

**PERALTA COMMUNITY COLLEGE DISTRICT
Board of Trustees Agenda Report
For the Trustee Meeting Date of May 14, 2013**

ITEM TITLE:

Authorization to pilot a District-Wide Credit Card Program under the auspices of U.S. Bank Purchasing Card (Cal-Card) offered through the State of California Master Service Agreement for State and Local governments not-to-exceed one hundred eighty (180) days.

SPECIFIC BOARD ACTION REQUESTED:

Approval to implement a District Wide Credit Card Program under the auspices of the U.S. Bank Purchasing card no-to-exceed one eighty days (180) days in order to review the effectiveness of the State’s Credit card program in reducing costs associated with low-dollar value purchase orders, requisitions, invoices and reimbursements.

ITEM SUMMARY:

During the month of February 2013, in coordination with Finance, the Director of Purchasing performed a review and analysis of the number of low-dollar value purchase orders created during fiscal years 2011-12 and 2012-13. Whereby, the analysis revealed that during fiscal year 2011-12 the Purchasing Department created seven thousand one hundred and sixty seven purchase orders. Currently, the department has created over five thousand purchase orders for fiscal year 2012-13 and the numbers continue to rise prior to the close of fiscal year end (June 30, 2013). Further, analysis revealed that the accounts payable staff for both fiscal years combined (2011-12 and 2012-13) created seventeen thousand two hundred and twenty vouchers to process payments for purchases under ten thousand dollars. The extremely large number of purchase orders and vouchers created for purchases under ten thousand dollars is excessive for a District this size. The total spend for purchases under this dollar amount during fiscal years 2011-12 and 2012-13 are noted in the table below:

FISCAL YEAR END	CURRENT SPEND \$10,000 OR LESS	TOTAL YEAR END SPEND \$10,000 OR LESS	TOTAL NUMBER OF PO’S
FY11-12		\$11,828,900.00	7,146
FY12-13	\$8,646,627.00		5,126

The costs to procure these items were one hundred and seventy five dollars (\$175) per order.

SOURCE OF FUNDS (AND FISCAL/BUDGETARY IMPACT):

N/A. Based upon purchasing volume, the District would be eligible for quarterly rebates of 1% of spend.

BACKGROUND/ANALYSIS:

Purchases which range from five to ten thousand (\$5,000 – \$10,000) dollars utilizing a purchase order prohibits the purchasing staff from focusing on more strategic processes, such as:

standardization, consolidation, cost reduction, cost analysis and avoidance programs, improving efficiency, total cost analysis and vendor sourcing. In an effort to improve efficiency, the District is seeking to utilize the U.S. Bank purchasing cards to place low-dollar value orders. As a result, the costs associated with processing low-dollar value requisitions, purchase orders, vouchers and reimbursements will be dramatically reduced. The U.S. Bank Card (Cal-Card) will:

- Simplify the purchase and payment process by transitioning vendor payments to the purchasing card program
- Reduce labor intensive manual data entry for staff
- Provide easy and timely access to real time transaction data and reports
- Successfully provide data files exchange with PeopleSoft systems
- Improve data quality and accuracy for spend data analysis

Further, in coordination with U.S. Bank and Finance, the Purchasing Department will establish appropriate spending controls based on the District's purchasing policies and procedures as approved by the Chancellor and Board of Trustees. As the Agency Coordinator, the department will implement policies and procedures as well as track and monitor unusual spending activities. Purchasing will establish checks and balances so that purchases are subject to random audits to prevent fraud and misuse of the credit card program. Training will be provided to Cal-Card users and assessed expenditure levels of each cardholder. Additionally, U.S. Bank will assist the District with establishing appropriate spending controls based on the District's best practices and program objectives, whereby, the District can set controls at an individual or group level to meet each cardholder's unique spending needs. From Merchant Category Code (MCC) blocking to single purchase and monthly spending limits, the District can ensure that cardholders aren't allowed to make inappropriate or unauthorized purchases. Further, U.S. Bank's comprehensive reporting packages will allow the program administrators to monitor cardholder spending for compliance with the District's policy.

DELIVERABLES AND SCOPE OF WORK:

N/A

ANTICIPATED COMPLETION DATE:

December 30, 2013

ALTERNATIVES/OPTIONS:

N/A

EVALUATION AND RECOMMENDED ACTION:

Approval to pilot a District-Wide Credit Card Program under the auspices of U.S. Bank Purchasing Card (Cal-Card) offered through the State of California Master Service Agreement for State and Local governments not-to-exceed one hundred eighty (180) days.

OTHER DEPARTMENTS IMPACTED BY THIS ACTION (E.G. INFORMATION TECHNOLOGY):

YES _____ **No** **X**

COMMENTS: NONE

WHO WILL BE PRESENTING THIS ITEM AT THE BOARD MEETING?

Vice Chancellor Gerhard

(*****Board contract approval is subject to negotiation and execution by the Chancellor.)

DOCUMENT PREPARED BY:

Prepared by: *Ronald Gerhard*
Ron Gerhard, Chief Financial Officer

Date: 4/30/13

DOCUMENT PRESENTED AND APPROVED BY:

Presented and approved by: *Ronald Gerhard*
Ron Gerhard, Chief Financial Officer

Date: 4/30/13

FINANCE DEPARTMENT REVIEW

Finance review required Finance review *not* required

If Finance review is required, determination is: Approved Not Approved

If not approved, please give reason: _____

Signature: *Ronald Gerhard*
Ron Gerhard, Chief Financial Officer

Date: 4/30/13

GENERAL COUNSEL (Legality and Format/adherence to Education Codes):

Legal review required Legal review *not* required

If Legal review is required, determination is: Approved Not Approved

Signature: _____
Thuy T. Nguyen, General Counsel

Date: _____

CHANCELLOR'S OFFICE APPROVAL

Approved, and Place on Agenda Not Approved, but Place on Agenda

Signature: *José M. Ortiz*
José M. Ortiz, Chancellor

Date: 5-7-13