

Implementing a Successful P-Card Program

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11:40AM – 12:30PM

Agenda

Purchasing Card Programs

- How your entity can leverage the benefits of a Purchasing Card program
- Implementing a Successful Purchasing Card Program
 - Understanding your possible universe of spend
 - Internal Controls

Appendix

- Sample Card Agreement

Purchasing Card Overview

- What is a Purchasing Card?
 - Basically A Credit Card
 - Single Source of Managing Purchases
- How Will My Business Operations Change
 - **Doesn't** Change Purchasing
 - Changes How you Pay



Purchasing Card Programs combine the functionality of a multiple business related payment program into a single platform, offering superior flexibility, unified data capture, enhanced reporting and control.



5 Keys to Successfully Implementing a Card program

1. Understand your possible universe of spend
 - It's important for your entity to work with your card provider on identifying possible opportunities for card spend
2. Put Fraud Protections in place from the start
 - To mitigate fraud, your entity needs to design effective commercial card program controls upon implementation
3. Ensure Systems Integration
 - You don't want staff to be doing manual re-keying of data
4. Invest in Management and Training
 - Ongoing Management and training are essential for successful commercial card programs
5. Do it Now
 - Easier to implement a card program when you're small

Focus on 1st two keys to success

1. Understand your possible universe of spend – how can I grow my program?
 - Vendor Match Template
 - Match Summary Report
2. Put Fraud Protections in place from the start
 - Card Industry Best Business Practices
 - Client Controls
 - Program Administrator
 - Card Holders
 - Internal Control Processes

Vendor Match Sample Template

[illegible]

Navigating the Path to Leadership



Merchant Match Tool

Match Summary Report
2017-06-28

Issuer: **MB Financial**
Client:
Industry:
Requestor:
Report Id:

Match Summary						
Total Records in file	29					
Improperly Formatted (%)	0 (0.0%)					
Records Submitted	29					
Records Matched (%)	25 (86.21%)					
Confidence	Data Level	Total	% of Matched	% of Submitted	Total Spend (USD)	Total Transactions
High	1	1	4.00	3.45	283,387.50	--
	2	12	48.00	41.38	8,653,510.60	--
	3	4	16.00	13.79	2,562,608.25	--
Medium	1	0	0.00	0.00	--	--
	2	5	20.00	17.24	946,559.25	--
	3	1	4.00	3.45	191,200.50	--
Low	1	0	0.00	0.00	--	--
	2	2	8.00	6.90	2,562,515.61	--
	3	0	0.00	0.00	--	--

Data Level

Level II data includes sales tax, customer code, socio-economic data, tax id number and postal code.

Level III data includes all of Level II data PLUS invoice quality line detail.

Confidence Level

HIGH: Matched queries with high to near exact degree of similarity across multiple matching fields.

MEDIUM: Matched queries with high name similarity scores but inconsistent or incomplete address matching.

LOW: Matched queries with medium name similarity score and matching against few address fields, if any.

Factors that can impact Interchange

- Transaction size
- Large ticket thresholds
- Level III data
- Large-ticket interchange and impact on revenue sharing
- Work with card issuer to identify transactions under the large-ticket interchange program

Card Industry Best Business Practices

Client Controls

- Create guidelines for card issuance and handling
- Determine who should be eligible to apply for a card
- Determine approval levels required
- Segregate duties of ordering and receipt of the cards
- Create internal procedures
- Requirements for obtaining a card
- Administrative / Management
- Usage / Purchasing
- Accounts Payable/Accounting
- Reconciliation

Card Industry Best Business Practices

Program Administrators

- Ensure cardholder statement reconciliation is performed in a timely manner
- Manage credit limits based on individual cardholder spending needs
- Consider MCC (Merchant Category Codes) restrictions and \$ thresholds to prevent internal and fraud abuse
- Complete internal audits of transaction monitoring at MCC and cardholder levels
- Provide your provider after hours contacts or cell phone telephone numbers and emails for prompt contact to detect and prevent fraud
- Partner with fraud team to identify future or current authorization needs to ensure control with least amount of cardholder impact

Card Industry Best Business Practices

Cardholders

- Report non-received cards to your provider immediately
- Examine cards received for evidence of tampering during transit
- Do not provide your individual account number to a merchant to keep on file unless approved by company
- Contact Fraud team prior to international trips and provide alternate contact phone number as needed

Card Industry Best Business Practices

Internal Audit Process

- Audits should be scheduled, random, and unannounced
- Audit representative samples - within 60-90 days
- One Review span of control
- Focus resources on areas of weakness or opportunity
- Streamlines review and audit process
- Eliminates the need for 100% transaction review
- Documents the review process
- Ensure timely review of transactions within the span of control

Card Industry Best Business Practices

Internal Audit Process(cont.)

- Improve communication of audit findings to card program participants
- Develop a sampling audit strategy for current cycle transactions
- Audit the first statement cycle following cardholder training or change in process

QUESTIONS?



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the Path to Leadership**

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