

Title:

Building an infrastructure that supports a campus wide purchasing card (pcard) program. Encompasses the entire pcard cycle from a streamlined cardholder experience to capturing transaction details in the AP module/vendor history.

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Abstract

Concordia University, NE was looking for a way to maximize the use of their purchasing cards and save on costs associated with check and ACH processing. Concordia wanted to make the purchasing card process easier for cardholders, while maintaining strong internal controls and audit trails required by the finance office.

The largest hesitation that kept the institution from pushing payments to the purchasing cards was the lack of integration with our accounting system, Banner. Prior to expanding our purchasing program, the purchasing card transaction history needed to be integrated with our vendor history which maintains our check and ACH payments. To deal with this issue, Concordia University, NE created an upload process into their Accounts Payable module to capture pcard transactions as invoices and “pays” the invoices using a bank account set up specifically to process pcard transactions. Purchases made with existing vendors are captured in the vendor history based off the vendor’s EIN number and all other purchases are treated as one-time vendors. The benefits of uploading the transactions to the accounting system is the ability to capture vendor name, address, commodity description and last name of purchaser for easy reference. This information is captured in Banner regardless if the vendor is a routine vendor or a one-time vendor.

The upload process is initiated at the end of the pcard cycle. Prior to extracting all the pcard transactions, the cardholder must have the transaction coded with a general ledger account, provide a description of the purchase and upload a receipt image. These three steps are done through a web-based solution provided by US Bank. The extraction of the transactions will not occur until these steps have been taken by the cardholder. Once all the transaction details are extracted a file is formatted to be uploaded into our Accounts Payable module. All the pcard transactions are uploaded as invoices.

Once all invoices are uploaded, we follow our normal check run procedures, with the exception of actually printing the checks. The invoices are associated with a bank code that is mapped to a liability account instead of a normal cash account. After the check run process has been ran a credit balance is created in the liability account. The balance in this account should match the total payable to the pcard processor.

To make the monthly procedures easier for the cardholders, imaging upload is available. The upload process can be done simply by taking a picture of the receipt with a smartphone or scanning the document and emailing to a specific address that links the image with their individual purchases. If a cardholder uploads their images within the system, the cardholder is done with their process. The only steps the cardholder is responsible for are coding transactions online, providing a brief description of the charge and uploading the image of the receipt. Approvers are then able to see this information (excluding image) in an automated nightly email generated by the system. The approvers are able to approve directly from this email with a click of a button.

We provide an internship opportunity through the finance office to a business student who manages the system and creates the monthly reports that go along with the images uploaded by card holders. This process frees up time for all of the purchasing cardholders and allows the institution the opportunity to work with a business student to teach them good business practice.

Introduction of the Organization

Concordia University, Nebraska (Concordia) was founded in 1894 by the Lutheran Church-Missouri Synod. Concordia is a private, coeducational institution of higher learning. As a faith-based University, Concordia is committed to providing excellent professional and liberal arts programs in an environment that richly supports the Christian growth of its students.

Statement of the Problem/Initiative

Prior to uploading the pcard transactions through our AP module in Banner the purchasing card transactions were uploaded into our General Ledger module. The General Ledger module only allowed 35 characters for a description, so the only description uploaded was the vendor name. This did not give much detail to the budget owners so they would resort to calling the Accounting/Finance office to research the purchase description and who made the purchase. It was cumbersome for the Accounting/Finance office to do the research because we would have to log into a 3rd party system to perform a query to find the information and then relay that back to the budget owner. Budget owners did not feel empowered to research their budgets and would have to wait for responses back from Accounting/Finance. The Accounting/Finance office was overwhelmed with questions that took time to research. The data was readily available but unfortunately it was in a 3rd party system that only Accounting/Finance had access to. The Accounting/Finance office also did not have a clear picture of a vendor's payment history if the vendor was being paid with a check

and also being paid with a pcard. All the check payments were captured in our financial system's vendor history but the vendor history was missing the pcard payments.

Concordia also wanted an easy purchasing process for their cardholders so that more purchases were made using the pcard. With the easy image upload process taking away a monthly commitment to turn in an expense report, more activity is taking place on the pcards which generates a larger rebate to the institution.

Design

There were minimal design challenges with the upload process and this can be implemented at other institutions regardless of their financial system. There are three main components to the upload process:

- The first component is your purchasing card provider will need to provide a method for extracting pcard transactions from their system. If the university is already extracting the transactions to upload through the GL module then this step should not be an issue. These are the recommended extract fields:
 - Vendor TIN
 - Vendor Name
 - Vendor Address
 - Unique Transaction ID
 - Purchase Amount
 - Purchase Description – This is the description the card holder enters in our 3rd party system to justify the purchase
 - Card Holder Name
 - Expense Account General Ledger Coding

- The second component is the ability to upload a file into your Accounts Payable module. At Concordia we had to have a special upload file created. The upload file needs to include the fields listed above.
- The final component is the ability to add a bank code to your Accounts Payable module and associate the bank code to a liability account. Typically, an AP bank code is associated with a bank account where the checks are physically issued from. Since no physical checks will be issued, a dummy bank code needs to be set up so a liability is created when the “checks” are issued against the pcard bank code. The balance in the liability account should total what is due to the pcard provider.

In order to make the process easier on the cardholders, Concordia did hire a business student intern to help with the monthly reporting and compliance. The student has relieved a lot of the work from the cardholders and taken the work on in their internship duties. The student is exposed to business processes and builds communication skills while working with all levels of the campus community.

The US Bank expense management system has the capability for cardholders to upload images for all transactions. The system also gives the approvers the ability to approve purchases made through nightly automated emails.

Implementation

As with the design of the project, the implementation for the import was fairly straight forward. Most pcard providers should be able to provide a method to extract the required information from their system. There may be challenges in creating the upload file into your Accounts Payable system based off availability of IT resources and

system limitations. There may also be challenges if your purchasing card provider does not have the capability for image upload and automated approval emails.

Benefits

One key benefit of the project is being able to provide additional information, within our financial system, to our budget owners. Budget owners are able to review their budgets and drill down into the detail of the transaction to see who made the purchase and a detailed description of the purchase. The Accounting/Finance office does not need to be involved as the budget owners can get the information they need when they want. Also, if a pcard purchase is with a vendor set up within our financial system we are able to capture the payment in the vendor history. Within our vendor history we can now see all check, ACH and pcard payments made to the vendor.

Another key benefit is making the pcard purchasing method easy for the cardholder to use. The easier it is to use, the more the pcards will get utilized and the more savings in processing campus purchases will be realized and the larger rebate earned.

Retrospect

Discuss anything that might have been done differently. (If applicable)

Email entry to: bestpractices@cacubo.org.

If you require any assistance please contact Donna Rohlfer, rohlfedm@miamioh.edu.