



Procurement Card Best Practices

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Procurement Card Best Practices

PLANNING	IMPLEMENTING	OPTIMIZING	BEST PRACTICES
Where do we begin?	Who needs to be on the team?	Expanding the P-Card Program?	What are meaningful strategies for long term success?
Program Management Policies and Procedures	Senior Executives & Directors Department Representatives Procurement Accounts Payable ITS	Promoting the P-Card Technology Travel	Benchmarking for Success
Single card or multi-card Corporate (Entity) or individual liability	Roles and responsibilities Controls	Supplier Ghost Cards Virtual Travel Cards Mobile Wallet	

Planning: Where to Begin?

Entity Culture

Do you have senior level leadership support (Program Champion)?

- What are your key company priorities (rebate, fraud protection, card benefits, float, etc.)?
- Does your entity want a mandated card program vs allowing employees to use personal cards?
- Will you allow executives and/or road warriors to have Executive Explorer/Executive Card?
- Do you have an internal dedicated page to communicate information about travel and policy?
- How do you currently pay for small purchases and travel expenses

Planning: Policies and Procedures

Use Policies to structure your card program

- Define parameters and limits for different spend categories considering the roles and responsibilities of each cardholder
- Make policies clear and understandable following legislative regulations and local codes; outline consequences for policy non-compliance
- Incorporate Duty of Care responsibilities into the Policy and process
- Objectively review policy on annual basis, including looking at non-compliance policy trends
- Incorporate specific reconciliation deadlines in the policy, incorporate into training and communicate
- Measure success based on adherence to the policy and make internal adjustments as needed

Procedures

- Create clear procedures that support the P-Card Policies
- Offer multiple types of training; in person, online, remote learning, self or instructor-guided

Planning: Single or Multi cards and Corporate or Individual Liability

Have you considered a single card solution or dual card (Purchasing and Travel) solution and/or Virtual Cards?

- Do you have the resources to support a multi-card program?
- Does your travel booking tool pre-populate card transactions?
- Do you use Individual bill or central bill?
- Is your program corporate liability to individual liability?
- Do you allow all travel expenses (including meals) on your travel card?
- Do you use gas cards?
- What do you need in terms of reporting?
- Do you need a solution for non-employee travel (Council members, contractors, recruits, interns, etc.)?

Planning: Single or Multi-Cards

SINGLE CARD SOLUTION

Pros

- Manage a single card and billing statement
- Process a single reimbursement

Cons

- Higher limits may be required
- Merchant code control
- Additional audit requirements

DUAL CARD SOLUTION

Pros

- MCC codes set by card
- Separate reconciliation process
- Easier to set limits on specific cards
- Easier to audit

Cons

- Confusing
- Multiple audit processes
- Two statements for each billing cycle

Planning: Corporate or Individual Liability

Corporate Liability

- Entity pays all outstanding balances
- Card limit can be determined by staff needs
- Liability waivers can exonerate the company from responsibility for unapproved charges
- Individual bill does not mean individual liability

Individual Liability

- Credit checks on individuals required
- Individuals may not be able to get credit limits required to complete their responsibilities
- Entity may have to provide a guarantee if individuals have bad credit
- Entity has no control over what is charged to the card, only what is reimbursed
- Tax exempt entity may not receive benefit when card is used
- Entity cannot guarantee payment in full monthly
- Some card providers do not offer this option

Implementing: Who needs to be on the team

Create a cross-functional team from a variety of departments so your organization has a variety of perspectives and separation of duties

- Senior management
- Accounts Payable
- Budget
- Human resources
- IT
- Auditing
- A representative from a typical user group
- Program Administrator(s).

Within this team, establish dedicated administrators who can assist the individual responsible for the program.

Implementing: Program Structure

Programs normally fall under finance or procurement, and sometimes have representatives from both areas.

One of the first decisions an organization must make is whether its card program will be centralized or decentralized.

- the size of the organization,
- the way current processes are handled (centralized or decentralized),
- the physical locations of users,
- data retention requirements
- the degree of control desired over the card program

Implementing: Roles and Responsibilities

The primary purpose of a P-Card program is to help streamline the day-to-day procurement requirements for small dollar purchases.

When considering the various roles and responsibilities, it is important to keep in mind any process improvements that can be accomplished to save people time and effort.

Defining roles and responsibilities up front is key to a successful program. Clearly defined roles help ensure all program participants have a clear understanding of the program's structure and their responsibilities.

Roles and Responsibilities

Senior Executives and Directors are responsible for assigning staff to key roles and ensuring compliance with purchasing and P-Card policies, training, and establishing security measures and accountability. These roles also:

- assign a department/division liaison (headquarters and region organizations)
- assign P-Card approvers
- ensure compliance with purchasing and P-Card policies
- ensure personnel attends mandatory training
- establish security and accountability for P-Cards

Information Technology Division serves as support of third-party software and other interfaces or applications. This division maintains all technology service level agreements.

Roles and Responsibilities

P-Card Program Manager (Procurement Manager) delegates oversight of the P-Card program and overall operation:

- provides oversight of the P-Card program
- advises and helps to establish program credit limit with senior management
- manages aggregate P-Card credit limit
- ensures compliance with policies and procedures
- designates the P-Card Program Administrator

Roles and Responsibilities

P-Card Program Administrator (Procurement Administrator) is responsible for the day-to-day operation of the P-Card program, training and customer outreach.

This role also:

- administers the P-Card program
- monitors and respond to all P-Card correspondence
- orders and issues cards—most public sector employees must pass background checks prior to being hired, so they are already vetted before being issued a card
- documents completion of required training
- establishes transaction review procedures
- acts as liaison between the agency and bank
- submits disputes to the bank
- submits crime loss report for stolen cards

Roles and Responsibilities

Department/Division Liaison/Allocator will conduct the final review of each P-Card transaction, allocate them to the proper account and release them for payment.

This role also:

- completes required training
- review transaction documents
- enter applicable accounting codes for each transaction
- attach required documents to applicable transactions
- review attachments to ensure the correct documents are attached and the scan is clear and complete
- work with cardholder to resolve potential disputes
- monitors P-Card activity and ensure transactions are valid
- complies with transaction review procedures
- authorizes transactions for payment
- export transaction to the accounting system

Roles and Responsibilities

Department/Division Approver

- Complete required training
- oversee the budget and ensure compliance of P-Card policies and procedures
- review transactions at least weekly
- review attachments to ensure the correct documents are attached and the scan is clear and complete
- approve transactions

Accounts Payable

- completes required training
- monitors P-Card activity and ensure transactions are valid
- complies with transaction review procedures
- authorizes transactions for payment

Optimizing: Expanding the P-Card Program

Ways to grow your program may include:

- Utilize metrics
- Leveraging the speed of payment (file turn) to optimize bank incentives and efficiencies
- Marketing Program success
- Create opportunities for communication
 - Encourage stakeholders (e.g., purchasing, A/P) to share information regarding best practices and pain points to facilitate process improvement.
 - Use various methods to obtain program feedback, such as surveys, the organization's Intranet, periodic face-to-face meetings and an advisory council or steering committee

Include P-Card information in solicitations and discuss at outreach programs with suppliers

- Explain benefits to suppliers on accepting P-Cards and request whether they accept
- Use supplier ghost cards for ease of payments
- Use virtual Travel Cards for the ease of travelers
- Utilize a Mobile wallet for security and ease of use for staff

Best Practices for P-Cards

Monitoring and Controls

- Senior level review for high level limit increases
- Display line-item detail preventing manipulation of receipts
- Cardholder Agreement to allow recourse
- Have an auditing function
- Compare cardholders to termination records
- Yearly high-limit cardholder analysis to reduce limits where possible
- Annual review for non-use or low use of cards in order to close unused cards

Best Practices for P-Cards

Training

- Training required for all staff and suppliers
- Periodic retraining
- Alternate training methods
 - In person
 - Online instructor led
 - Online self led
 - Electronic / Written handouts

Method	Pros	Cons
One on One	<ul style="list-style-type: none"> • Undivided attention – personal interaction with the trainer • Greater engagement – trainee does not have to feel self-conscious about asking questions • Shorter training sessions- training can be geared directly for the trainee 	<ul style="list-style-type: none"> • Training prep – creating a session for a specific individual may be time consuming • Time consuming – training individuals takes longer than in a classroom setting
Classroom	<ul style="list-style-type: none"> • Audience engagement – trainees get to speak directly to the trainer • Interaction – trainees can interact with their peers 	<ul style="list-style-type: none"> • Comfortability – trainees may be shy in asking questions or expressing uncertainty in front of others • Time consuming – not everyone learns at the same speed
Online	<ul style="list-style-type: none"> • Pacing – trainees can learn at their own pace • Easy to update – changes to training materials can be done quickly • Flexibility and convenience – can be done at the trainee’s location, on the trainee’s schedule 	<ul style="list-style-type: none"> • Detached learning – no face-to-face interaction with peers or trainer • Motivation – requires trainees to be self-motivated to take training

Best Practices for P-Cards

Technology

- Electronic expense reporting
- MCC blocking
- Electronic approval routing
- Integrated

Best Practices for P-Cards

Usage

- Monitor for contract compliance
- Mandated card usage for certain suppliers
- Custom card plastic for easy identification
- Identify additional merchant opportunities for spend
- Analysis of AP payments for suppliers who accept card
- Strategic analysis of payment segmentation (card/check/electronic payment)
- Set minimum threshold where P-Card is required form of payment
- Use card spend data to negotiate discounts

Best Practices for P-Cards

Communication

- Website
- Customer Satisfaction surveys
- Newsletter
- Monthly e-mail from Procurement or Accounts Payable (hints and recommendations)
- Webinars

Management

- Use spend analysis to target specific commodities and suppliers to accept p-cards
- Integrate card acceptance language into contract boilerplate
- Allow flexibility for service payments
- Request input and recommendations from cardholders for program improvements

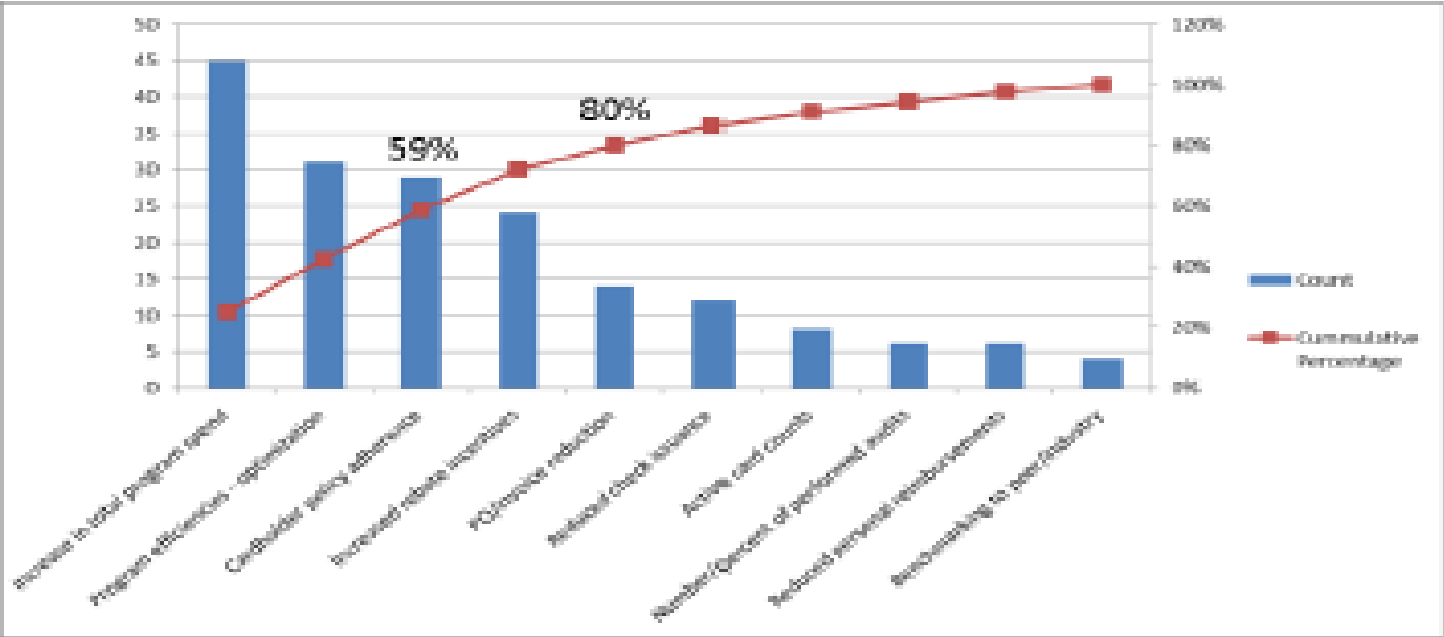
Purchasing Card Spending in North America (in \$ billions)



Spending has grown steadily and is expected to continue to expand moving forward.

Chart 1 shows increase in total program spend scored the highest. This category and the next four comprise 80% of the total responses. Program optimization and policy adherence were both highly valued by the program office. Given the high response for increase in spend, it is interesting that PO/invoice reduction and check reduction didn't place higher overall as they could be considered sources of card spend.

Chart 1: Program Administrator Success Metrics



Research:

- NAPCP Government/K12
 - 2014 Purchasing Card Benchmark Survey Results
 - Government K-12 Best Practices
 - NAPCP Best Practices
 - Measuring Your Program's Success
 - Purchase Card Best Practices
- Bank of America
 - Take another look. Is your card program ready for what's next

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Questions?
Thank you!!

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