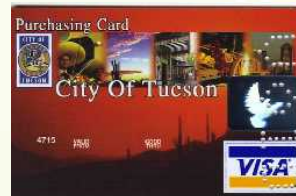




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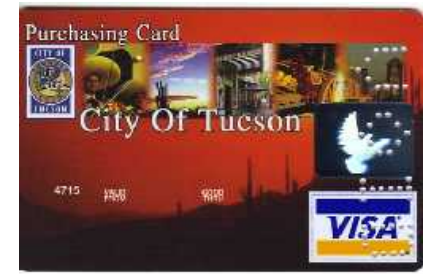
Getting Started with pCard: It's Not Hard!



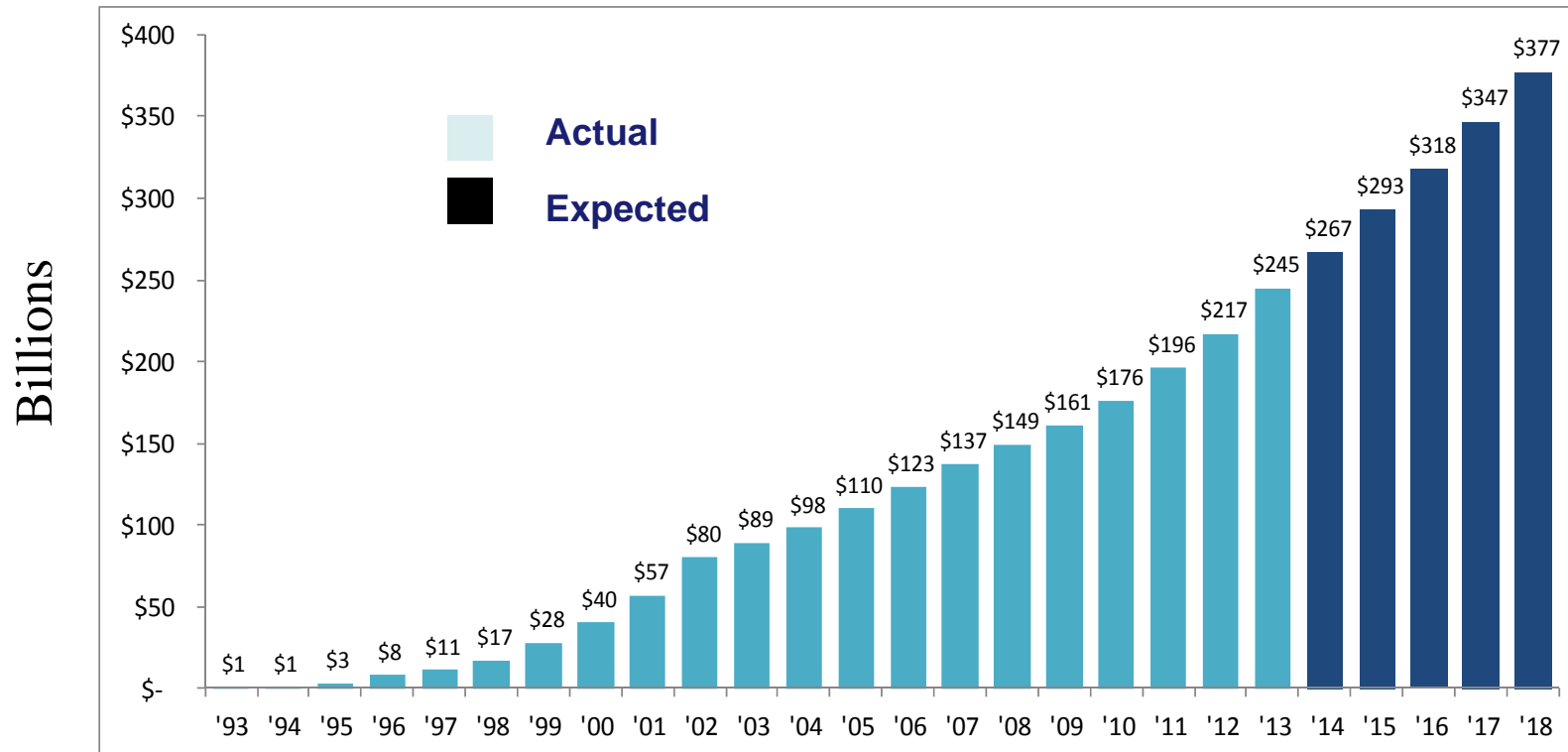
Marcheta E. Gillespie, CPPO, C.P.M., CPPB, CPM
Director of Procurement – City of Tucson
Past NIGP President, 2013-2014

What is Procurement Card (“pCard”)?

- Commercial card for electronic payments
- Introduced late 1980s – GSA
- 70% of organizations in the U.S. (NAPCP)
- Balance paid in full each month
- Monthly cycle to reconcile, dispute
- Originally targeted to low-value transactions
- Merchant fees
- Types of cards (traditional, ghost, declining balance)



Growth in pCard Spend



Steady growth and expansion in North American pCard spending.

Source: 2014 Purchasing Card Benchmark Survey, RPMG Research

pCard Uses

- Travel
- Registrations, subscriptions, memberships
- Petty cash
- Utilities (gas, water, electric)
- On-line ordering
- Operating goods/services
- Office equipment/supplies
- Computer hardware/software
- Business services
- Invoice payments



Why use pCard?

- 80% of payments = ↓ \$2500 = 5% of total spend
- 80% of vendors are used 1 or 2X/year

	Trad P2P	pCard P2P	Difference
Avg process costs (NAPCP)	\$84.00	\$21.00	\$63.00/savings
Avg process costs (RPMG)	\$91.00	\$17.00	\$74.00/savings
Avg mo transactions (2,786) ¹	\$234,024	\$58,506	\$175,518/mo saved
Annualized process cost	\$2.8M	\$702,072	\$2.1M/yr saved
Number of steps	30+	↓ 20	10+ steps/trans



Source: NAPCP: The pCard Value Proposition./Dec2012

¹Based on \$1M/mo spend, avg trans size \$359 (NAPCP 2012 Poll)

Value of pCard Programs

FOR AGENCIES

- Reduced processing times
- Reduced processing costs
- Increased spend visibility
- Streamlined & efficient P2P
- Reduced petty cash
- Captured spend data
- Reporting capabilities
- Revenue generation

FOR MERCHANTS

- Faster payment/improved cash flow
- Reduced payment times
- Increased sales
- Lower processing costs
- Increased efficiencies
- Customer satisfaction
- Reduced credit risk

Before You Get Started....

- Secure a project sponsor/executive support
- Establish your business plan (make your case)
- Research other agencies (do your homework)
- Partner with key stakeholders (Finance & clients)
- Determine program ownership & roles
- Utilize available resources
- Identify appropriate staffing



pCard Pitfalls

1. Lack of infrastructure to support the program
2. Program Administrator/Manager not suited for the position
3. Lack of partnership with banking institution
4. Lack of communication to stakeholders
5. Lack of program goals and benchmarking
6. Ineffective training
7. Unclear, undocumented/outdated policies & procedures
8. Over- or under-controlling the program
9. Complicated, inefficient and/or manual processes
10. Ineffective card distribution



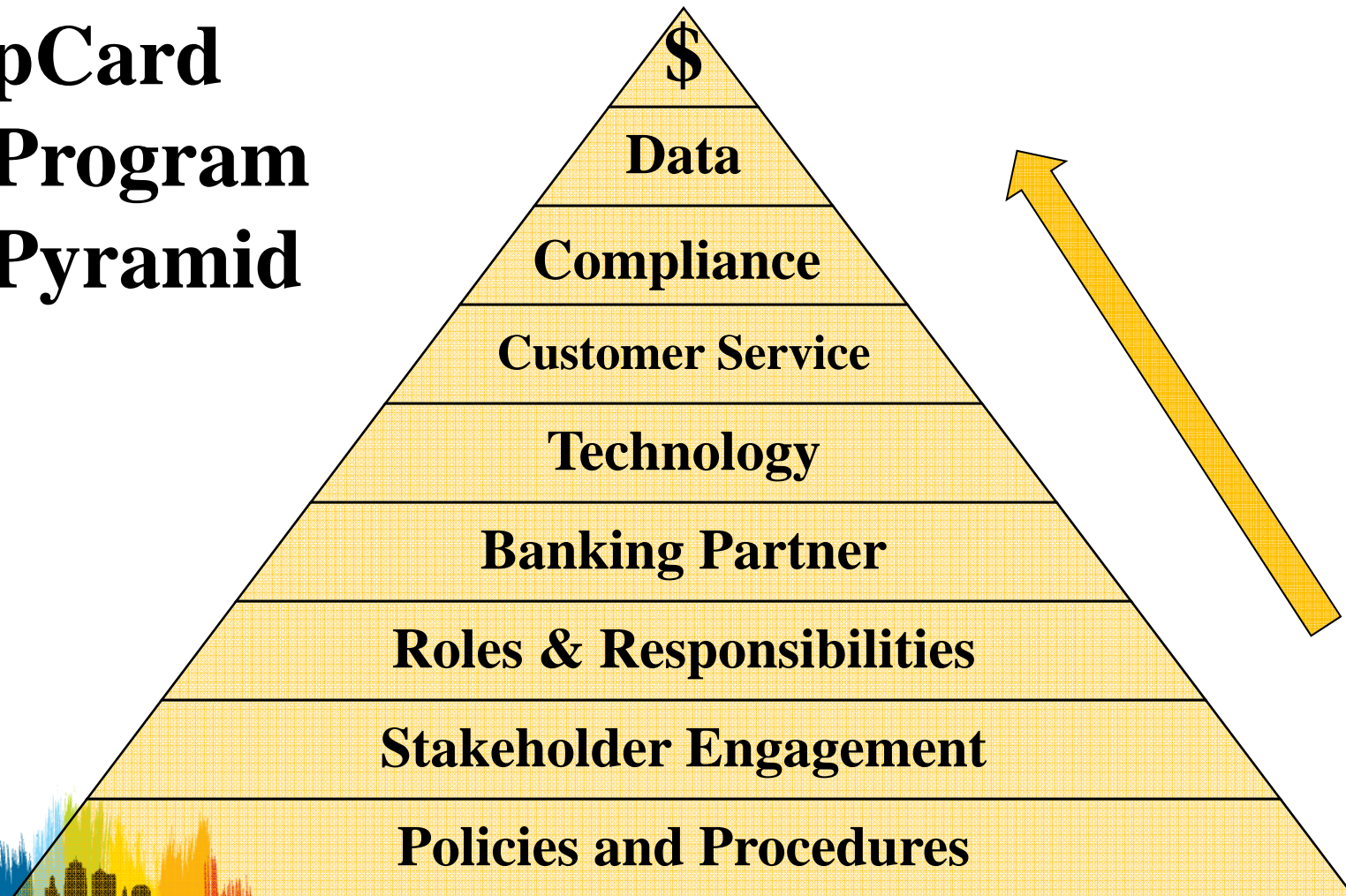
Source: "pCard Program Pitfalls & Success Strategies" – GoPro FebMar2010
Lynn Larson, CPCP, Manager at NAPCP

pCard Pitfalls

- Customer and A/P resistance
- Resistance to change from existing policy & process
- Adoption; Non-mandatory uses
- Security concerns, perceptions
- Abuse, non-compliance
- Staffing
- High profile users and media scrutiny



pCard Program Pyramid

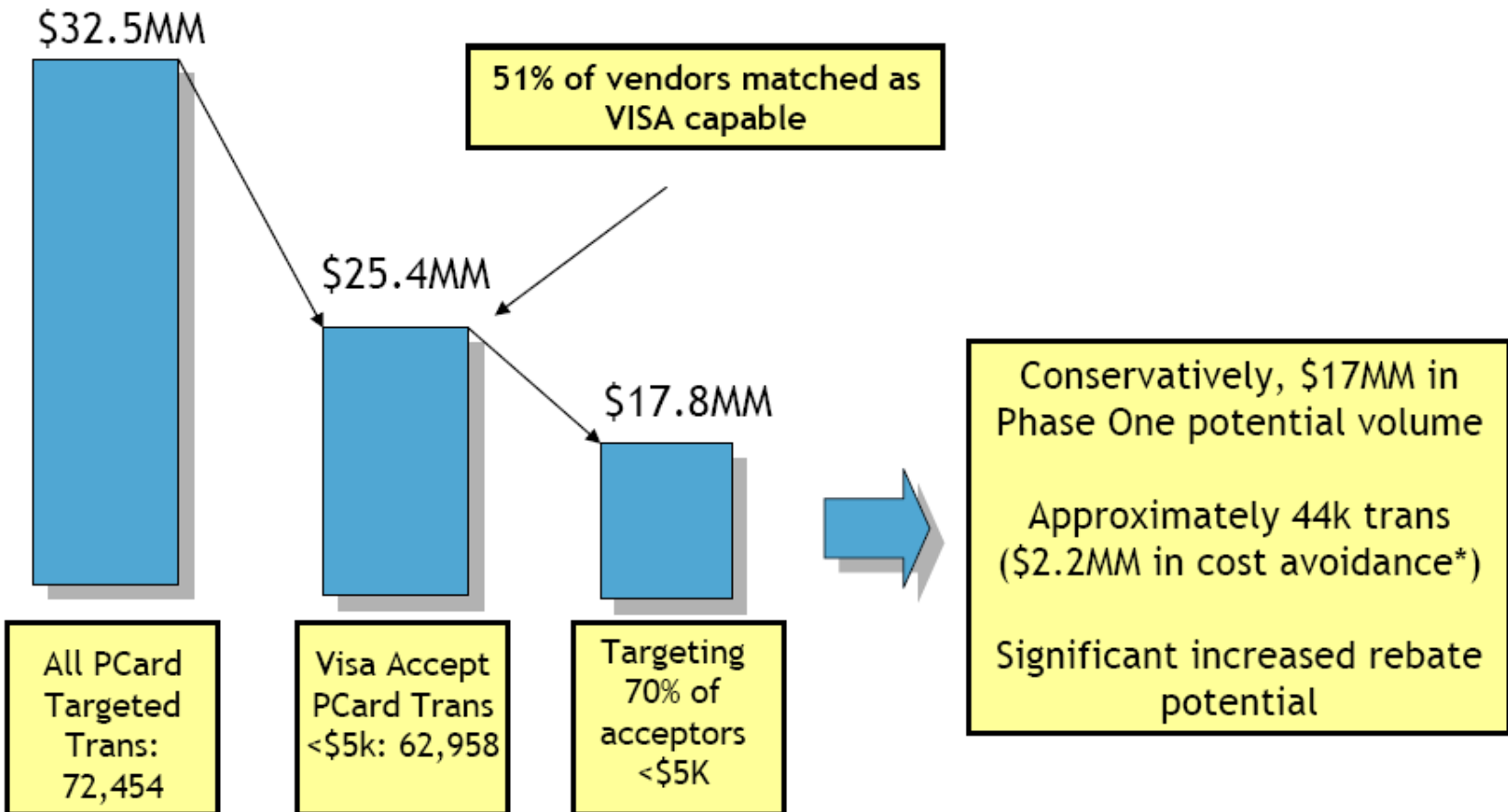


Policy

- Controls, safeguards and security
- Remove non-value added steps in processes
- Data: What to use, track and report
- Analyze spend; contract opportunities
- Contract and non-contract items
- Travel (eliminate current travel card)
- Payment of Invoices
- Determining cardholders
- Blocking merchant codes
- Documentation

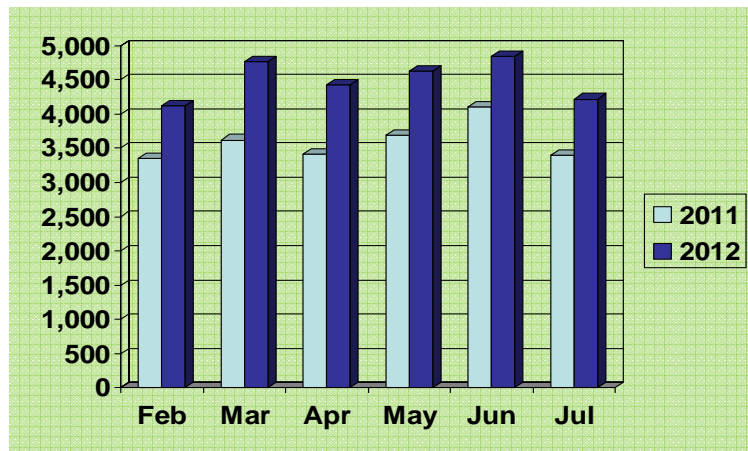


Best-in-class programs achieve 70% of their targeted spend

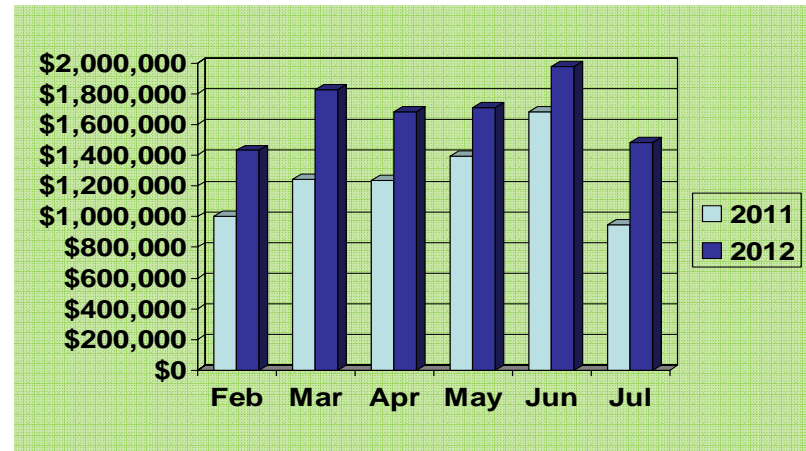


Mandated Spend

City of Tucson: Mandating spend under \$5K to pCard



+5,422 transactions
= +25% volume



\$2,608,376 = 34.7%
spend increase



Selecting Your Banking Partner

- Contract or Cooperative? Pros and cons
- What to look for:
 - Merchant Acceptability
 - Software Functionality
 - Additional service offerings (i.e. expansion analysis)
 - Type of support: 24/7, on-line, dedicated Acct Mngr
 - Fees and rebates
 - Low fees (late payment, rush delivery)
 - Optimal rebate structure
 - Cumulative spend for coops



Technology

- Real time data, real-time changes
- Immediate view of declines
- Outstanding reporting/direct access
- Full accounts payable interface
- Fully automated process (no paper statements)
- On-line reviews, approvals & payment
- Level I, II or III reporting
- Integration with coding structure



Customer Service

- Well-trained staff
- Streamlined P2P
- Website – full access to everything
- No more paper statements!
- Cards assigned default account codes
- 1-800 number for support 24/7
- Cheat sheets, guidance tools
- On-going training, on-line training



Compliance

- Type and frequency
- Compliance policy (abuse vs misuse)
- Actions for violations
- Adequate controls
- Transparency

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pCard Program Life Cycle

Pre-Implementation

- Research
- Business Case
- Pilot vs phased
- Set-up Activities
- P&P
- Spend analysis
- Targeted approach

Implementation

- Card distribution & daily mngmt
- Training
- Documentation
- Customer support
- System config
- Website

Post-Implementation

- Monitor/Audit/Compliance
- Reporting
- Metrics
- Discipline Action
- Expansion
- Best Practices
- Benchmarking
- On going training

Best Practices pCard Agencies

- % of trans under \$2500 to pCard = 75% +
- % of trans between \$2500-\$10K to pCard = 48% +
- Spend as % of annual budget = 2 ½% +
- pCard to employee ratio = 20% +
- Monthly spend per employee = \$350 +
- Higher transaction limits
- pCard used for broader variety of goods and services
- Provide self-study pCard training materials
- Executive support for the pCard program

#1



Source: Gupta, Markus and Palmer, GoPro Dec/Jan 2011

Expanding Your Program

- ePayables
- Commodity, transaction and merchant analysis
- New categories for spend (construction, telecom, temps)
- Expanding number of cardholders
- Increasing supplier acceptance
- Establishing new mandated spend
- Increase spend limits, transaction size
- Partnering with contracting staff



Resources

- NAPCP (Nat'l Assoc of pCard Profs - www.napcp.org)
- Online Network Groups
- Certification (Certified Purchasing Card Professional – CPCP)
- RPMG Research Corp – 2014 Purchasing Card Benchmark Study Results (Palmer and Gupta)



Thank You!

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Past NIGP President - 2013-2014

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