



Michigan Purchasing Card Consortium Case Study: Traverse City Area Public Schools

Client

Traverse City Area Public Schools:

- 11,000 students
- 1,700 employees, including 650 teachers
- 18 schools
- \$85 million General Fund budget

Issue

Paul Soma, CFO, wanted to streamline the District's purchasing process, to increase the float on its cash and to reduce the volume of checks written.

Resolution

Traverse City Schools first implemented the cards in the Maintenance Department during a 3-month test period and has now reached an annual spend volume of \$2 million by rolling out 150 purchase cards including two Accounts Payable cards, as follows:

- A/P Card #1 - \$100K monthly limit for large recurring payments like utilities
- A/P Card #2 - \$50K monthly limit for miscellaneous recurring payments paid by A/P

Benefits

By implementing Chase's Purchase Card Program through the Michigan Purchasing Card Consortium, Traverse City Schools has been able to accomplish the following:

- Increase the float on cash, allowing the School district to invest funds days or weeks longer than under the previous manual payment system.
- Increase controls over card usage through daily/monthly limits as well as accepted merchant codes.
- Eliminate 200-250 checks per month.
- Automatically upload expense data from the p-card system into the School District's General Ledger system.
- Reduce headcount in Accounts Payable.
- Reduce inventory of supplies by allowing employees to order online and receive the supplies more timely.
- Generate a rebate to the District as well as help fund the program's sponsoring organizations: Michigan School Business Officials (MSBO), Michigan Association of School Administrators (MASA) and Michigan Association of School Boards (MASB).

Best Practices

Paul and his team have established the following best practices related to the District's p-card program:

- Set up each card or group of cards with a default G/L code - then the employee is able to change the code in the system if needed when reconciling expenses.
- Set monthly purchase limits high enough (\leq \$5,000) to allow ample employee usage.
- Require employees to purchase supplies online through vendors like Office Depot, Corporate Express and School Specialties.
- Use declining balance cards for teachers to spend grant funds.
- Share best practices between Administrative Assistants at weekly staff meetings.
- "Trust the employees with the cards, but hold them accountable."