



Peggy Steeno
Finance Director
Finance Department
414.302.8252
psteeno@westalliswi.gov

MEMORANDUM

TO: Administration & Finance Committee Members

FROM: Peggy Steeno, Finance Director

DATE: March 30, 2018

RE: Communication Regarding the City's Procurement Card (Credit Card) Agreement – Change from JP Morgan to US Bank as the plan sponsor

The purpose of this communication is to make you aware of an administrative change that is being undertaken with regard to the City's procurement card program, switching from JP Morgan to US Bank as the plan sponsor.

As you know, the City currently utilizes an established procurement card (credit card) program which allows authorized staff to purchase needed materials, supplies, etc. for City business. The program that the City is a part of is a nationwide consortium established specifically for political subdivisions including: cities, counties, and school districts, due to the similar needs of these groups. The consortium reviews the procurement card plan and plan sponsor on a regular basis to ensure that the needs of the users continue to be met, and the program is operating as efficiently as possible. To that end, the consortium has made a decision to transition from the JP Morgan Procurement Card Program to the US Bank Procurement Card Program.

The City has been involved with this program since 2008 and expanded the use of the program in 2016, once proper procedures, review processes, and audit procedures were put into place to ensure the integrity of widespread use of the program. The expanded use of the program was integral in the City's re-design of the Purchasing Division which went from a staff of four employees to the equivalent of approximately two employees, while maintaining necessary internal controls over the process. This transition created a more efficient and effective process as well as enabled to the City to re-allocate resources to other needs in alignment with the City's Strategic Plan Goal #5, Excellence in Government.

The procurement card program offers the City many benefits, some of which would be available with any credit card agreement, including:

- Fraud Protection covering unauthorized charges,
- Immediate ability to disable card at the first sign of misuse,
- Ability to streamline the payment of supplies, materials, and services,
- Delayed payment for materials, supplies, and services, and
- General reporting capabilities to track, monitor, and audit purchases.

In addition, the specific procurement card program that the City participates in offers many additional, valuable benefits, including:

- Active monitoring of cards for potential employee misuse according to typical political subdivision spending practices,
- The ability to restrict purchases based on the MCC Code (Merchant Category Code) of the vendor from whom the purchase is being made, again with regard to typical government purchasing procedures and practices,
- Expanded reporting that allows all transactions to be downloaded to the City's Accounting System for ease of transaction recording, coding, and auditing, and
- Annual rebate based on the amount of dollars spent through the program on items the City would have purchased with or without the card.

In regard to the annual rebate, the City currently receives approximately \$33,500 in rebates each year under the JP Morgan Program. However, with the new program, the rebate is estimated to increase by approximately 11%, or \$3,685, which was the main reason the consortium decided to make the change to the new US Bank Program.

One additional note on the integrity of using a program such as this: with proper controls and practices in place, the use of the procurement card program by the City is nothing more than a simplified method of payment with all of the same protections that are available through the traditional means, accounts payables checks cut on a regular basis, of paying for materials, supplies, and services for City business.

Please let me know if you have questions or need further information on this item in advance of the April 9th Administration and Finance Meeting; otherwise, I looking forward to discussing it with you at the meeting.