earned this Period

Account Summary	
Opening points balance	22,000,000
Points earned this period	22,000,000
Points used this period	0
Reinstated points and adjustments	0
Total points balance	= 22,000,000

Points Earned this Period			
04/01/16 - 04/30/16	Points Activity On Eligible Charges	Bonus Points Awarded	Total Points Activity Per Card
Add'l Corporate XXXX-XXXXX8-31012	22,000,000	0	22,000,000
Add'l Corporate XXXX-XXXXX8-23016	22,000,000	0	22,000,000
Add'l Corporate XXXX-XXXXX8-22026	22,000,000	0	22,000,000
Totals	22,000,000	0	22,000,000

Points used this period includes Redemptions and Transfers. Points earned may be used as long as all enrolled Card accounts are in good standing. Points used cannot be reversed back into your program account. Forfeited points can be reinstated for a fee by calling the number provided below. Eligible Card charges are outlined in the Membership Rewards program Terms and Conditions in your Program Guide. If you have questions, please visit <http://atwork.americanexpress.com> or call 1-888-800-8564. For International, call collect 623-492-7737.

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