

Purchasing Card Program Overview



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"La Carte"
Purchasing Card Program

Agenda

- Purpose of Program
- How the Program Works
- Implementation Process

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VISA



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PURPOSE OF PROGRAM

- Provides alternative method of payment
- Streamlines purchasing & payment process
- Less expensive than Purchase Orders or reimbursements – Allows for value added tasks
- Increases productivity – Reengineering the Process
- Eases purchasing in emergency situations
- Empowers End-User

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VENDOR'S INCENTIVE

- Improve cash flow
- Paid within 2 - 3 days by bank
- No invoices
- Eliminate payment research

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REMEMBER:

***A CREDIT CARD PURCHASE IS
NEVER USED TO REPLACE
PURCHASING RULES &
REGULATIONS !!!!***

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HOW DOES PROGRAM WORK VISA

- No fees
- No interest
- Official Business use only
- No cash
- Travel allowed with approvals

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PERCEPTION:

- Credit cards increase risk:
False !!!!
- Statistics: Abuse less than 1%
- Discipline handled on individual basis

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How Does Program Work: Program Limits

- Small dollar program --
- Single purchases less than \$5000

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PROGRAM ADMINISTRATORS:

- Select Agency Program Managers
- Be familiar with both Purchase/Accounting Procedures
- Coordinate Implementation
- Ensure program is operating as designed
- Ensure key controls are in place
- Point of contact for State Administrator and Bank

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CARD CONTROLS:

- State determines maximum single transaction limit
- Agency determines cycle/monthly limits
- Agency determines all limits within maximum
- State/Agency Merchant Category Code Restrictions

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CREDIT CARDS:

- Issued in individual's name
- Must receive prior training
- Must sign cardholder's agreement
- Agency liability
- Upon termination - must be cancelled

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How the Program Works:

- Cardholder maintains log/receipts
- Receives monthly statement
- Reconciles statement to log/receipts and forwards to supervisor for review/approval

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How the Program Works:

- Individual statement to Cardholder
 - Accounting receives one (1) Agency Statement
 - Electronic Statement Billing File interfaces with AFS
 - Accounting reviews/posts cost allocations
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How the Program Works:

- AFS builds Agency's P3's
- Non-Isis agencies must determine how to interface with their accounting systems
- AFS issues one EFT to bank
- Agency maintains all records which are subject to post audits

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Lost/Stolen Cards

- **Notify Bank of America immediately by calling 1-888-449-2273**
- **Upon termination – cards must be returned to program administrator for cancellation**

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IMPLEMENTATION PROCESS

- DOA - issues broad policy
- Agency- develops an agency policy

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IMPLEMENTATION PROCESS

- Complete Bank Corporate Set-up Forms
- MCC Groups – Identify Restricted Merchants
- Determine Default Accounting Codes
(If ISIS Agency)

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IMPLEMENTATION PROCESS

- Identify cardholders
- Complete Cardholder Enrollment
- Request Cards
- Train Cardholders
- Cardholder must sign Cardholder Agreement
- Compliance with Purchasing Rules
- Start making purchases!

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QUESTIONS:



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Where we are today:

- 25 Agencies currently utilizing program
- Over \$35 million dollars in charges
- 7,500+ cards issued
- 263,000+ transactions
- 23,591 suppliers

SELECT PROJECT TEAM:

- Purchasing
- Finance/Accounting
- Information Systems
- Auditing

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- **Develop Agency Policy within guidelines of the State Policy**
- **Have Department Head and Program Administrator sign the State Policy**
- **Forward Agency Policy and signed State Policy to State Purchasing**

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- **Complete Bank Forms for Corporate Set Up:**

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