Purchasing Card Best Practices

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Agenda

- **Why P-Card?**
  - **What is it?**
  - **Traditional Procure-to-Pay vs. P-Card**
  - **P-Card Program Benefits**

- **The Purchasing Card process, participants and their roles.**

- **Internal Controls/Operating Procedures**

- **Reconciliation and Approval Processes**

- **Training and Communication**

- **Program Evaluations**

- **Program Optimization**
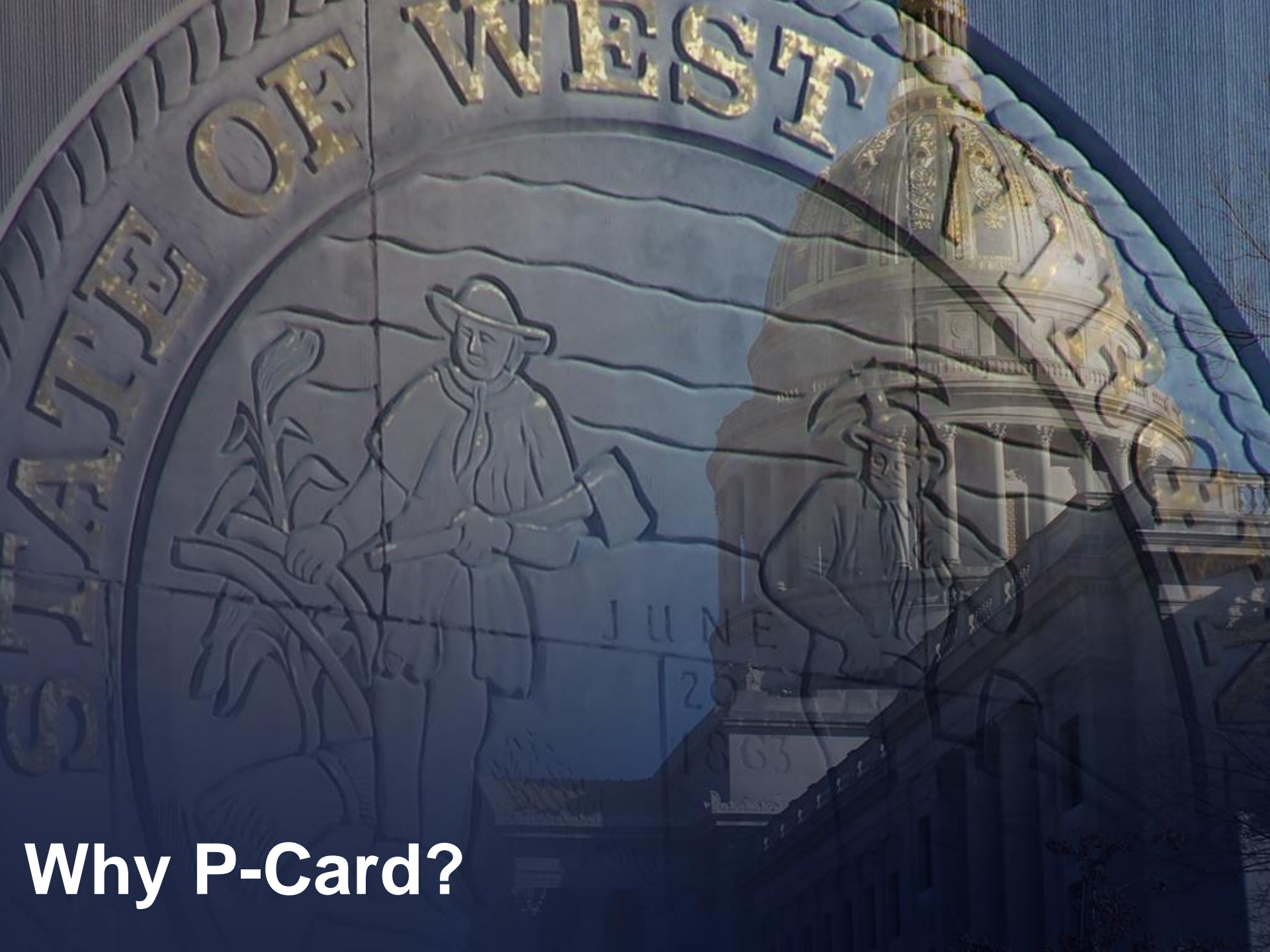
Why P-Card?

What is a P-Card?

➢ **A Purchasing Card (P-Card) is a type of Commercial Card that allows organizations to take advantage of the existing credit card infrastructure to make electronic payments for various business expenses (e.g., goods and services).**

➢ **In the simplest terms, a P-Card is a charge card, similar to a consumer credit card. However, the card-using organization must pay the card issuer in full each month, at a minimum.**

Why use P-Cards?

➢ **Reduce the transactional or processing cost of purchases.**

  ➢ **The traditional procure-to-pay process often involving a requisition, purchase order, invoice, and check payment; costs the same regardless of the dollar amount of the purchase.**

  ➢ **When the payment method is switched from the traditional process to a purchasing card process, efficiency savings range from 55% to 80% of the traditional process cost.**

Why use P-Cards?

➢ **P-Cards provide a means for streamlining the procure-to-pay process.**

➢ **NAPCP evaluation states typical savings of $63 per transaction by utilizing a P-Card for payment.**

  ➢ *Reduces paperwork and time associated with the procurement and payment processing function*
  ➢ *Reduces costs associated with paper checks*
  ➢ *Quicker purchase time for applicable goods and services*
  ➢ *Reduces or eliminates petty cash*
  ➢ *Take advantage of supplier discounts*
  ➢ *May allow an entity to redirect purchasing and/or accounts payable staff*
    ➢ *Focus on larger dollar transactions*

Why use P-Cards?

- ➢ **1,000 transaction = $63,000 cost avoidance savings.**

- ➢ **8,000 transaction = $504,000 cost avoidance savings.**

- ➢ **15,000 transaction = $945,000 cost avoidance savings.**

- ➢ **50,000 transaction = $3,150,000 cost avoidance savings.**

Are we doing our part to ensure that we are being good stewards of taxpayers' money?

Card Types

- **One Card**
  - All types of purchases
- **Department/Ghost**
  - Accounts Payable
  - Travel
- **Fleet**
  - Driver
  - Vehicle

- **Declining Balance**

- **E-payables**
  - Virtual
  - Mobile

P-Card Program Benefits

- ➢ **Provides greater transparency**
- ➢ **Enhanced fraud monitoring provided by:**
    - ➢ MasterCard/Visa
    - ➢ Issuing Bank
    - ➢ Auditor's Office
- ➢**Fraud protection:**
    - ➢Protection against intentional employee misuse and fraud
    - ➢Receive credits for unauthorized 3rd party transactions
    - ➢Can dispute transactions 60 days from the statement date

P-Card Program Benefits

- **Online access to:**
  - Monitor card activity
  - Card management
    - *Create accounts*
    - *Card Maintenance*
    - *Activate, suspend and close accounts*
    - *View credit limit availability and transaction status in real-time*
  - Upload receipts
  - Review and approve transactions
 - Download statements
  - Program reporting

P-Card Program Benefits

- Fuel Tax Reclamation Service - free tracking and filing

- E-Pay option available
  - Issuing Bank utilizing PIF to pay suppliers
  - Mobile pay

- Reduce the number of 1099s
  - Using the P-Card results in the vendor's acquiring bank to fulfill 1099 reporting requirements.
  - If no P-Card, then Entity is responsible.

- Earn Rebates = Revenue!!

- Transparency and Reporting

- Cash flow

- Zero cost to the entity

P-Card Program Benefits

➢ **Benefits to your vendors/suppliers**

  ➢ Cost reductions such as eliminating invoice creation, handling, mailing, depositing payments, and collection activities

  ➢ Electronically deposited funds

  ➢ Faster receipt of payments and improved cash flow

  ➢ Increased sales because many organizations solicit only suppliers that accept P-Cards as payment

  ➢ Potential staff reductions within accounts receivable and the ability to redirect staff to more value-added activities
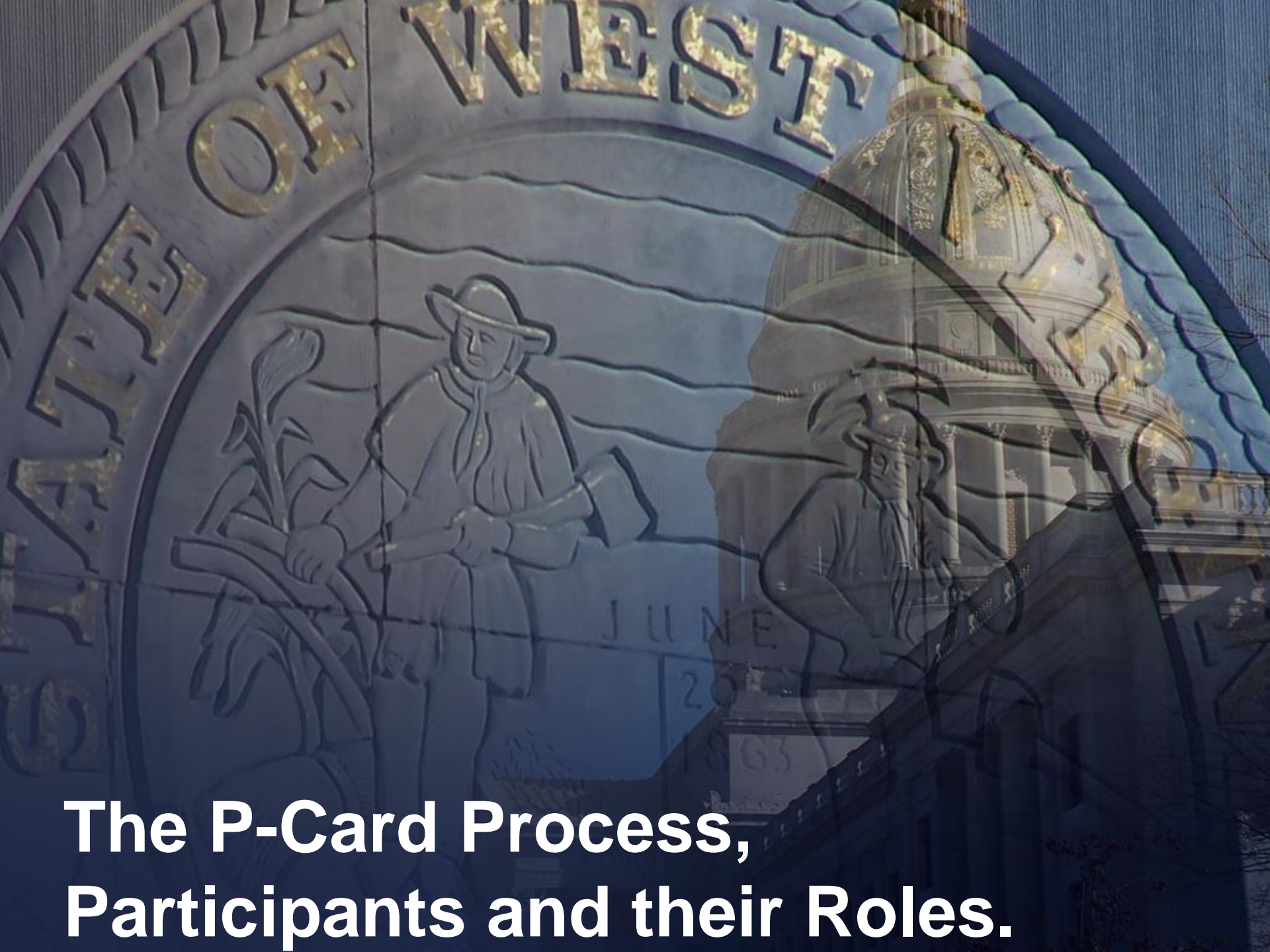
The P-Card Process, Participants and their Roles.

P-Card Process, Participants and their Roles

➢ A P-Card program is designed to provide a more efficient and cost-effective method of making purchases and payments by reducing paperwork and streamlining the purchasing process.

➢ The program is designed as an alternative to the traditional purchasing process for supplies and materials, allowing for more control and responsibility at the department level.

➢ The program is not intended to circumvent the bid process or other purchasing policies.

P-Card Process, Participants and their Roles

- ➤ **Senior Executives and Directors**

- ➤ **Approving Manager (AM)**

- ➤ **Program Manager (PM)**

- ➤ **Program Administrator (PA)**

- ➤ **Department Authorizer**

- ➤ **Coordinator**

- ➤ **Cardholder/Proxy**

Internal Controls/Operating Procedures

Internal Controls/Operating Procedures

➢ **A comprehensive policy and procedures manual is the best way to outline policy requirements and procedures for the organization.**

➢ **Develop and document appropriate internal control procedures to ensure proper program oversight, compliance with p-card policies and procedures and that p-card usage is consistent with the manual.**

➢ **Internal controls help prevent errors as well as deter fraudulent use of the card.**

Internal Controls/Operating Procedures

- ➢ **Examples of topics**

    - ➢ **Coordinator duties and responsibilities**
    - ➢ **Training requirements**
    - ➢ **P-Card issuance and maintenance procedures**
    - ➢ **P-Card usage**
        - ➢ **Allowable, restricted and prohibited purchases**
        - ➢ **Following procurement procedures**
        - ➢ **Card limits**
    - ➢ **Transaction documentation and reconciliation**
    - ➢ **Segregation of duties and oversight**
    - ➢ **Fraud, misuse, and abuse and the consequences**
    - ➢ **Program monitoring**

Internal Controls/Operating Procedures

➢ **It is the governing body of the entity, it's coordinators, and cardholders responsibility to be knowledgeable of and to follow all p-card policies and procedures, as well as all applicable purchasing laws and guidelines.**

➢ **Other members of Entity staff with reviewing and approving responsibilities (entity officials, chief financial officers, department heads, directors, managers, supervisors, etc.) should also be knowledgeable of program requirements.**

Internal Controls/Operating Procedures

➢ **Each P-Card Coordinator should hold a position of knowledge and experience of the responsibilities delegated to them.**

➢ **Additionally, Entity Officials (or a representative) should designate an individual to act as a backup P-Card Coordinator in the event the primary Coordinator is unavailable to perform his or her duties.**

➢ **No cardholder should be their own coordinator.**

Reconciliation and the Approval Process

Reconciliation and the Approval Process

➢ **Transactions are permitted on the p-card as long as the entity can provide documentation of its authority for purchases, and all applicable laws, rules and regulations, purchasing policies, and other governing instruments are followed.**

➢ **Cardholder should review all transactions to ensure that they are legitimate, for official business, and that all required documentation is included.**

Reconciliation and the Approval Process

➤ **Cardholder or proxy is responsible for reconciling their individual transactions each month by the scheduled payment date.**

➤ **Proper workflow established to ensure segregation of duties during the reconciliation process.**

➤ **Reconciliation should be completed promptly and not wait until the last minute.**

Reconciliation and the Approval Process

Supporting Documentation

➢ **All supporting documentation is documentation required by applicable laws, rules and regulations, p-card policies and procedures, and other governing instruments, such as grant requirements.**

➢ **All supporting documentation should be attached to every transaction, whether manually or within the reconciliation software.**

➢ **Entities should adopt a "zero tolerance policy" for missing or inadequate documentation.**

P-Card Delegation should be PROHIBITED!

US Bank: Access Online

usbank. Access Online

Welcome to Access Online!

Please enter the information below and login to begin.

* = required

Organization Short Name:*

User ID:*

Password:*

Login

Forgot your password?

Register Online

Activate Your Card | Change Your PIN

usban

Request Status Queue
Active Work Queue
System Administration
Account Administration
Event Driven Notification
Payment Plus
Transaction Management
Enhanced Supplier
Management
Account Information
Data Analytics
Reporting
Data Exchange
My Personal Information

Home

Email Center

Payment Analytics

Contact Us

Training

TravelBank Travel &
Expense

Account Administration

Cardholder Accounts

Create New Cardholder Account
Set up a new cardholder account by specifying the product, demographic information, account information, accounting codes and authorization limits.

Maintain Cardholder Account
Update demographic information, account information (change account status), accounting codes and authorization limits on a cardholder account.

Set up Cardholder Accounts with Shared Info
Create templates with shared information and then apply them when creating new accounts.
Create a New Template
Maintain Existing Templates

Maintain Multiple Cardholder Accounts
Update demographic information, account information, accounting codes, and authorization limits on multiple cardholder accounts by:
Selecting Hierarchy Position
Selecting Individual Accounts

Create Cardholder Setup Request
Create a new cardholder account by sending a request for the cardholder to enter their personal information.

Cardholder Setup Request Queue
Create and manage Cardholder Account Setup requests that allow for prospective cardholders to begin the setup process.

Unlock Cardholder Account
Reset a cardholder's account if locked out during Online Registration.

Account Profile

Find Account

Search Criteria   Show/Hide Search Criteria

Use the criteria to search for a specific account.   ⓘ

Cardholder Account Number

Last 4 digits

Cardholder Account Unique ID

16-digit number

Cardholder Account ID

12-digit number

Cardholder First Name

Cardholder Last Name

Managing Account Name

🔍 Search   Clear All

Results   Show/Hide Data | Choose Sort Options   Results 1 to

Cardholder Account ID 922349001761	**Cardholder Account Unique ID** 0975-7349-2201-7605	**Account Status** Open	**Account Name** ANTHONY RILEY II
Cardholder Account Number **7801	**Cardholder Account Email** ANTHONY.RRILEY199@GMAIL.COM	**Managing Account Number** **6829	**Managing Account Name** SHINNSTON
Bank 9757	**Agent** 7269	**Company** 80528	**Division** 50001
Department 7001	**Product** Fleet Driver	**Social Security Number** **9999	

Account Overview

Summary ⓘ

Account Status	Open ✎
Credit Limit	$1000 ✎
Available Credit	$936
Single Purchase Limit	$0 ✎
Expiration Date	02/2027

View Financial History

Payment Information ⓘ

Statement Balance	$415.74
Current Balance	$63.21
Statement Close Date	06/30/2023

📄 View Statements

Billing Cycle Close Date: `Open ▾` [Search] [Print Account Activity]

⊙ Open Account

[+] **Search Criteria**   <u>Return to top</u>

[−] **Transaction List**   <u>Return to top</u>

Records 1 - 2 of 2

<u>Check All Shown</u> | <u>Uncheck All Shown</u>

Select	Status ⓓ	Match 🔵 ⚠	<u>Trans Date</u>	<u>Posting Date</u>	Merchant	<u>City/State</u>	<u>Amount</u>	<u>Detail</u>	Trans Unique ID
☐			<u>07/05</u>	07/06	ACE HARDWARE	SHINNSTON, WV	$48.98	⑩	0975734922017605
☐			<u>07/05</u>	07/06	FAMILY DOLLAR #1125	SHINNSTON, WV	$14.23	⑩	0975734922017605

ⓓ Disputed ⌒ Matched ⚠ Exception ↻ Reallocated ⑩, ⑩ Trans Detail Level

<u>Check All Shown</u> | <u>Uncheck All Shown</u>

Records 1 - 2 of 2

[Reallocate]   [Mass Reallocate]

Please Note: The statement can't be used for remittance of payment, it's for display purposes only.

View account profile

2023

📄 06/30/2023 (PDF)

📄 05/31/2023 (PDF)

📄 04/28/2023 (PDF)

📄 03/31/2023 (PDF)

📄 02/28/2023 (PDF)

📄 01/31/2023 (PDF)

Account Information
Managing Account Statement

Managing Account Number: 4484734550016829, SHINNSTON **Managing Account ID:** 922291002101	Switch Accounts

To view a statement, select a cycle and click the "View Statement" button. To make a payment, select the Pay your Managing Account link below.

Select Billing Cycle:

06/30/2023 ▼

View Statement

Pay your Managing Account
Autopay or make a single payment to your Managing Account.

Pay This Account

SHINNSTON ...6829

Single Payment

Amount due ⓘ	Balances ⓘ	Upcoming Single Payments
$62,263.89	Current $65,260.20	None
Due 07/14/2023	Statement $62,332.27 on 06/30/2023	

Make a Payment

Quick Links

[Manage Payment Alerts](#)

[Manage Payment Accounts](#)

[View Payment History](#)

Daily Decline Report

	Account Name	Account Number	Managing Account Name	Decline Date	Decline Reason	Requested Amount	Merchant Name	
1	Account Name	Account Number	Managing Account Name	Decline Date	Decline Reason	Requested Amount	Merchant Name	
2	MARCUS J SHAW SF	**3110	WALLACE VFD STATE FUND	7/5/2023	Invalid CVV2/CVC2 Value	$181.00	SP AED MARKET	
3	VICTORIA DRAINER	**0388	SHINNSTON	7/5/2023	Not enough available money	$3,000.00	PAYPAL *BLACKTEALCO	
4	VICTORIA DRAINER	**0388	SHINNSTON	7/5/2023	Not enough available money	$3,000.00	PAYPAL *BLACKTEALCO	
5	CASEY SPAGNUOLO	**7599	MARION CO BOE	7/5/2023	Not enough available money	$4,952.62	Gordon Food Service	
6	RITCHIE BOE 1	**9857	RITCHIE CO BOE	7/5/2023	Invalid expiration date	$690.05	Trashbilling.com CC	
7	PAULA FRIEND	**4345	FAIRMONT	7/5/2023	Exceeded Account Single Purchase Limit	$508.15	LINKEDIN JOB*208182594	
8	PAULA FRIEND	**4345	FAIRMONT	7/5/2023	Exceeded Account Single Purchase Limit	$508.15	LinkedIn JOB 9208182594	
9	PAULA FRIEND	**4345	FAIRMONT	7/5/2023	Exceeded Account Single Purchase Limit	$508.15	LINKEDIN JOB*208202524	
10	PAULA FRIEND	**4345	FAIRMONT	7/5/2023	Exceeded Account Single Purchase Limit	$508.15	LinkedIn JOB 9208202524	
11	PAULA FRIEND	**4345	FAIRMONT	7/5/2023	Exceeded Account Single Purchase Limit	$508.15	LinkedIn JOB 9208202524	
12	WILLIAM CARPER	**9645	BATH	7/5/2023	Exceeded Account Single Purchase Limit	$338.29	SP RAM MOUNTS	
13	BRENDA DELBERT	**7458	WHEELING	7/5/2023	Invalid CVV2/CVC2 Value	$0.01	INT'L CODE COUNCIL INC	
14								
15								
16								

Spend Analysis Report

Name	Open Date	Account Number	Account Status	Account Status Description	Total Spend	Account Credit Limit	Single Purchase Limit
J RANDY AKERS	12/15/2022	**5445		Open	$0.00	$500.00	$0.00
SCOTT ALDRIDGE	12/15/2022	**7984		Open	$1,051.09	$1,000.00	$0.00
DANIEL BOOTH	12/15/2022	**6311		Open	$2,564.96	$1,000.00	$0.00
MICHAEL CAMPBELL	12/15/2022	**1827	T9	Terminated	$689.67	$1,000.00	$0.00
STEPHEN CREAMER	2/27/2023	**4679		Open	$344.45	$1,500.00	$0.00
DEREK DRAIN	12/15/2022	**0196		Open	$4,596.30	$2,000.00	$0.00
VICTORIA DRAINER	2/9/2023	**0388		Open	$1.00	$1,500.00	$0.00
CHAD EDWARDS	12/15/2022	**9699		Open	$11,868.82	$7,000.00	$0.00
NICHOLAS FIBER	12/15/2022	**2152		Open	$1,710.17	$1,000.00	$0.00
ROBERT FLOWERS	12/15/2022	**3930		Open	$406.37	$300.00	$0.00
DORIAN HALL	4/5/2023	**5253		Open	$0.00	$1,000.00	$0.00
JON HARBERT	12/15/2022	**4677		Open	$11,808.78	$10,000.00	$0.00
KENNETH HARRISON	12/15/2022	**6266	T9	Terminated	$0.00	$300.00	$0.00
DEBRA HERNDON	12/15/2022	**4023		Open	$0.00	$500.00	$0.00
CARLA HINERMAN	12/15/2022	**0210		Open	$0.00	$2,000.00	$0.00
CARLA HINERMAN	12/15/2022	**2866	F1	Closed - Lost/Stolen	$1,115.86	$2,000.00	$0.00
JARROD HOLCOMB	12/15/2022	**4585	T9	Terminated	$624.60	$500.00	$0.00
CHRIS JAGGIE	12/15/2022	**3073		Open	$8,957.33	$5,000.00	$0.00
LESLEY JAGGIE	12/15/2022	**9571		Open	$13,652.58	$12,000.00	$0.00
CYNDI LANE	12/15/2022	**1049		Open	$19,660.66	$35,000.00	$0.00
RONALD LEGGETT	12/15/2022	**3680		Open	$1,643.44	$2,500.00	$0.00
TIM LINDSEY	2/27/2023	**4778	T9	Terminated	$245.01	$500.00	$0.00
DANIEL LOVEJOY	4/5/2023	**5246	T9	Terminated	$0.00	$1,000.00	$0.00
MATTHEW MAXWELL	12/15/2022	**2739		Open	$31.64	$1,000.00	$0.00
ROGER MCCAULEY III	12/15/2022	**4015	T9	Terminated	$548.29	$200.00	$0.00

Account Detail Report

Account Name	Account Number	Account Status	Account Status Description	Lost/Stolen Account	Replacement Account	Expiration Date	Physical Card	Needs Activation
JD BACKHOE - SEWER	**2483		Open			2/1/2027	Yes	Card does not need to be activated
JULIE SEARS -911	**9572	T9	Terminated			12/1/2026	Yes	Card does not need to be activated
VEH 0000	**2761		Open			4/1/2027	Yes	Card does not need to be activated
ASSESSOR 0001	**3148		Open			2/1/2027	Yes	Card does not need to be activated
CIRCUIT CLERK 0001	**5573		Open			2/1/2027	Yes	Card does not need to be activated
CO CLERK 0001	**9720		Open			2/1/2027	Yes	Card does not need to be activated
CO COMMISSION 0001	**4258		Open			3/1/2027	Yes	Card does not need to be activated
OES 0001	**3377		Open			4/1/2027	Yes	Card does not need to be activated
PROS ATTNY 0001	**3284		Open			3/1/2027	Yes	Card does not need to be activated
SHERIFF DEPT 0001	**1637		Open			4/1/2027	Yes	Card does not need to be activated
SHERIFF'S DEPT 0001	**3890		Open			4/1/2027	Yes	Card does not need to be activated
TAX DEPT 0001	**6601		Open			1/1/2027	Yes	Card does not need to be activated
AMBULANCE 0002	**5984		Open			12/1/2026	Yes	Card does not need to be activated
ASSESSOR 0002	**5056		Open			3/1/2027	Yes	Card does not need to be activated
OES 0002	**5971		Open			12/1/2026	Yes	Card does not need to be activated
SHERIFF'S DEPT 0002	**9894		Open			12/1/2026	Yes	Card does not need to be activated
AMBULANCE 0003	**2732		Open			1/1/2027	Yes	Card does not need to be activated
ASSESSOR 0003	**1554		Open			4/1/2027	Yes	Card does not need to be activated
SHERIFF'S DEPT 0003	**9416		Open			12/1/2026	Yes	Card does not need to be activated
ASSESSOR 0004	**1989		Open			12/1/2026	Yes	Card does not need to be activated
SHERIFF'S DEPT 0004	**6045		Open			1/1/2027	Yes	Card does not need to be activated

Training and Communication

Training and Communication

➢ **Training should be required for all cardholders and program coordinators.**

➢ **All coordinators should receive training within 30 days of assuming the duties of the position.**

➢ **All training sessions, initial and refresher, should have a process for testing the trainee's retention of the information.**

➢ **Training topics should include Ethics, Policies, Procedures, Procurement, and Reconciliation Processes, at a minimum.**

Training and Communication

➢ **Communication with all stakeholders is vital and should be consistent.**

➢ **Any policy or procedural changes should be distributed throughout the Entity.**

➢ **Entities should review all policies and procedures, and internal control processes on a regular basis (i.e. quarterly, annually).**

Training and Communication

- ➢ **Communication examples**

  - ➢ **Monthly emails from Procurement or A/P**

  - ➢ **Webinars**

  - ➢ **Newsletters**

  - ➢ **Surveys**

  - ➢ **Annual conferences/trainings**

Program Evaluations

Program Evaluations

➢ **Auditing, internal or external, is an effective way to monitor policy compliance.**

  ➢ **Transactional audits**

  ➢ **Process audits**

  ➢ **Audit reports**

➢ **Peer review**

➢ **Any member of an Entity finding an instance of unlawful use, possible fraud, misappropriation, or mismanagement with the p-card must report such discovery to the Entity's Program Management group within 24 hours of their discovery.**

Program Optimization

Program Optimization

➢ **Card Products**
  ➢ Card types

➢ **Automation Opportunities**
  ➢ Efficiencies of card software
  ➢ Virtual
  ➢ Elimination of paper (i.e. checks, workflow)
  ➢ Pay efficiently using software and reconciliation tools

➢ **Electronic Statements**
  ➢ Available 1-3 days after cycle end date

➢ **Utilization metrics**
  ➢ Effort to maximize spend
    ➢ Rebate
  ➢ Mitigating risk

Resources

Resources

➢ **NAPCP Government/K-12 Best Practices Guide, revised September 2019.**

➢ **State of West Virginia State P-Card Policies and Procedures, revised August 2019**

➢ **State of West Virginia Local Government PCPP, revised September 2020**

Questions?

WVSAO.GOV