Procurement Cards, or p-Cards, have existed in the private and public sectors for many years. They represent an evolution of the credit card and therefore have many similarities to credit cards, however true p-Card programs carry some significant differences.

A. PROCUREMENT CARD FEATURES

Most of the p-Card features described in the following reflect features of the Illinois ASBO p-Card partnership. Other p-Card systems may be similar or very different. Each system should be evaluated based on the needs of the district. Here are some important features of procurement cards:

1. The plastic works the same as a credit card. When a vendor asks whether the card is a credit or debit – the correct response is credit.

2. A p-Card does not have a revolving payment capability (like most credit cards). The monthly balance must be paid in full each month.

3. When individual credit cards are created, the bank establishes the credit limit for each card. The bank and school district work together to establish the credit limit for the district. The district then allocates a portion of that credit to each cardholder according to the interests and needs of the district.

4. The p-Card system is interactive i.e. it can be administrated and managed by local district administration online.

5. Data is archived and accessible online. The power to mine your data to drive future decision making as opposed to simply getting and paying a bill is a significant difference between p-Card programs and p-Card systems and credit card programs.

6. Customized cards give an employee access to a product, services or a business that accepts the card. A p-card can be programmed to limit the size of transactions, where a person can charge and specifically what can be purchased.

7. A group card may offer a rebate if the group is large enough in terms of number of charges and total dollar value of the charges. In the Illinois ASBO partnership the rebate is calculated regardless of where the card is used and the rebate is based on the aggregate value of all charges. Small districts earn the same rate of rebate as large school districts.

8. Fraud protection offered by credit card companies may differ significantly from a p-Card system as well as how disputed charges are processed.
B. ADVANTAGES OF PROCUREMENT CARDS

Those who have worked in governmental agencies like school districts are very familiar with the process of using paper purchase orders and manually processing the procurement process from beginning to end. Only recently has technology for schools become available that allows for the streamlining of this process and a significant reduction in the paper flow.

p-Cards can change the procurement culture of an organization. Although they do not eliminate all paper or the use of purchase orders, p-Cards will reduce paper use. p-Cards also help school districts identify all of the small transactions created each month and consolidates most of those into one payment.

Some other advantages of p-cards include:

1. **Reduced surcharges** — Research shows that every purchase involving a purchase order carries a surcharge of $40 - $200.

2. **Reduced number of small transactions** — By consolidating small obligations into one monthly check or online payment.

3. **Reduced vendor costs** – Vendors spend less to process payments and can receive payment within 48 hours of processing the payment.

4. **Budget control** – online management and ability to set spending parameters help districts to monitor purchases more easily.

5. Can speed up the process of obtaining items.

C. FRAUD AND MISUSE

One of the main reasons that board members and administration are reluctant to authorize the use of p-Cards is the fear of those cards being misused, lost or stolen. Because of the public funds that are involved this is a legitimate issue. Like most credit cards, most p-cards offer protection from liability for fraudulent charges made as a result of a lost or stolen card. There are also coverage options to protect districts in case of employee misuse.
D. ILLINOIS ASBO P-CARD PROGRAM

Illinois ASBO went through a very detailed and rigorous due diligence process using an RFP: including 12 proposals, each carefully analyzed, and three interviewed finalists. The technology platform and rebate plan that was selected was MasterCard through Harris Bank (Chicago) which is a subsidiary of the Canadian Bank – Bank of Montreal (BMO).

If you would like to learn more about the Illinois ASBO p-Card program, please contact Holly Wallace by phone at 815.753.9083 or by email at hwallace@iasbo.org or visit: www.illinois-pcard.com.