

## **The State of Georgia's Purchase Card Program (P-Card): The Ideal Way to Streamline the Procurement Process and Save Money**

Created to simplify day-to-day purchases, the Purchasing Card (P-Card) since its inception has also been a tremendous cost-effectiveness tool. The P-Card is honored by all merchants who accept VISA, and there are no annual, transaction, or reporting fees. As you probably know, the P-Card helps agencies streamline payment and purchasing procedures; it also reduces the administrative burden traditionally associated with small dollar value purchases, and allows for quicker receipt of goods.

One of the most important advantages of the P-Card is the elimination of cumbersome purchase order paperwork and used responsibly, the P-Card offers more accountability through consistent and timely reconciliation processes and electronic management controls.

Unfortunately, there has been a great deal of attention focused on the P-Card program since the Department of Audits and Accounts released the results of their performance audit of the program in October of 2007. Some significant but fairly isolated incidents of misuse brought needed recommendations from DOAA regarding the policies and procedures in place to govern the program. The Department of Administrative Services has addressed those recommendations and closely monitors the program to minimize the opportunities for fraud and misuse.

In spite of the negative publicity, agencies are reminded the P-Card continues to be the most simple, secure and cost effective method to pay for official purchases. With the current economic challenges facing the State, it is more important than ever to save time, money and resources while conducting business. The State of Georgia P-Card is an ideal way to streamline the procurement process, save money and ensure adherence to state purchasing policy.

Consider the following facts taken from the RPMG Research Group's 2007 Purchasing Card Benchmark Survey Report:

- **The P-Card is the *fastest* method of payment** – The average cycle time for purchases is reduced by 7.8 days when using the card, from 11.4 days for a purchase order to 3.6 days for a P-Card transaction. Buyers receive their goods or services fast and vendors get paid promptly with the least amount of administrative effort by the agency, and as we know time equals money.
- **The P-Card is the *least expensive* method of payment** – User's save an average of \$69 per purchase in administrative cost savings when paying via a P-Card versus a purchase order. The cost savings range from about \$20 to over \$120. You can calculate the actual savings for your agency or institution using a standard formula. For assistance with the formula contact Paul Kurtz at 404-656-5344.
- **The P-Card is the *safest* method of payment** – Purchasing card misuse accounts for only .025% of total spends. That means for every one million dollars spent on a card, only \$250 is unauthorized. And, the enhanced data available to manage the program can make identifying misuse much easier than with traditional payment methods. And don't forget, the Georgia P-Card is insured against unauthorized or fraudulent use, when the defined

process of reporting such use is followed. So your agency can easily obtain a refund through the P-Card liability program if card misuse is identified.

All purchasing and payment methods have risk associated with them, and fraud & misuse can never be fully prevented. However, the P-Card program, with the new, comprehensive policy in place combined with the security features built into the product and the liability coverage provided from Visa, create a method of payment with an unparalleled level of security. The result is a product that offers virtually zero liability to the state when used properly. Now more than ever, it is important that we drive down costs and streamline processes. The P-Card remains one of the most effective tools we have to manage expenses as well as save time and valuable resources.

For more information about the Georgia P-Card program, contact Paul Kurtz, DOAS State Card Program Manager at [paul.kurtz@doas.ga.gov](mailto:paul.kurtz@doas.ga.gov) or 404-656-5344.