Purchasing Card Program Overview

State of Louisiana
“La Carte” Purchasing Card Program
Agenda

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

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Purchasing Card Program
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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Purchasing Card Program
VENDOR’S INCENTIVE

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

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Purchasing Card Program
REMEMBER:

A CREDIT CARD PURCHASE IS NEVER USED TO REPLACE PURCHASING RULES & REGULATIONS !!!!
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
How Does Program Work: Program Limits

- Small dollar program --
- Single purchases less than $5000
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
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
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
IMPLEMENTATION PROCESS

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

- Complete Bank Corporate Set-up Forms
- MCC Groups – Identify Restricted Merchants
- Determine Default Accounting Codes (If ISIS Agency)
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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Purchasing Card Program
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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Purchasing Card Program
• 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 Police to State Purchasing

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Complete Bank Forms for Corporate Set Up:

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