

Extending Purchasing Card Power to Resident Assistants

Susan Bonczar

Procurement Services

University of Virginia

Abstract

Resident Assistants for the Residence Life Office at the University of Virginia have often held the responsibility of organizing events and providing morale boosters for other resident students. Previous to this program initiative, the traditional methods available to pay for such activities included: creating a standing purchase order with local vendors, providing direct billing from vendors, using petty cash, and/or requesting students use their own funds and then apply for a reimbursement.

Our Scope: We have over 240 students who make between 1,500-2,000 small dollar transactions over the course of one year. The administrative energy required to track, process, and solve this volume of transactions through the traditional methods listed above has proven itself intensive and time consuming. In addition, we needed stricter controls on the specific vendors the students were allowed to purchase from to ensure the transactions were for approved commodities.

Our major need above all is to limit the methods needed for making small dollar purchases. If we achieve this goal, other beneficial side-effects would follow, such as: the ability to improve training, reduce financial burden on Resident Assistants, save administrative time and effort, and provide an easier way to audit purchasing transactions.

In order to make a change of this magnitude, the Residence Life Office and Procurement Services worked together as a team, evaluating all alternatives and taking the needs of both departments into consideration. After all of the discussions ended, the final result was to include the Resident Assistants into the Purchasing Card program already in place at the University of Virginia.

Through recent research, Procurement Services found we save approximately \$55.00 for each transaction that is created using a purchasing card over the alternative of a purchase order or voucher. Our transactions through March 2004 total 1,432 Resident Assistant Purchasing Card transactions. If we multiply those transactions by the price of \$55.00 each for a purchase order or voucher, the University has saved \$78,760 in only 11 months. Using that same formula, our trial period of 12 months showed 965 transactions for a savings of \$53,075.

From the start of the twelve-month trial period of this program through March 2004, this Resident Assistant program has saved the University of Virginia a total of \$131,835 in processing dollars. From the perspective of Procurement Services, the paramount factor in this project is that we're not limiting the purchases being made to save money, we're just using available alternatives to purchase smarter.

Introduction of the Organization

The University of Virginia is distinctive among institutions of higher education. Founded by Thomas Jefferson in 1819, the University sustains the ideal of utilizing education to develop leaders who are well prepared to help shape the future of the nation. The University of Virginia (U.Va.) remains public, supported by both the Commonwealth of Virginia and the generosity of its alumni.

The University of Virginia has ranked number 2 (in a tie with the University of Michigan) among public universities, according to the 2005 *U.S. News & World Report*. Since *U.S. News* began ranking public schools in 1998, U.Va. has never been lower than No. 2. In its 2005 edition of "America's Best Colleges," *U.S. News* also ranked U.Va. as No. 22 in its Top National Universities category, which includes public and private institutions.

Enrollment for the 2003-04 school year showed 19,643 students, comprised as 65 percent undergraduate, 24 percent graduate, 8 percent as first-professional (law and medicine), and 3 percent on-grounds continuing education. The University offers forty-eight bachelor's degrees in forty-six fields, ninety-four master's degrees in sixty-four fields, six educational specialist degrees, two first-professional degrees (law and medicine), and fifty-five doctoral degrees in fifty-four fields.

As a member of the highly competitive Atlantic Coast Conference, U.Va. fields twelve intercollegiate sports for men and thirteen for women. The intercollegiate athletic program ranked 30th in the final 2003-04 Division I United States Sports Academy Directors' Cup standings. U.Va. had 224 student-athletes named to the 2003-04 Atlantic Coast Conference Honor Roll, which is comprised of student-athletes who participated in a varsity-level sport and registered a grade point average of 3.0 or better for the full academic year.

The mission of our Procurement Services Department is to support the purpose and goals of the University of Virginia -- its educational, research, patient care, and public service missions -- by purchasing and providing quality goods and services at competitive prices, proper financial stewardship for payments, and providing responsive and responsible service to all University departments.

We achieve our mission by dedication to excellence in customer service, providing avenues of access to businesses, processing orders in a timely manner, streamlining operations, pursuing cost savings, identifying new sources of supply, developing relationships with small, minority, and women-owned vendors, and complying with all laws of the Commonwealth of Virginia.

Statement of the Initiative

The University of Virginia employs over 240 students as Resident Assistants who make between 1,500-2,000 small dollar transactions over the course of one year for the Residence Life program. Our major need is to limit the method for making small dollar purchases to one standard process for all Resident Assistants and to enforce stricter controls for utilizing only approved vendors.

Design

In order to make a change of this magnitude, the Residence Life Office and Procurement Services worked together as a team, evaluating all alternatives and taking the needs of both departments into consideration.

The final recommendation of this team collaboration was to include the Resident Assistants in the Commonwealth of Virginia's Purchasing Card program. As the criterion for this program had previously allowed only full-time faculty and staff, we were required to draft policies and procedures to govern this new program and submit them to state officials for approval. Our changes to our existing American Express Purchasing Card program include: additional restrictions on types of purchases allowed, an "approved vendor" list, and lower limits for transactions and monthly purchases.

After we reviewed the needs Resident Assistants face, we created an approved vendor list that includes the following: 20 food vendors, 14 general stores, 7 novelty stores, 4 activities, and 2 rental car facilities. This provides a broad range of vendors available for fulfilling their responsibilities for leading and planning activities for their students. If additional vendors are requested for use, Procurement Services and Residence Life are set to evaluate the need and update the list as required.

In our Purchasing Card program for full-time faculty and staff, the maximum allowable transaction limit is \$4,999 and the monthly limit is \$7,500. To include our Resident Assistants in this program, we considerably lowered the allowable limits to accommodate the size of their normal purchases. The available transaction limit for our Resident Assistants is \$500, with a monthly limit of \$1,000.

Implementation

With our policies and procedures in place, the next step was to forge appropriate documentation. We drafted: a specialized application, card agreement, expenditure form, training manual, and a PowerPoint slide presentation for annual mass-training sessions. Once all this material was ready, we tested the program on a 12-month trial basis. We trained all current Resident Assistants on how to purchase items through the use of this program, and created an individual account for each. As we fully implemented this program this year, this is now the sole method used for Resident Assistants making purchases under their small purchase limits.

Procurement Services and the Residence Life Office work together on a monthly basis to ensure the program is running smoothly. The Residence Life Financial Manager is responsible for reconciling each cardholder's monthly statement and retaining all documentation for three years plus the current fiscal year. Procurement Services continues to negotiate with new vendors to accept the card and both creates and cancels purchasing cards as the year requires. Procurement Services also offers additional training sessions for new Resident Assistants during the last week of every month when needed. This program venture will be renewed in August by a joint training session for all Resident Assistants, prepared by Procurement Services and Residence Life.

This practice can be easily altered to fit into other environments where a Purchasing Card is utilized by an agency, as long as there is a need to improve the purchasing methods for a group not yet included in the program. Our policies and procedures are a helpful grounding point to grow from, and the documentation in use can be manipulated to reflect their individual organizational goals and guidelines. Anyone wishing to review our program structure is encouraged to contact us for further information.

Benefits

From the beginning of the trial period, this process has shown an enormous decrease in administrative processes needed to make purchases. We are using minimal petty cash, and the vendors are receiving their payment immediately – which is assisting our State enforced prompt pay requirements.

In addition, the training for Resident Assistants in “how to make purchases” has become simplified and straightforward. Where they may have had different rules for each vendor in previous methods, here we only need a one-hour training session to get everyone on board with a full comprehension of the program and the way it works.

This allows Residence Life to manage all of the invoices for the Resident Assistants on their own, whereas in previous methods, Procurement Services was required to participate in this process. This provides greater control of the purchases being made and better realization of unwanted purchasing trends. If intentional purchasing mistakes are made, the reaction of the Residence Life Office is decisive in involving the disciplinary power of the Resident Staff Appraisal Board.

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To date, this Resident Assistant program has saved the University of Virginia a total of \$131,835 in processing dollars. From the perspective of Procurement Services, the paramount

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