


# 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




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**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)

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### 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

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### Real example of reducing paperwork

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



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### 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.

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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



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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.

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Ask yourself:

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

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### 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.

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### 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

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### 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

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### Rebate History

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

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### 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

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### 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

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### Billing Cycle Requirements

- School District may choose a billing cycle cut-off of the 5<sup>th</sup> or the 20<sup>th</sup>
- 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

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### Only 3 Possible costs to participating school

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

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### Billing and Payment



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

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