


P-CARD


**p-Cards for Schools:
Streamline Your
Procurement and
Accounts Payable Process**

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Myth:

- The more paper, the better the paper trail



The Traditional PO Process Can Be Painful...

- Paper Intensive / Mountains of Paper
- Multiple Departments Involved
- Same Process Regardless of Transaction Value
- High Average Per Transaction Cost to School District
- High Average Per Transactions Cost to the Vendor
- Not Cost-Effective for Small Purchases (Less than \$2500)

What are the Experts Saying?

"The average cost of processing a purchase order manually is between \$75 - \$200. Automating procurement reduces that cost to between \$10 - \$40... The Return-On-Investment (ROI) is amazing." *Deloitte Consulting*

- Accenture
- US Bank
- Fifth/Third Bank
- American Express
- Chicago Public Schools - Elgin U-46 - Rockford

Real example of reducing paperwork

- Naperville 203
 - 2001 - 9,847 PO's
 - 2006 - 4,724 PO's
 - Saved 5,123 PO's



Savings of Time and Money for Naperville 203

- PO's Eliminated
 $5123 * \$75 = \$384,225$
- PO's Still Used But With Improved Efficiency
 $4724 * \$35 = \$165,340$
- Total: $= \$549,565^*$

*Assumes MINIMUM savings rate based on cited research studies.

The reduction of PO's has also resulted in the reduction of checks written

- Naperville 203 (Cont'd)
- 2001 – 16,954 Checks Written
- 2006 – 8,689 Checks Written

Savings of 8,265 Checks!
Postage savings alone = \$3,388



Savings for Naperville 203 caused by writing fewer checks

- Actual Savings from Checks NOT Written
 $*\$2.50 * 5123 = \$12,807$
- Postage to mail each check
 $\$0.41 * 5123 = \2100
- Total = \$14,907

*Cost of check, envelope, stuffing and mailing.

Ask yourself:

- What can you eliminate?
- What can you save?



Key to Consolidating Small Purchases into **one** payment:

- **As a minimum –**
Get p-Cards into the hands of as many employees as you can who are currently making small purchases/ generating PO's of less than \$1,000.

What are Procurement Cards?

- They look and operate similar to credit cards
- They **do not** carry a revolving line of credit
- Usage and authorization parameters can be reviewed and managed via the internet by district administration

Specific card use parameters can be established for each card

- Transaction limits per charge
- Monthly limits
- Preferred Supplier Restriction
- You control what can be purchased, where it can be purchased from and limit amount per transaction

Rebate History

- 2003-04 \$0
- 2004-05 \$46,101.51
- 2005-06 \$125,522.01
- 2006-07 \$295,899.63
- 2007-08 \$??

Current Rebate Schedule 5/1/2007

- Tier 6 \$70,000,000+
- Tier 5 \$50,000,001- \$70,000,000
- Tier 4 \$30,000,001- \$50,000,000
- Tier 3 \$20,000,001- \$30,000,000
- Tier 2 \$10,000,001- \$20,000,000
- Tier 1 \$5,000,001- \$10,000,000

p-Card Growth - Districts

Month	2003-04	2004-05	2005-06	2006-07	2007-08
May	6	48	84	137	205
June	7	53	88	141	207
July	12	59	88	145	213
August	16	61	93	146	217
September	18	66	99	152	220
October	20	66	103	158	220
November	21	71	106	161	220
December	24	72	109	163	248
January	26	76	113	177	265
February	30	80	114	183	
March	36	81	117	187	
April	41	83	133	194	
	41	83	133	194	265

Billing Cycle Requirements

- School District may choose a billing cycle cut-off of the 5th or the 20th
- Payment is due at Harris Bank within 21 days of billing cycle cut-off
 - Penalty for late payment (**Prime + 7%**) on all transactions in the billing cycle
- Penalties can be avoided with pre-planning and monitoring online usage reports

Only 3 Possible costs to participating school

- Late fee
- ATM Charge – IF cash advance option is selected
- Interest owed on any cash advance

Billing and Payment



- Monthly Billing Statements
 - Consolidated Billing Statement (Available online)
 - Cardmember Report (available online)
 - Individual Reports
- Payment Methods
 - Automated Clearing House
 - Check

Vendor Benefits

- Reduces paper processing/billing
- Reduces vendors' time/costs of processing/depositing payments
- Reduces vendor transaction costs
- Vendor paid by Harris within 48 hours of shipment/pick-up
- Reduces the issues of partially filled orders
- Reduces vendors time/costs of processing & depositing of payments

Benefits of a p-Card Program for Management

Easier on Accounts Payable

- Submit one monthly payment vs. multiple payments to multiple vendors
- Reduction in paperwork
- Fraud prevention and protection through the Bank and MasterCard
- Detailed reporting available 24 x 7
- Easy online administration and dedicated customer support
- Control on spending limits and accepted vendors

How to Get Started

1. Download documents www.illinois-pcard.com
2. Submit resolution to local board of education for purchasing card participation
3. Identify local p-Card administrators
4. Complete application packet – send to State ASBO affiliate

Sample of Suppliers who accept the p-Card:

Partners :

- Illinois Principal Association (IPA)
- Illinois Association of School Administrators (IASA)
- Illinois Association of School Boards (IASB)

For more information, word documents and other tools, or to download all available files, please go to www.illinois-pcard.com.
