

Procurement Cards at VCCCD

Ventura County Community College District has a fairly large volume of travel and miscellaneous purchases each year. Many of these purchases are processed by the accounts payable staff as individual check requests. The district has been looking at ways to simplify this process and reduce the number of transactions that have to be manually processed. Using credit cards seemed to be a natural solution to the problem if there was an easy way to get the charges entered against the correct accounts.

Banner baseline recently came out with a procurement card module. We examined this module and concluded that the baseline capabilities were too complicated for our needs. For example, the baseline functionality includes creating invoices for each charge and paying them. Alternatively, you can create what are called “zero amount” invoices which are used to enforce online approvals. The district determined that neither of these types of invoices were appropriate for our environment.

We decided to take advantage of the parts of the baseline system that would work for us and replace those that would not with local SQL scripts. We use the setup screens FTMCARD for entering the cardholder information, FAPCARD to populate the tables, FTMPCSH to setup the payment schedules, and FAAINVT to allow users to update the payment information. Additionally, we have two SQL scripts that are used in the process. FYSCARD is used to load the procurement card data and create the liability journal and FYSPCJV is used to create the expense account entries. Each of these items is detailed below:

FTMCARD:

This screen provides the validation information for the credit cards. Additionally, the account manager and business managers are specified on this form. These are the two individuals who are expected to review and modify the credit card charges each week for the card specified. (In many cases, the card holder and the account manager are the same person, but not always.) We also include the cardholder’s email address on the form where the mother’s maiden name used to be. A typical entry of FTMCARD for a credit card holder would look like the screen below. (Note: We modified the form to change the label on the mother’s maiden name field to read ‘Email Address’. This is not a requirement but was done for cosmetic purposes.)

Purchase Card Maintenance Form FTMCARD 5.2.1A (TEST)

Cardholder ID: 9TERCOB Terry Cobos

Card Account Number: 1234567890123456

Status: A Start: 01/2003 thru Expiration: 01/2010

Card Type: VISA

Email Address: tcobos@vcccd.net

Account Manager: TCOBOS Terry Cobos

Business Manager: SJOHNSON Sue Johnson

Sponsored Card Multiple Cards

Sponsor ID:

Card Descriptor:

COAS	Index	Fund	Orgn	Acct	Prog	Actv	Locn	Proj
1		793	33937	4800	696000			

Bank: CO Responsible Orgn: 33937 Co-Curr Drama

MCC: Single Purchase Limit: 500 Spending Limit: 2,000

Allowable Transactions: Daily: Monthly: Lag Days: 5

FTMPCSH:

This screen is used to specify the billing periods. We really aren't using the system to make automatic payments, so this data is informational only. It does affect what shows up on the other screens.

FYSCARD:

This locally written script is the first part of our weekly process. Normally, each Monday morning, a user connects to the Bank of America using their proprietary software and downloads all activity from the prior week. This file is then uploaded onto our Unix host and this script is run. The script performs the following functions:

1. Clean out the temporary tables used by the script.
2. Use SQL Loader to load payment data into the temporary table FZTCRD5.

3. Use SQL Loaded to load account summary data into temporary table FZTCRD7.
4. Calculate missing summary data in FZTCRD7 using data in FZTCRD5.
5. Insert selected data from FZTCRD5 temporary table into the baseline table FATCARD.
6. Insert corrected summary data from temporary table FZTCRD7 into baseline table FATCARD.
7. Determine the next available sequence number for the procurement journal entry. These document numbers begin with 'JP' and the next available number is tracked in FOBSEQN with a type of '='.
8. Create a journal entry in tables FGBJVCH and FGBJVCD using rule code JE15. (See the section later in this report detailing the accounting entries.)
9. Complete this document and mark it approved and send it to posting.
10. Create an email message to each cardholder listing all activity for the week and the remaining balance available on the credit card.
11. Create an email message to each account manager listing the cards they are responsible for that had activity in the past week. This email alerts them that they need to review this data on FAAINVT.
12. Rename the bank data file to save it for recovery and research purposes.
13. Produce an audit trail report showing all detail card transactions processed for the week.
14. Produce a summary report with the activity totals for the week and the credit card balances.

FAPCARD:

This process will edit the transactions to ensure that the credit card information is correct and the transactions are not duplicated. The process will then create entries for each transaction in tables FABINVT and FARINVT.

FAAINVT:

This screen is used by account managers (and in their absence, business managers and AP/Purchasing staff) to audit and correct accounting entries. Each credit card purchase is listed and users can change accounts numbers, split charges and make other revisions. The total charge cannot be changed. When the transaction is ready, the user can change the feed sweep date to today's date and the transaction will be processed that night by FYSPCJV. Otherwise it will automatically be processed on the feed sweep date.

FYSPCJV:

This locally written script will take all transactions from form FAAINVT with a sweep date equal to or less than today's date and will create a journal entry that expenses them. Rule code PCCG is used (see accounting section later in this report). These journals are in completed status and are inserted into the approval queues and NSF conditions are checked. Each cardholder's activity for the period is placed into a distinct journal document.

Other Issues:

We had some difficulties at first dealing with our bank. They were trying to sell the district a software service that would duplicate much of the Banner functionality using their web site. It would have meant duplicating our chart of accounts on the bank's system and keeping it current. We could have opted for a local system but they would have required a dedicated server for it. In the end, we finally convinced them that all we needed was the program to request the cards on one system (not dedicated) and a weekly flat file of the transactions. Both of these items are provided at no cost.

Accounting Entries:

Our method of accounting for the Procurement cards is as follows:

Create 2 GL accounts, one called Procurement Card Liability and another called Procurement Card Suspense.

When charges are received electronically from the bank, we credit the procurement card liability and debit procurement card expense. The balance in the liability account then reflects the total amount we owe the bank for outstanding charges at any time. These entries would be created by the script FYSCARD that loads the data into the normal procurement card processing tables. This journal would not go through approvals, but would be completed and ready to post.

Accounts Payable would periodically pay against the procurement card liability account.

As users use the FAAINVT screen to modify their charges (correct FOAP, split charges, etc.), a nightly script (FYSPCJV) would be run that creates a journal of all user approved charges. This journal would debit the indicated department expense accounts and credit the procurement card suspense account. These journals would be subject to NSF checking and approvals. The procurement

card suspense account balance would reflect the total of the charges not yet processed by users. (We can control how many days a charge stays open for the user to update on FAAINVT. Once the specified number of days pass, if the user hasn't processed the item, the item uses the default accounting specified on another screen for that user).

Any disputed items with the bank should be processed through the bank's normal processing routine. They will flow into the file of bank charges and be processed as credits to the department. Manual journal entries should not be made to the procurement card liability or suspense accounts.

The special rule code PCCG is setup as follows:

Title: Procurement Card Charges
Balancing Method: Self Balancing

Edit:

Sequence: 10
Field: BANK_CODE
Edit Code: 2801
Continue on error: Checked

Process Codes:

Sequence	Code	Action	Amount	Allow Zero
10	I061	N	C	Y
20	O030	N	C	Y
30	G020	N	C	Y
40	G020	R	C	Y
50	G010	R	C	Y

Posting Modifiers:

Sequence	Fund	Account
40	111	
50	111	91705

The next page has a chart of how the accounting will work.

Sample Tee Account Example

PC Liability	PC Suspense	Cash
100 (2)	100 (1)	100 (2)
100 (1)	100 (3)	
Dept Expense		
100 (3)		

1. Credit card charge from Bank of \$100
2. Direct pay invoice to pay bank by AP of \$100
3. Data from user approved charges (FAAINVT) becomes journal and is posted.

Questions:

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