

# The Keys to PCards in Procurement

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# Purchasing Card Advantages

## Automation



## Control



## Visibility



## Connectivity

### Paper Elimination

creates a cleaner, leaner payment experience

### Global Consistency

in controls, purchasing tools, and policies

### A Single View

into purchasing spend, enterprise and worldwide

### Client Support

from a multi-tiered, global team

## PURCHASE CARD

### Features

- Payment and settlement options
- Flexible limits and card controls
- Configurable reporting and data integration with ERP/AP systems
- Multiple account types

### Benefits

- Latest authorization technologies
- Improved corporate working capital
- Quick payment and access for suppliers
- Adherence and enhancement of purchasing policy
- Consolidation of monthly payments

# Best Practices: Purchasing Card

To maximize purchasing card benefits, we recommend these 3 best practices:

1

## Data Collection and Analysis

Gather data in order to examine and analyze your current processes for purchasing and/or travel spending

- Determine number of cards
- Estimate annual spend on the program

2

## Process Improvement Opportunities

Identify opportunities and requirements that may help you meet expense reduction or efficiency goals

- Review and update relevant policies and procedures (mandate card usage for eligible expenses)
- Educate stakeholders and cardholders on expense, program goals and policies

3

## Establish and document program goals

Create a compelling card program case with formal, documented goals that are clearly communicated

- Define your program size goals and obtain executive sponsorship to promote and grow the program
- Identify key program indicators (KPI), critical metrics and required data to measure success

**PURCHASING CARD  
BENEFITS**

Simplify the  
purchase  
process

Increase  
efficiency

Improve  
spend  
transparency

Increase  
working  
capital/  
cash flow

Provide  
rebates and  
incentives

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# PCARD Compliance



# Purchasing Card (PCARD) limits

	Temporary Increase	Permanent Increase
State Mandated Purchase Limits: Single Transaction Limit (STL) \$5,000 and Credit Limit (CL) \$100,000 <a href="https://www.doa.virginia.gov/reference/CAPP/CA_PP_Topics_Cardinal/20355.pdf">https://www.doa.virginia.gov/reference/CAPP/CA_PP_Topics_Cardinal/20355.pdf</a>	Agencies can change themselves for up to 2 weeks	Submitted to DOA through CCA database
	Temporary Restriction Removal	Permanent Restriction Removal
Merchant Category Codes <a href="https://www.doa.virginia.gov/reference/chargeCardAdmin/Charge_Card/COV_PCard_Restriction_Table.pdf">https://www.doa.virginia.gov/reference/chargeCardAdmin/Charge_Card/COV_PCard_Restriction_Table.pdf</a>	Agencies can change themselves for up to 2 weeks	Added to annual exception template and submit to DOA for approval.

## Annual Exceptions

- Must be submitted to DOA no later than May 31<sup>st</sup>.

## Proper Use of the PCARD

- ✓ Use the PCARD on official Commonwealth's purchases less than \$5,000.
- ✓ Only send requests to CCA team on temporary or permanent limit increase if over the State mandated limits.

## Let's talk about PCARDS...

- Question 1
- Question 2
- Question 3
- Question 4
- Question 5
- Question 6

# Transparency & Forecasting



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# Technology Works®

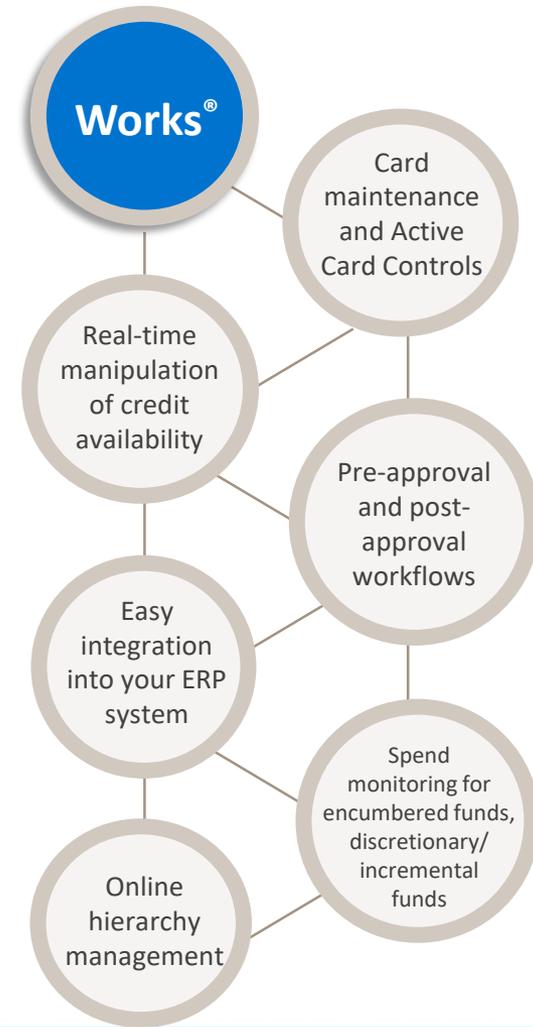
## An innovative application to support your domestic card solutions

### Features and capabilities to improve efficiency

- Simple management reporting
  - Online, on-demand, configurable reporting
  - Spend by vendor reports
- Unique cardholder, manager, auditor, accountant and administrator permissions are accommodated
- HR data feeds for account, addition, deletion, and maintenance
- Level III purchasing and travel data ←
- Online card request functionality ←
- Ability to upload electronic receipt images ← **OLR**
- Integration with all expense reporting tools

### Tools to make card the payment method of choice

- Real-time card controls
- Funds pre-approval process
- Declining balance card issuance
- Merchant Category Code (MCC) restrictions and transaction limits to purchasing authority
- Card issuance or suspension



# Emergency Cards (EC)

- EC's are activated only in times of a declared Emergency Event. When the event is over or during non-emergency times, the card will remain in a suspended status.
- EC typically have an STL and CL in line with state mandated guidelines (\$5,000 - \$100,000).
- EC's have the option for cash withdrawal.
- EC's can have all restrictions removed.
- Policies and procedures for Emergency Cards are created internally within agencies. These policies should outline the business need, access to cash, reconciliation, etc. A copy of the documentation will need to be forwarded to DOA for approval.
- Card implementation is handled by Bank of America.

## Missed Card Payment Opportunities

- Purchasing charge cards (PCARD) is the preferred payment method of the Commonwealth to pay suppliers for goods and services under \$5,000. Agencies are expected to use the PCARD unless the supplier does not accept credit card as a form of payment.
- If an agency neglected to utilize the Pcard to pay a vendor, it is an opportunity lost for the Commonwealth to maximize the program efficiency.
- CCA team performs a Utilization report on a quarterly basis to continuously monitor the card usage for each agency. The Utilization report also includes the accuracy and timeliness of payments.
- As of FY19 4<sup>th</sup> Quarter, the State threshold was 70% and the State Utilization average was 91%.

# Why do we still write checks?



# Other Payment Options

	Electronic Data Interchange (EDI)	Virtual Payables
<i>How it works?</i>	Electronic transfer of funds (direct deposit)	Funds are transferred through a dedicated credit card
<i>Fees?</i>	Free for vendors	Vendor's bank merchant fees applies
<i>Availability of funds?</i>	Funds available on the approved due date	Funds available 14 days earlier from the approved due date
<i>Notifications?</i>	Email notification sent one day prior to deposit date	Email notification sent one day prior to deposit date
<i>Remittance information?</i>	Vendors need to logon to REDI VA website to view remittance information	Remittance information is readily available from the email notifications
<i>Enrollment?</i>	DOA EDI team handles the enrollment	Bank of America handles the enrollment

# Fraud, Misuse and Control



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# Best Practices: Audit & Controls

Ongoing monitoring post-implementation is critical to a successful card program



## Agency Audit Process

- Audits should be scheduled, random and unannounced
- First audit should be within 60-90 days or at end of first statement cycle
- Additional audits should take place post training or with changes in process
- Communicate audit findings to key stakeholders
- Include these metrics: high risk transactions, employees with multiple disputes, cardholder with highest dollar amounts and/or transaction volume and reconciliation process



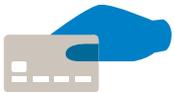
## Client Controls

- Create guidelines for card issuance and handling
- Create internal procedures
- Create policies and business rules



## Program Administrators

- Ensure cardholder statement reconciliation is completed in a timely manner
- Monitor declined authorizations for signs of merchant or cardholder abuse
- Consider MCC restrictions and spending thresholds
- Manage credit limits based on cardholder spending needs



## Cardholders

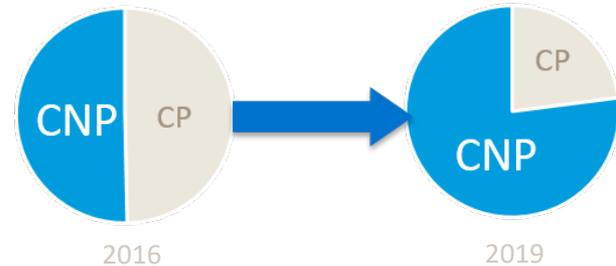
- Report non-receipt of cards immediately
- Do not provide individual account number to merchant to keep on file
- Report any suspicion of fraud immediately
- Contact fraud team prior to international trips to prevent declined transactions

# Shifting fraud threats creates new challenges

## Fastest growing methods of card fraud

### 1 Card not present (CNP) – Fastest growing type of card fraud

Transaction occurs without the physical card present via phone, mail, internet or other electronic means



### 2 Fallback – bypassing chip security

When a chip card is used at a chip-reading device, but the cardholder uses the magnetic stripe or has the card manually keyed allowing counterfeit card use



### 3 Account Take Over (ATO)

Using a person's account information to purchase products and services



Masquerading, phishing and smishing are used to get personal information and create new accounts

# Cardholder's Role in Preventing Credit Card Fraud

## Actions you can take to reduce the risk of card fraud



**Use** your chip whenever possible – request it when chip reader is available



**Know** your PIN – many transactions declined due to incorrect PIN



**Receive** mobile alerts for real-time visibility into potentially fraudulent transactions



**Verify** name, address, and CVV (3 digit code) for online transactions – many transactions declined due to incorrect data



**Report** any suspicious card activity immediately

# Business Role in Preventing Credit Card Fraud

## Actions businesses can take to reduce chances of card fraud



**Expand** virtual payment solution spend



**Differentiate** user names and passwords across platforms



**Establish** MCC controls, defined cardholder benefits and activity alerts



**Segregate** card request and approval duties



**Review** transactions and report suspicious transaction activity to bank immediately

# Global Card Access

Global Card Access is a single, online site with robust security features to deliver corporate card tools.



## Cardholder Account Dashboard

View important account details such as your credit limit, current balance, available credit, and recent card activity.



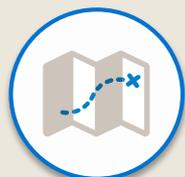
## Online PIN Check

Cardholders are able to view their PIN in two simple, secure steps.<sup>1</sup>



## Alerts

Receive alerts through SMS text message, email or phone call to help protect your card from fraudulent activity.<sup>2</sup>



## Coming Soon:

## One global cardholder site

View electronic statements  
Change your PIN<sup>3</sup>

## ALERT TYPES

### SUSPICIOUS ACTIVITY

Proactive notification of activity outside your normal purchasing pattern

### TRANSACTION ACTIVITY

- Cash withdrawals
- Transactions declined
- Transactions exceeding specified dollar amounts
- Transactions made via the phone or mail

### ACCOUNT ACTIVITY

- New card requested
- Personal information updated
- Payment due
- Payment received

Everything that a cardholder needs in one place.

[www.bofam1.com/globalcardaccess](http://www.bofam1.com/globalcardaccess)

# Questions?



CCA- [cca@doa.virginia.gov](mailto:cca@doa.virginia.gov)

Virtual Payables- [ecommerce@doa.virginia.gov](mailto:ecommerce@doa.virginia.gov)

EDI- [edi@doa.virginia.gov](mailto:edi@doa.virginia.gov)

CCA Hotline- 804-786-0874

EDI Hotline- 804-692-0473

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