

## **Procurement Card Internet Expense Reallocation Tool**

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## **Abstract**

*The procurement card is recognized as the preferred method for small dollar purchases at Georgia Institute of Technology. The value of writing one check to the bank rather than process numerous invoices, the built-in controls in commercial credit cards, the ease of refunds and the use of cards by employees in the units, all fit and enhance the distributed procurement model at Georgia Tech.*

*In a continuing effort to maximize technology and increase customer service, Georgia Tech created an internet based procurement card application to reallocate financial data consisting of project numbers and expense account codes.*

*Procurement card focus groups, comprised of the user community, revealed that although the ease of purchase was greatly enhanced, the procurement card default project number and expense account code were often inappropriate for the expense. An initial charge to the appropriate project number and expense account code would be preferable. This is especially true for sponsored projects. The groups also expressed a desire for more timely posting of procurement card expenses to the ledger and the ability to review transactions as near real time as possible.*

*Effective April 14, 2003, Georgia Tech procurement cardholders and procurement card coordinators can log into an internet based tool which allows them, on a daily basis, to review their procurement card transactions and reallocate the expense to a valid project number or expense account code of their choosing.*

*The internet procurement card expense reallocation tool gives department coordinators the ability to manage multiple cards within their unit with ease and in a timely manner.*

*The feedback from our user community has been very positive. The success of this initiative is evidenced through the dramatic growth of the procurement card program. The program has grown from 31 cardholders in 1997 to over 1360 cardholders today. This equates to over 108,000 transactions and \$27,000,000 in spending annually.*

## **Introduction of the Organization**

The Georgia Institute of Technology, also known as Georgia Tech, is one of the nation's leading research universities, providing a focused, technologically based education to nearly 17,000 undergraduate and graduate students. Georgia Tech has many nationally recognized programs, all top-ranked by peers and publications alike, and is ranked in the nation's top ten public universities by *U.S. News and World Report*. It offers degrees through the Colleges of Architecture, Engineering, Sciences, Computing, Management, and the Ivan Allen College of Liberal Arts. As a leading technological university, Georgia Tech has more than 50 interdisciplinary research centers that consistently contribute vital research and innovation to America's government, industry, and business.

Founded in 1885 to help build Georgia's technological infrastructure, Georgia Tech exceeded the expectations of its founders by becoming a multi-faceted research university that serves as a source of new technologies and a driver of economic development. With a clear vision of technology and leadership, the Institute provides a cutting edge education for the 21<sup>st</sup> century.

## **Statement of Initiative**

The Georgia Tech user community required a more robust procurement card expense reallocation system than what was available from our banking partner. Procurement card focus groups, comprised of the user community, revealed that although the ease of purchase was greatly enhanced, the procurement card default project number and expense account code was often inappropriate for the expense. An initial charge to the appropriate project number and expense account code would be preferable. This is especially true for sponsored projects. The groups also expressed a desire for more timely posting of procurement card expenses to the ledger and the ability to review transactions as near real time as possible.

The legacy system required direct involvement by the campus procurement card administrator. It relied heavily on weekly email notifications and replies, involving each cardholder before any reallocations could be processed. This reliance on email quickly became a stumbling block because the massive number of changes that were being submitted was overloading the system and caused it to lose attachments. The system was also incompatible with Apple operating systems.

Because of the weekly notification process, transactions could go up to eleven days without review. This presented the opportunity for fraud to go unreported for extended periods of time, thereby causing increased risk for potential liability.

The legacy system relied exclusively on the manual input of project number maintenance by the campus procurement card administrator. This database maintenance impeded the timely processing of reallocations. The creation of each new project number required individual notification from the end user. Until the new project was created in the database, no reallocation could be completed. This caused numerous error messages and increased frustration to the end user.

Another major issue was the inability to change expense account codes during redistribution. All charges defaulted to only one generic expense account code. It was the cardholders' responsibility to notify the campus administrator whenever services were charged. Notification was rarely accomplished in a timely manner. This was problematic because it impeded our ability to accurately track and report services and to meet IRS and State of Georgia requirements.

In a continuing effort to maximize technology and increase customer service, Georgia Tech created an internet procurement credit card application to reallocate financial data consisting of project numbers and expense account codes.

## **Design**

The goals for the information and design of the Internet based expense reallocation system were that it be time sensitive, easy to use, update the transaction database for both the funding source (project number) and expense account code, enable the assigning of a reference number, and eliminate the need for an email based communication process between the end user and the campus procurement card administrator. The Procurement Services department worked with a focus group, comprised of representatives from major academic and administrative units, and the Office of Information Technology to achieve these goals. The group also tested our banking partner's internet based system and various commercial products.

Georgia Tech uses the PeopleSoft Financials 7.5 accounting system. We also use several of the Internet components developed to be used with PeopleSoft, which include journal entry and payment inquiry. It was important to Georgia Tech that the design and functionality of the internet based reallocation system use standard PeopleSoft web functionality (i.e. secured login features, user interface).

The use of the system was made easy and uniform; and in a style that was already familiar to users of the PeopleSoft system. The end user can select between panels that permit reallocation or viewing historical data. The reallocation panel access is defined by security role, which allows for individual or unit level access. Once a card has been selected, all un-posted transactions are available for reallocation. This includes allocation to all current available expense account codes and multiple project numbers, if necessary.

Expense account codes and project numbers are kept current through updated PeopleSoft tables.

Transactions are downloaded daily from our banking partner via text file, and they remain on the panel for seven days, then they are posted in PeopleSoft. Individuals have a seven-day window to reallocate each transaction. An indicator flags each transaction once it has been reallocated until it is posted. Transactions requiring reallocation are easily identified.

The inquiry panel allows access to historical data based on selected parameters, including project number, expense account code, card holder, vendor, dollar amount, loaded date and posting status.

## **Implementation**

Rollout of the Internet based Procurement Card Expense Reallocation System was planned for Spring 2003. The system was rolled out and went live via the “big bang” concept, the old email system was turned off and the new system was available for reallocations. Announcements of this initiative were made at town hall and administrative network meetings, through email notifications to cardholders and unit coordinators as well as in the campus newspaper. Special training was developed and made available for cardholders and coordinators. Campus coordinators identified the security access for their cardholders. The Office of Information Technology granted and informed users of their login and password. Office of Information Technology also administers the daily, automated download from the bank and the posting of transactions to PeopleSoft.

## **Benefits**

Georgia Tech units originally reluctant to implement the procurement card process now find their concerns, whether they were unauthorized purchases or improper assignment of project numbers and/or expense account codes, mitigated and the risk manageable.

Cardholders and coordinators now have access 24/7 to current information that is updated in real time. Bank transactions appear daily. Reallocations can be completed individually or consolidated. Project numbers and expense account codes can now be selected from an accurate drop down list that is updated within PeopleSoft. Reference numbers can be assigned to individual transactions by the end user for identification purposes and the reference will appear on the ledger. Timely posting eliminates the necessity for unit shadow systems and improved accuracy of expense account codes provide for more accurate year-end IRS reporting. Elimination of the cumbersome email system has freed up time for computer support personnel and the campus procurement card administrator. Participation in the procurement card program has increased particularly among those units administrating sponsored projects due to the ability to initially post to the proper project number and expense account code. All in all, Georgia Tech has complemented a great procurement tool with good accounting in a timely and efficient way.

## **Retrospect**

Earlier and more in-depth training in security set up would have reduced the amount of misunderstanding among coordinators regarding cardholder reallocation rights. Many coordinators failed to visualize how the reallocation process would be implemented within their unit.

A major improvement would be to have changes to cardholder data automatically update the application. This is currently a manual process by the campus procurement card administrator.

A transaction reference number that is currently being captured by the bank at point of purchase and transmitted to the application is not displayed on the current panel. This addition would be beneficial to the end user in identifying procurements for reallocation.