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**PURCHASING CARD
FOR
SOUTH CAROLINA DEPARTMENT OF HEALTH & ENVIRONMENTAL CONTROL**

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STATE DOCUMENTS

BY: Wanda J. Dixon

In most organizations, the purchasing department is viewed as a place where your requisition gets lost, your purchase is delayed, and purchasing people never get what you want from the source you want it. The Division of Procurement Services of the South Carolina Department of Health and Environmental Control (DHEC) is cognizant of this attitude and, in an attempt to provide cost effective and more efficient ways of delivering purchasing services, my project is to develop, implement, and monitor a plan for the procurement credit card to allow individual employees to make immediate purchases of supplies.

One of the first decisions to be made in establishing the purchasing card program was to determine the purchasing limit per purchasing card per transaction and the monthly purchasing limit per card. Using \$1,000.00 as a reasonable purchasing limit, we generated a report from our automatic purchasing system showing the total quantity of purchases made for the agency are less than \$1,000.00, and, amazingly, found that 83% of DHEC's purchases are less than \$1,000.00 but the purchases are only 27% of the total dollars expended for purchases less than \$1,000.00.

To generate one purchase order is estimated to cost the state as much as \$150.00 in processing time and resources. When making a small purchase, \$10 or less for example, it is easy to see that the processing cost is far greater than the purchase itself.

With the purchasing card, no purchase order is generated and money is saved. The card works the same as one's own personal credit card. When a cardholder is approved to use the purchasing card, they will make a purchase with the purchasing card, retain the receipt for the purchase, and take the receipt to their purchasing card

liaison for reconciliation when the invoice is received. The cardholder will use the card to purchase items to fulfil the goal of the agency in promoting health and protecting the environment.

Program area staff have expressed a need to have a purchasing method in place that allows individuals to make immediate purchases. For example, when an employee in the environmental section is performing field work and needs ice to preserve a specimen, the employee can use a procurement credit card at the nearest station. When a nurse in the field runs out of band aids, the nurse can go to the nearest store and use the purchasing credit card. The employee is usually concerned only with getting what they need to perform their jobs. In some cases, they have made the purchase using their own money and asked for reimbursement not realizing that they are violating state purchasing rules. The purchasing card will allow an end user to secure the goods they need quickly and easily.

The purchasing card has been used at by the Federal government and by other state governments for many years with success and savings. Following the lead, Materials Management Office (MMO) of the South Carolina Budget and Control Board issued a request for proposal and invited banking entities to offer proposals on implementing the purchasing credit card in S.C. NationsBank was awarded the contract and several state agencies were chosen to participate in a pilot program before bringing on the rest of the state. Among those who participated in the pilot program was the University of South Carolina (USC) and the Department of Social Services (DSS).

To gain information about the purchasing card program, DHEC invited representatives from both purchasing department to make a presentation and share information they had already learned (maybe the hard way) about the purchasing card. They both used purchasing procedures developed by NationsBank as a model in developing their own procedures. They both began their programs with a small pilot program and brought on parts of the organization over time. One of the greatest obstacles they overcame was interfacing their agency's financial accounting system with that of the software system provided by NationsBank. We also recognize that as one of our main obstacles.

We decided to also begin purchasing a card program through a pilot program within the Bureau of Business Management (Procurement Services is located within that bureau.) and provided NationsBank with the necessary approval forms to begin the purchasing card program. We then completed the required paperwork for NationsBank to issue sixteen purchasing cards to bureau end-users.

To introduce the purchasing card concept and discuss plans to begin the program as a pilot, we scheduled a meeting with key players within the agency whose involvement is vital to its success and NationsBank representatives. I asked NationsBank to discuss the necessary operating system the agency needed to run the NationsBank software (InfoSpan) that captures the purchasing card information and discuss the financial and accounting requirements.

As a result of the meeting, we discovered that NationsBanks's software system requires an NT operating system and DHEC operates with Novell. To buy a dedicated

server would require thousands of dollars that the agency does not have in the information technology planned budget. When making it clear that we would not have a server devoted to operating NationsBank software, the representatives revealed that NationsBank would have the software available through the Internet by July of 1999. Until that time, we agreed to begin the program using a standalone method. That is, NationsBank would install their software onto the purchasing card coordinator's personal computer. The coordinator could then access the daily activity on DHEC's purchasing cards.

The next step was to train the purchasing card coordinator and the cardholders. Both USC and DSS used the training manual developed by NationsBank with few changes to train the cardholders. However, I felt that NationsBanks cardholder manual gave the cardholders and the other parties involved too little detailed information, so I decided to rewrite the manual. I also decided to use the bureau training session to get feedback from management, co-workers, and the trainees.

The purchasing card coordinator and I discussed the duties of all those involved with the purchasing card program. Since we only needed to train the sixteen bureau cardholders at this point, we devised a power point presentation based on the manual content. We trained the sixteen cardholders in two sessions lasting two hours and issued the cards.

During the training sessions, we were asked many questions that made us realize that we'd left out important steps or helpful information. We also received helpful feedback from upper management on information that we needed to add. The bureau

chief suggested that we incorporate all purchasing card program information into one manual. We'd separated the cardholder manual information from the rest thinking that the end user would be interested only in properly using the card to get the items they needed. We'd planned to use the entire manual when training the program area/district liaisons and management. The bureau chief's point was that management may also be cardholders and would want to know about the whole program.

A copy of the revised Purchasing Card Program Manual is attached. The manual will be a working document until the pilot program has ended.

Also, attached is a time line for implementation of the program until we evaluate the program progress during the first week of June. Two important factors require our attention to evaluation at that time. 1) The contract vendor (now NationsBank) may change on August 1. So that we will not have to undergo an expensive switch over if the NationsBank is not again awarded the contract, we do not want to bring the districts on line. 2) The software from NationsBank operates on a different system than our agency has now. We do not have a dedicated server to operate at this time. In July, if NationsBank still has the contract, we can use the Internet to access NationsBank's software.

The purchasing card coordinator will monitor the proper purchasing card use by cardholders by generating reports from the InfoSpan software. We will monitor the program by requesting progress comments from the cardholders and liaisons.

PURCHASING CARD IMPLEMENT PLAN

Timeline

Status/Comments

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| | <p>Establish Cross-Functional Team Project Manager: Wanda Dixon Project Assistants: Tripp Clark, Releata Project Coord: Elsie Montgomery Trainer: Ron Brock IT: Steve Vassey Finance: Denise Jones</p> | Complete |
| | <p>Complete Implementation Forms - Secure proper signatures on authorization letter and State Agency/Institution Agreement for Participation.</p> | Complete |
| Jan. 14 | <p>-Meeting with NB representatives, IT staff, Finance staff, and BM staff for NB to give overview of purchasing card program and discuss IT and accounting needs for BM pilot program -Submit authorization letter, agency agreement, and list of cardholders to NB -Determine credit limit</p> | Complete (Finance did not attend.) |
| Jan. 14 - Feb. 19 | <p>-Selected target purchases: supplies -Identify suppliers: Use the state blocked list of suppliers -Select cardholders: 16 cardholders from BM Draft manuals (1. Cardholder and 2. General Policies and Procedures)</p> | Complete |
| Feb. 17 & 19 | <p>-Train cardholders -Issue purchasing cards -Gain input from BM co-workers, managers, and cardholders for revisions to manual</p> | Complete. Revisions to manual and presentation suggested and will be made. |

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| Feb. 19 - Mar. 12 | - Second draft of manual based on feedback (consolidate Cardholder into General Policies and Procedures) | Complete |
| Feb. 26 | -Visit Dept. of Disabilities and Special Needs to observe information retrieved and disseminated from InfoSpan software and to ask questions | Complete |
| Feb. | - Installation of InfoSpan software to purchasing card coordinator's personal computer | Complete |
| March 1 | -Visit Dept. of Social Services to observe information retrieved and disseminated from InfoSpan software and to ask questions | Complete |
| March 12 | - Conference call meeting between NB and project team to establish file format for InfoSpan, cost allocation information, and reporting needs from InfoSpan | |
| March 15 | - Download purchasing card purchasing information from NB to coordinator's PC | |
| March -April 30 | - Meetings with project team as needed to evaluate program and resolve accounting/IT issues and plan for adding Assistant Commissioner's (AC's) program areas - Prepare hierarchy - Develop <i>Purchasing Card Approval</i> form and <i>Liaison</i> form - Revise existing <i>Application</i> form to include area for designated liaison | |
| April | - Prepare list of DPO originators from AC's Office who would serve as liaisons | |

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| <p>April 8</p> | <p>-Presentation to AC's management staff on purchasing card having list of DPO originators for liaison designation and <i>Application</i> form Give deadline for Application forms to be returned with liaison and cardholder designation - April 20</p> | |
| <p>April 20</p> | <p>-Submit cardholder information to NB</p> | |
| <p>May 1</p> | <p>-Train liaisons cardholders from AC's program areas -Issue cards to cardholders</p> | |
| <p>June 1-7</p> | <p>-Progress meeting with project team to evaluate program and discuss bringing district offices on line</p> | |