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PURCHASE CARD MANAGEMENT



- Control which employees are issued cards
- Implement restrictions and controls on the card usage
- Monitor and track cardholder's purchase card transactions
- Receive, process and post transactions to the general ledger
- Track purchasing trends
- Reconcile transactions to monthly statements

The Purchase Card Management System tracks employee purchases and lets employees take advantage of sales and internet purchasing. Managers control where the card is used, assign spending amounts (five types of limits), and approve transactions. A consolidated view of spending trends with merchants enables better negotiating of contracts. The Purchase Card Management application lets you:

- *Download purchase card transaction detail as often as business dictates.*
- *Store transaction details in Accounts Payable or General Ledger.*
- *Automatically default account coding by merchant.*
- *Transmit employee card requests to financial institutions.*
- *Automatically reconcile downloaded transactions with monthly statements.*
- *Impose limits on card usage.*
- *Track all charges on your employee/contractor purchase card, and properly expense all purchases.*

The purchase card is recognized as a key instrument in reducing the number of small-dollar invoices processed by accounts payable, particularly when transactions less than \$1,000 account for a majority of the processing. Issuing a purchase order, receiving, verifying and processing an invoice, writing a check, and obtaining signatures is not an efficient process for managing small purchases. As a general rule, highly repetitive purchases represent 80 percent of the total transaction volume, but only 20 percent of the dollar value. From a cost/benefit perspective, the processes and personnel required to process a \$100,000 invoice should not be the same as for \$500 invoice.

Surveys reflect a cost of approximately \$90 to process a transaction using the traditional method. This may be acceptable for large transactions, but becomes expensive when the initial cost of a product or service is \$500. By contrast, the cost per purchase card transaction is estimated at \$25, a cost savings of about 70%¹.

Why a fully integrated system is better:

Purchasing card programs can achieve their full potential only when transactional information is integrated with other spending practices within the JD Edward's World Software. Purchase Card Management integration with JD Edward's World Software paves the way for activities that deliver high-efficiency, high-value benefits:

- Purchasing card spend categories can be expanded and can include higher-value items, since transaction detail can be fully utilized and transactions can be pre-approved.
- Data and user administration can be managed with far greater efficiency and accuracy when all purchasing card data resides within JD Edwards World Software throughout the entire Procure-to-Pay process.

The Purchase Card Management application allows companies to strictly control which employees are issued cards and control card usage. The application also allows companies to receive and process detailed transactions and statements from banking institutions to generate vouchers and general ledger distributions for purchased goods and services, while keeping track of purchasing trends and supplier performance.

¹ JP Morgan Chase, "Creating Value from Your Purchasing Card Program." Touch Briefings (2004). <http://www.touchbriefings.com/>

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