

GPC

Government Procurement Card

GPC Implementation Guide

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buying
solutions

This document is offered as a guide only. It is not designed to be a definitive method of implementing a purchasing card programme, but it will help organisations in the Public Sector identify the key issues to be considered for the implementation of a successful purchasing card programme.

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1. The Government Procurement Card Framework

The GPC programme, is delivered in partnership with the card scheme Visa and six Visa issuing banks (in no particular order) - Barclaycard Business, Co-Operative Bank, LloydsTSB, Royal Bank of Scotland/Nat West and Ulster Bank.

GPC provides substantial benefits for users by providing a streamlined process for low value, ad hoc purchases. Improved management information allows users to monitor and evaluate purchasing activity and to collaborate with others to secure improved terms with suppliers.

There are no card charges and the need for time-consuming authorisation is removed. Buying Solutions (endorsed by National Audit Office) estimates that, on average, £28 is saved on each transaction processed by GPC, when compared with traditional paper-based invoice systems. The opportunity to greatly reduce paperwork is not only environmentally friendly but also provides the potential for substantial cost savings for both public sector organisations and their suppliers, who also benefit from prompt payment.

Under the terms of the GPC Framework, the GPC card issuing banks may issue any of the cards in their corporate card portfolio. For example, the GPC card itself is a distinctive HM Government-branded card, which may not be preferred by non-Central & Civil Government Organisations. Organisations can select a Visa Purchasing Card programme from the banks under the terms of the GPC Framework and references in this Guide to GPC relate to all GPC and Visa Purchasing Card programmes.

GPC programmes empower employees to purchase goods and services, with certain restrictions, on behalf of their organisation. GPC is a charge card and the organisation pays a monthly bill received from the GPC issuing bank, comprising the total of their employees' spend for the previous month. The GPC process eliminates labour intensive purchase orders, invoices and shipping documents.

GPC can be an effective tool for cutting process costs, helping to empower end users, focus purchasing effort where it counts and streamline accounts payable. If implemented to maximum effect it can cut process and staffing costs, potentially enabling staff to be redeployed, whilst not only maintaining control and management information but also actually improving them.

Further information and enquiries regarding this implementation guide or other aspects of GPC implementation are available from:

- **Buying Solutions helpdesk – 0345 410 2222**

2. Establish clear goals

Clear strategic goals are the foundation of an effective implementation of your GPC programme.

GPC offers a range of benefits, all of which could apply to your organisation to a greater or lesser extent. The most effective implementations are goal-orientated and link Purchasing Card strategy with your organisation's corporate objectives e.g.:

- Save time/money - through invoice reduction, "smarter" purchasing
- Improve supplier relations – swifter payment, fewer errors
- Simplify processes – remove unwieldy ordering processes
- Empower staff – give them the ability to complete the purchase
- Improve internal controls – better visibility of spend, improved control and fraud protection

Actions:

- Analyse workload, processes and internal costs
- Evaluate environment for change
- Present a case for change

The GPC Managers Toolkit will provide further advice and guidance on establishing your Organisation's GPC programme. This can be accessed via the OGC website

<http://www.ogc.gov.uk>

2.1 Analyse workload, processes and internal costs

Before you set your GPC project goals, you will need to examine the current workload, processes and internal costs associated with purchasing goods, works and services in your organisation.

The following link to the GPC Benchmarking Site will enable you to complete a simple questionnaire which will identify the true costs of the purchasing process for your organisation:

<http://www.purchasingcard.info/benchmark.php>

2.2 Analyse purchasing workload

To assess your organisation's purchasing workload:

- Identify the number and percentage of purchases and payments under several small transaction thresholds (e.g. under £100, £250, £500, £1,000 and £5,000).
- For each level, determine the degree of activity (e.g. 80% of all purchase orders) and the value (e.g. 5% of total purchases).

The following table may help you to analyse your purchases:

Sample Invoice Analysis Matrix

Number of Invoices	% of Total	Cumulative %	Value Band £	Cumulative %	% of Total	Total Value of Invoices
			0-99			
			100-249			
			250-499			
			500-999			
			1,000-4,999			
			5,000-24,999			
			25,000+			
			Total			

You should consider purchases and payments that require an excessive amount of time and attention in relation to the value of the item. Look for high-volume, repetitive purchases which could be moved to GPC.

Typical low-value purchases ideal for payment by GPC include:

- Office consumables e.g. stationery, paper, photocopy materials
- Tools, vehicle parts/maintenance
- Books, periodicals, membership fees and subscriptions
- Computer software and consumables
- Buildings repair and maintenance
- Temps and agency staff
- Travel, subsistence and accommodation
- Internet purchases

The aim is to eliminate as much unnecessary work as possible, not to merely re-distribute work within different organisational functions.

2.3. Identify methods used to make low-value purchases

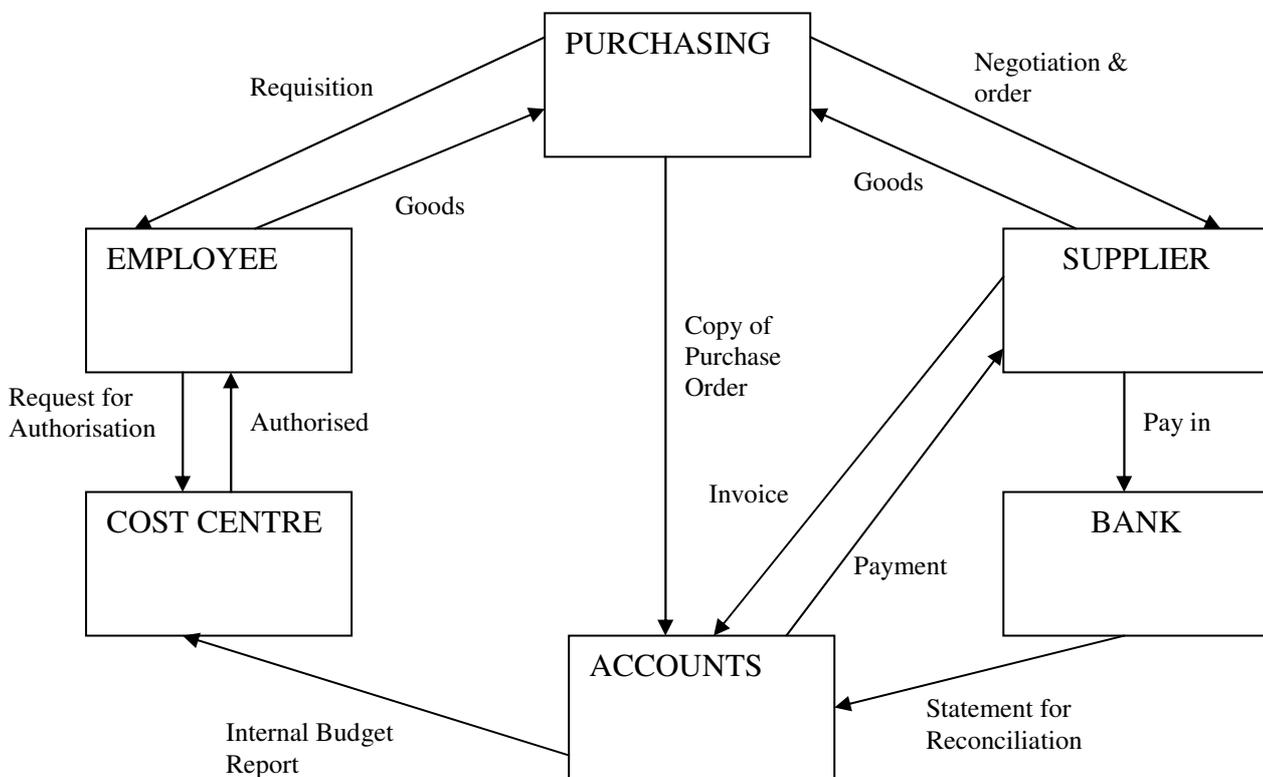
Once you have analysed your workload, identify the methods currently used by employees to make low-value purchases. As part of this activity:

- Include 'unofficial' methods (e.g. 'expensing' items on a travel card), as well as traditional methods, e.g. impress, petty cash or rail warrants
- If possible, quantify how many purchases and payments (percentage of total by count and by value) each method represents
- Identify the purchases already made by some streamlined processes (e.g. blanket purchase orders, on line ordering or EDI)
- Include separate analyses in different departments – different working methods may have emerged within your organisation over time.

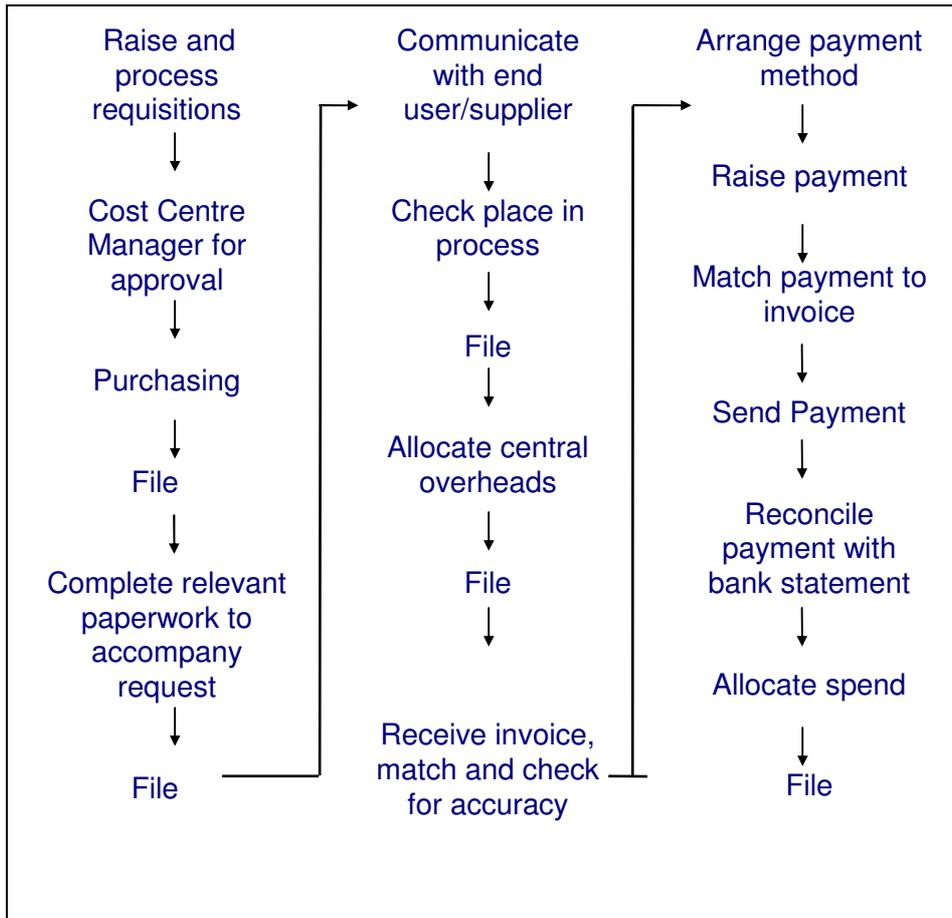
2.3.1 Chart and cost the order processing cycle

With purchase and payment analysis in hand and low-value purchase methods identified, chart the process currently employed for order processing. As you chart a specific process, include any actions taken by requestors (employees who need the goods or service). Include any extra 'shadow accounting' or record-keeping that they may perform.

An order processing cycle could typically include:



2.3.2. A typical route for processing costs could be:



The above courses of action, on average, may create a cost of £30 to £60 per requisition.

2.4. Estimate potential savings with the introduction of GPC

As you develop a picture of low-value purchases and payments, you can begin to determine the new steps to the GPC process and segment purchases that may be appropriate for payment by GPC.

It will also become apparent that there are some low-value purchases that cannot easily be transferred to payment by GPC or which may be inappropriate (e.g. hazardous materials because of pre- and post-purchase controls).

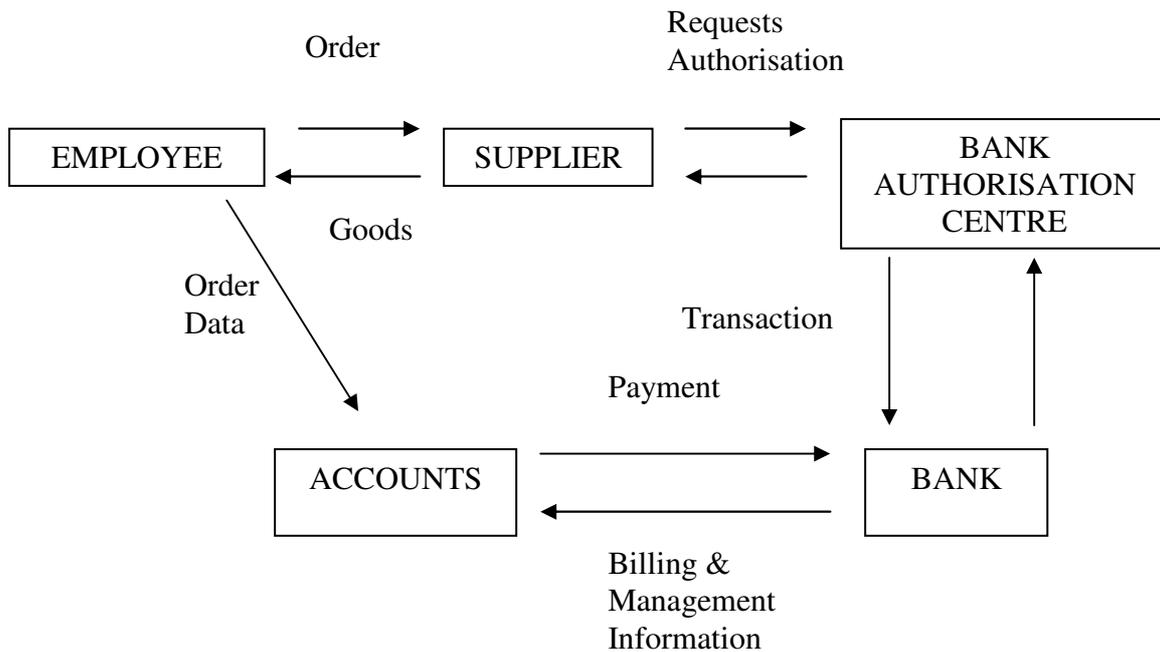
With this information, estimate the volume of purchases that may be moved to GPC, and calculate the potential savings for your organisation.

Visit the GPC Benchmarking website – <http://www.purchasingcard.info/benchmark.php> to calculate the savings for your organisation.

The benchmarking tools on the website work by using set default values for each task in the full cycle of raising orders to reconciliation of payments.

The system is designed to calculate the time and environmental impact of your answers against the default values you have set for each task. The results will show differences in time and environmental impact between current order/payment processes and using GPC.

2.4.1 A revised order processing cycle would include:



3. Change management

The next step is to evaluate your organisation's readiness for change.

3.1. Identify forces and time frames pulling your organisation towards improved purchasing efficiency

To assess your organisation's readiness to change to a more streamlined purchasing process, consider the forces driving this change:

- The organisation's 'Mission Statement' and procurement strategy.
- What forces outside (e.g. an increase in business leading to increased workload) and inside your organisation (e.g. a desire to improve productivity) are driving the adoption of the GPC in your organisation?
- Do you expect any increase in purchasing or accounting workload for other reasons?

3.2 Identify resistance to change

Identify any areas of resistance which will need to be overcome before your organisation's GPC implementation can begin e.g.

- the accounts department may be reluctant to abandon tested and approved payment authorisation practices
- middle managers may be hesitant to delegate purchasing authority to their subordinates

- the purchasing department may fear cardholders selecting suppliers without their guidance and control
- Audit may perceive losing control, fraud or inappropriate buying

Focus on which areas need to be advised and appraised of the value and benefits of the project to remove any potential obstacles.

3.3 Present a case for change

The final action is to create a case for change.

1. Using the results of your analysis, draft a proposal/business case/project plan for the introduction of GPC. Include specific goals for work reduction, efficiency improvements and cost savings – for assistance see www.ogc.gov.uk/gpctoolkit and click on “Project Plan”
2. Create a presentation for management including:
 - the problem (current costs, number and value of payments, workload statistics and impetus for change)
 - the GPC solution (how cards work, target purchases, potential savings)
 - next steps (form an implementation team, develop project specifics, and implement a phased roll-out of GPC).

The Buying Solutions GPC Team will be available to assist you in communicating the benefits of GPC during this critical phase. Contact information can be gained by e-mailing:

GPC@buyingsolutions.gsi.gov.uk or calling the Buying Solutions helpdesk on 0345 410 2222

4. Achieving internal support

A senior management ‘champion’ should be appointed in your organisation to provide support for strategic initiatives, dedicate resources to begin the GPC implementation and address any obstacles that may arise.

Actions:

- Identify other stakeholders (purchasing, finance, internal audit, etc.)
- Work with stakeholders to gain support
- Identify departmental ‘champions’

4.1. Identify stakeholders

Department	Issues to be discussed
Purchasing	Changes & change management
Finance/Accounts Payable	VAT allocation, monthly billing and accounting procedures
Internal/External Audit	Control and procedural issues
Human Resources	Additional empowerment for individuals, employee fraud
Goods Inward	Changes to procedures
Cardholders	Security, 'what if' questions
IT/Systems	Integration issues

Implementation of GPC requires changes in policy and practice across a broad area of the organisation. Purchasing, accounting, internal audit and user departments will all be affected. Success requires support from all levels within the organisation.

The first step in building your internal support is to identify the key people or 'stakeholders' who are likely to be involved during the implementation. Their support and commitment is essential. Experience has shown that early discussions with these personnel can prevent delays later.

Many stakeholders arise naturally; perhaps your organisation's Financial Director originated the investigation into GPC and could be your management champion. In some organisations, the project may have been initiated by senior or middle managers in the purchasing or accounting areas.

4.2 Work with stakeholders to gain support

When you have identified your stakeholders, meet with them to present the implementation project. Incorporate your stakeholders' suggestions and work with them to gain their support for the GPC implementation.

During this initial meeting you should identify a Project Manager and an Implementation Team or Steering Group drawn from purchasing, finance & IT, also consider targeting departmental 'champions' and include them in discussions from an early stage.

5. GPC issuing bank selection

Having mapped out your existing processes you need to consider the appointment of a GPC issuing bank.

The GPC Framework is fully EU compliant and it is not necessary for you to undertake a full tendering exercise. In practice, most organisations contact some or all of the banks and invite them to outline where the bank stands on a number of key areas affecting the organisation. A short list of banks is then invited to discuss or make presentations on how they will support the organisation. A good place to start is with your organisation's own bankers (provided the bank is a GPC issuer).

The GPC Framework is covered by three legal documents:

- Master Services Agreement – signed between Buying Solutions (formerly OGCBuying.solutions), Visa and the GPC issuing banks. Sets out the high level terms of the Framework and sets the basic GPC provision as free of card fees
- Card Issuer Agreement – separate agreements signed between Buying Solutions and each GPC card issuing bank. Sets out the standard commercial arrangements which each bank will support including details of rebates, customer service levels etc
- Organisational Agreement – signed by an organisation and the GPC card issuing bank – details the specific terms covering an individual organisation's GPC scheme with the GPC card issuing bank

The Bank(s) will either offer your organisation their standard GPC offering or, depending on size of spend and/or complexity; a bespoke offering. The organisational Agreement offers a 'Minimum Standard' that enables you to negotiate on terms and services important to your organisation.

Should you require assistance with understanding the Framework Agreements then the GPC Team at Buying Solutions will offer advice and guidance.

To assist in the bank selection exercise, below is a suggested list of the key areas on which you may wish to consult the bank(s):

- Their experience and reference sites – i.e. what experience does the bank have in implementing GPC and what customer references/case studies can it provide in support?
- Relationship and account management – i.e. what level of account and relationship management will the bank provide? Is there a cost, and how will the bank work with your organisation on the GPC implementation?
- Customer service support – i.e. how will cardholders and administrators be supported by the bank? What service levels is the bank prepared to commit to?
- Management information (MI) and general ledger (GL) interface – e.g. how will the bank provide MI and what does the bank propose to offer to support you integrating GPC spend with your legacy and back office finance systems?
- Commercial arrangements – i.e. the core GPC service is free but what other commercial arrangements will the bank agree to – e.g. rebates?
- Supplier recruitment – i.e. will the bank support your organisation in recruiting suppliers or upgrading the suppliers to enhanced data capability, if this is required?
- Other issues – e.g. environmental/sustainability credentials, future planned developments etc.

6. Establish an implementation team

Actions:

- Select the implementation team and appoint a Project Manager.

6.1 Select your implementation team

Depending on the size of your organisation you may require between 2 and 8 individuals to develop a detailed implementation plan and measure the project's progress. Implementation team members usually come from the purchasing and accounting functions, with support from audit, possibly human resources and a cardholder representative, with other functions as required.

A "Project Manager" should be identified to ensure best practices are employed across the organisation. A GPC Administrator should also be appointed, who will run the day-to-day operational matters. This structure is useful when the project is being rolled out to different locations.

The type of activities for a GPC Administrator is:

- Responsibility for driving change/savings targets for the Organisation
- Point of contact for cardholders and the bank
- Organising and chairing on-going reviews with cardholders
- Changes to cardholders' details, cancelling and issuing cards
- Routine programme administration and monthly data processing

Implementation team membership requires a significant time commitment. You need to ensure that the team members and their managers can devote sufficient time to the GPC implementation. It is impossible to give a guide to the time commitment, but you will get a good idea having identified your specific goals (See Section 2 above) and then having constructed the implementation plan (See Section 7 below).

The core team will need to be supplemented as necessary with internal experts. For example, a representative from finance/accounting will need to review the proposed approach to GL integration/posting, reconciliation and VAT. Other areas you may need to call on are information services (data processing), audit, legal and human resources.

Implementation support and advice staff from the GPC issuing banks is available and the banks should commit to work with your implementation team throughout the implementation project.

7. Develop an implementation plan

Use strategic goals and your implementation team members to create a detailed plan for implementing your organisation's GPC programme.

Actions:

- Translate strategic goals into specific implementation activities
- Research and develop project elements

7.1 Translate strategic goals into implementation activities

The following actions translate strategic goals into specific implementation activities. The implementation team should begin their project planning by reviewing the goals set in Section 2 above.

7.2 Plan migration to GPC

7.2.1 The first decision is to determine the pace of the organisation's adoption of GPC. Often stakeholders will offer guidance on how quickly the cards need to be implemented, based on your organisation's own environment and the urgency for change.

7.2.2 The next decision is to determine the default financial limits that will apply to cards and the upper limits, i.e. the delegated powers that GPC needs to comply with. Limits available on GPC include:

- Monthly transaction limit – the likely maximum amount a cardholder will be expected to spend in a given month plus say a margin for variance
- Single transaction limit – the maximum amount you will permit a cardholder to spend in a single transaction

7.2.3 You may also wish to review at this stage which suppliers your cardholders' will be allowed access to with their GPC cards. Using the cardholders spend profile it is possible to block the supplier type that you do **not** want your cardholders to spend with e.g. areas of non-policy spend such as travel, fuel or cash withdrawals.

7.3 Establish performance measurements

From the broad strategic goals, establish detailed qualitative and quantitative performance measurements. GPC usage measurements, satisfaction with the overall project from cardholder, manager and supplier perspectives, should be included.

7.3.1 Sample quantitative measurements include:

- Number of cardholders
- Number of transactions per card per month
- Number of other purchasing/payment methods (purchase orders, cheque requests) avoided per month
- Monthly card limits

- Total value of purchases per month
- Total transactions per month
- Number of organisation's suppliers accepting cards.

7.3.2 Sample qualitative measurements include:

- Cardholders prefer this purchasing method to existing methods
- Cardholders satisfied with project administration
- Suppliers prefer this purchasing method to existing methods
- Suppliers receive timely and useful information about GPC and how it affects their relationship with the organisation.

7.4 Prepare an implementation action plan

Using PC project planning software or other project planning tools prepare an implementation action plan and reduce each goal into specific actions. Include 'who' will be responsible for each step and 'when' they should be completed. Your GPC card issuing bank may have a template to assist you in this.

7.5 Research and develop project elements

Once you have established an action plan, research and develop the implementation elements.

7.6 Identify purchases, purchase limits and suppliers

Using the work identified in Section 2, identify the types of purchases, purchase limits and suppliers that will be included. Purchase limits, including transaction limits (e.g. £1,000 per transaction and £5,000 per month), supplier category blocking (e.g. non-policy spend categories, travel or cash withdrawals) and restricted purchases will need to be determined.

Suppliers are categorised into industry-standard supplier groups known as Merchant Category Groups. Blocking of certain categories will prevent cards being used to purchase goods/services listed under those particular category/categories.

7.7 Determine the level of VAT enhanced data reporting required

VAT rules require that your organisation provides evidence to support your VAT reclaims. Traditionally, this evidence has taken the form of paper invoices. Your GPC programme can simplify the procedures required to reclaim VAT provided your suppliers are known as being "VAT capable".

Suppliers who are "VAT capable" transmit transaction and VAT data electronically to the bank. As evidence for VAT reclaim, organisations no longer need to obtain the standard paper invoice, except in the circumstance described below. Instead, the VAT reports you receive from the bank will provide the evidence needed to reclaim the VAT incurred on purchases, as appropriate.

To gain the maximum benefit from VAT capability, it is essential that as many suppliers as possible are “VAT capable”. If you wish to continue to make purchases from suppliers who do not support the VAT data capture facility, you will still need to obtain a standard paper VAT invoice to support VAT reclaims. You may decide that this is unacceptable, and exclude non-VAT capable suppliers from your implementation. VAT reporting information is provided by suppliers on two levels:

- **Line Item Detail (LID)** – or “Level 3” - provides detailed, itemised information about your purchases at line level. Where LID data appears on your VAT Report, HMRC has agreed this report is sufficient evidence to reclaim VAT.
- **Summary VAT** – or “Level 2” - provides less detailed information about your purchases. The information will provide you with the necessary evidence to **reclaim the VAT on your purchases up to the level of £5k**. Beyond £5k a full paper VAT invoice will still be required by HMRC.

A Summary VAT capable supplier should still provide a paper document containing line detail of the transaction e.g. a priced delivery note or an “invalidated for VAT” VAT invoice. If you do not require this, then you will need to advise your suppliers.

In view of the additional data that is required to support your claim (a hard copy of the full VAT invoice), you may decide to set card limits at £5,000, or encourage suppliers to support the full LID specification.

Where suppliers are not already “VAT capable” at Summary VAT or LID levels, discuss with them which level is best to meet both your needs.

Copies of the following VAT reports will be automatically produced and supplied by your GPC card issuing bank:

- **Evidence of VAT Deduction Report** - showing the VAT details for LID and Summary VAT suppliers.
- **Not Evidence for VAT Deduction Report** - where VAT data input by suppliers is incomplete. In these cases, you will have to contact your suppliers and seek a copy of their VAT invoice annotated ‘Paid by Purchasing Card - Supplementary Invoice’ (details are held later in this chapter).

Note: Although VAT reports may be used to support your VAT reclaims, you will still need to apply the normal VAT rules to determine whether VAT is deductible. VAT on items such as business entertainment cannot be reclaimed and you will have to ensure that these expenses are identified and correctly accounted for under VAT rules.

7.8 Determine how GPC statements and management information will be provided

A range of statements and management information is available both in paper form and/or electronically. Reporting is provided for many levels of hierarchy within an organisation including cardholder, departmental, divisional and group levels.

The implementation team will need to determine how purchases will be reported in the general ledger.

Your GPC issuing bank will help you decide how to set your reports to facilitate your VAT accounting and integrate with your general ledger.

Some GPC card issuers are able to deliver card statement information online to cardholders and administrators.

You will automatically receive paper copies of the following each month:

- **Cardholder Statement** - for each individual cardholder. Showing all transactions, this can be used for reconciliation with any purchasing record kept by the cardholder, e.g. a daily log, which can be completed by the cardholder with details of the supplier, description of goods and cost on each occasion a purchase is made
- **Customer Summary Statement** - the organisation 'invoice', showing the total amount payable for all cardholders within a 'billing unit' (e.g. a department)
- **Group Level Summary Statement** - the total amount payable for the organisation.

A range of other reports is available and many of the GPC card issuing banks provides software or web-based solutions to enable interrogation of card spend data and assist card scheme management

7.9 Electronic management information

Greater manipulation of your MI data can be achieved by receiving the data electronically.

There are various delivery mechanisms available (e.g. modem transfer, disk, and secure e-mail). You should contact your GPC card issuing bank to discuss the options and determine the most suitable method of delivery for your organisation.

7.10 Expense analysis software

Your chosen GPC card issuer is also able to advise on the various software and web based packages available to assist analysis of your expenditure and to allow posting of card transactions into your general ledger. You should contact your GPC card issuing bank for further details.

7.11 GPC eSolutions

GPC eSolutions is a web-based application supplied by PCCL (Purchasing Card Consultancy Limited) under an agreement with Buying Solutions.

Organisations using the GPC Framework may apply for GPC eSolutions functionality on one of four levels – Bronze, Silver, Gold and Platinum. Each level has different functionality to suit the needs of individual organisations. Visit the GPC Benchmarking website for further details and an online demonstration - www.purchasingcard.info/esolutions.php

GPC eSolutions provides GPC users with a means to improve management of their card transactions providing:

- an online environment
- the facility to allocate transactions automatically to costing data
- means for review and approval of individual transactions
- facilities to amend/add/split transactional data
- functionality to create reports on transactional expenditure
- unique passwords provided for each user

Bank card transaction files are uploaded into the secure area of the organisation's GPC eSolutions web site. This task is completed by your organisation.

The GPC eSolutions system then creates electronic logs for all transactions against each cardholder. Cardholders/managers can log in, review and approve the electronic logs.

Additional data can be added against each transaction if required i.e. line items. Individual transactions can be split over various cost centres/GL codes/job numbers. Key fields can be validated to ensure correct coding.

Approved data can be exported from eSolutions and uploaded into job costing and/or accounts systems. File formats include Oracle, SAP, Agresso, Coda, Cedar and many more.

7.12 Review implementation plan with stakeholders

At this point the stakeholder(s) should review and approve the implementation plan.

7.13 Implications for HR

Your human resources department should be consulted regarding any internal card agreement your cardholders will be required to sign, and any disciplinary procedures you plan to enforce for card misuse.

8. Identify & recruit suppliers

Supplier participation in your GPC implementation is vital to its success.

Some suppliers may need to become Visa card capable for the first time. Others may need to upgrade their card acceptance equipment to include the processing of VAT data or Line Item Detail (LID), if that is what you require.

This step in the implementation process should be started as early as possible. It can take suppliers some time to sign up and become Visa card capable for the first time, or to upgrade their Visa card acceptance equipment to take Visa Purchasing Cards and process VAT data at Summary VAT or LID levels.

Actions:

- Identify and select suppliers
- Analyse suppliers
- Create a supplier communication plan
- Hold supplier seminars
- Communicate supplier details to your cardholders
- Continue identifying and recruiting additional suppliers.

8.1 Identify and select suppliers

It is essential to ensure that suppliers are ready to accept Visa Purchasing Cards before you begin issuing the cards to your staff.

You may select suppliers based on:

- A preferred supplier programme

- Those with whom you have a specific problem which you would like to resolve (e.g. incomplete or incorrect invoices)
- Those who process a large number of invoices for low-value items.

8.2 Analyse suppliers

Once selected, suppliers will typically fall into one of the following categories of card acceptance capability:

- No Visa card capability at all
- Standard or basic Visa card capability (i.e. no enhanced data)
- Visa card capability with Customer Reference Number
- VAT capable - either Summary VAT or Line Item Detail (LID).

Your GPC issuing bank's implementation team will be able to assist you in identifying suppliers who can accept Visa cards or you can visit <http://www.purchasingcard.info/search.php> to search for Summary VAT and Line Item Detail capable suppliers.

In the same way as you analysed the number and value of low value payments it is a good idea to include suppliers as well. Look at your suppliers 'top down' (those with the higher volumes of orders and payments) AND those with average payment values under a threshold value, e.g. £1000

Supplier Name Address & Postcode	No. Invoices	Rank by No. of Invoices	Value of Payments	Rank By Total Value	Average Payment Value	Rank by Average Value
Aaaaa	5,000	1	£500,000	2	£ 100	2
Bbbbb	1,000	2	£1,000,00	1	£1,000	3
Ccccc	500	3	£ 25,000	4	£ 50	1
Ddddd	50	4	£200,000	3	£4,000	4

Ranking your supplier data in this way helps you to focus on which high volume, low value transaction suppliers are most important to your GPC Programme.

Visa maintains a Supplier Matching Service. To use this service an organisation provides a list of supplier details, and via your GPC card issuing bank, Visa will undertake a search to ascertain which of the suppliers accepts Visa cards and at what levels.

8.3 Create a supplier communication plan

Working with your GPC card issuer, determine how you will communicate the GPC programme to your suppliers.

Your suppliers will need to:

- Understand the concept of your GPC implementation and agree to be involved
- Complete negotiation and agreements regarding their participation
- Receive equipment to become Visa Purchasing Card capable, if necessary.

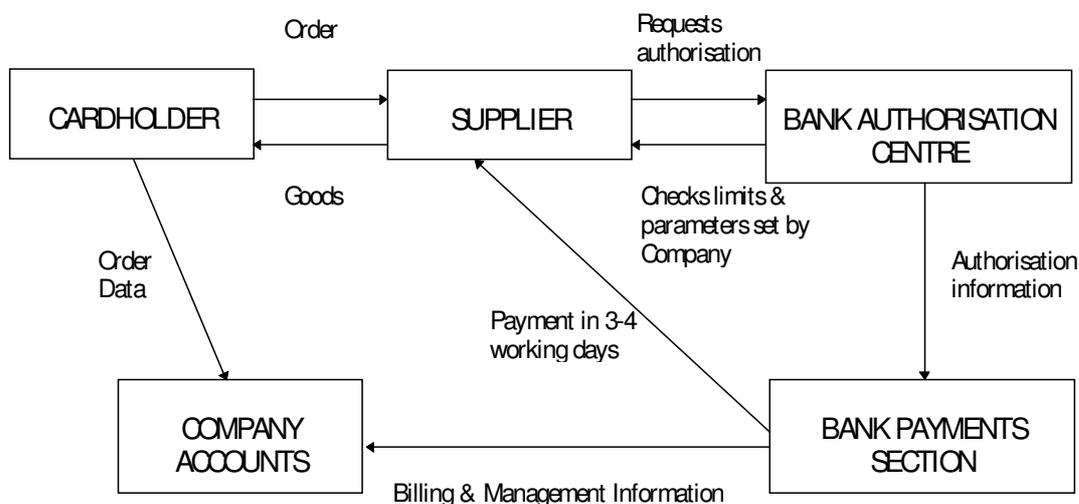
8.4 Potential benefits in becoming a selected supplier

There are a number of benefits in becoming a preferred supplier including:

- Faster Payment - the supplier will typically be paid within 3-4 bank working days of processing the GPC card transaction. This in turn will lead to improved cash-flows
- Faster end-to-end times
- Faster delivery times
- If VAT capable there will be a reduction in paperwork
- Increased business opportunities by remaining as a preferred supplier to your organisation. In addition, as more organisations implement purchasing card programmes, it is in your suppliers' interest to be Visa purchasing card capable, enabling them to process cards issued by any of the banks whether they are GPC cards or not.
- Improved order accuracy - the supplier will be talking directly to the cardholder/requestor, and will be able to discuss any technical or product information specifically with them, without having to be referred back through a buyer
- Reduced billing and collection costs - due to the speed of payment to the supplier
- No debtor chasing/credit control requirement

8.5 Supplier order and payments cycle

The following illustration shows how suppliers fit into the purchasing card order cycle, and the simplicity and benefits that GPC offers:



8.6 Supplier seminars

Many organisations use seminars, or a series of seminars, as a successful and effective option for communicating their GPC programme intentions with suppliers. Seminars allow organisations to explain:

- The GPC programme
- The benefits in becoming a preferred supplier
- The supplier's role and what is required from them; and
- Answer any supplier questions.

Your selected GPC card issuing bank may be able to help your implementation team plan and conduct supplier seminars, and have presenters and/or materials on hand to begin the enrolment process for those interested.

Before the seminar, your team needs to decide how you will deal with suppliers that;

- a) do not choose to become Visa card capable; or
- b) if they are already Visa card capable, choose not to upgrade their data capture facilities to become Summary VAT or LID capable (assuming this is your organisation's requirement).

You may not wish to continue your relationship with some or all of these suppliers. If you plan to limit your suppliers to Visa purchasing VAT/LID capable merchants, you need to communicate this at the seminar.

It may be advisable to hold one-to-one meetings with some suppliers, especially if you are introducing enhanced data capture to a large and important supplier. Again, the GPC issuing bank will be on hand to support you with this approach and follow up any initial introductions.

At the supplier seminars it is a good idea to have contact details of individuals attending (telephone and e-mail addresses). Get them to complete a short questionnaire or feedback form – always get them to include the name of the organisation's buyers with whom they normally work. Suppliers are more likely to act quickly if they can see their buyers are included in the process.

8.7 Communicate Visa capable suppliers to cardholders

Information on Visa capable suppliers will need to be communicated to cardholders as the GPC programme is launched.

Methods which organisations have used in the past to communicate suppliers' details include:

- A custom directory or 'yellow pages', listing suppliers by name and category
- A newsletter to cardholders
- An intranet listing suppliers
- An e-mail bulletin when new suppliers are added

There is also a directory of VAT/LID capable suppliers available online from Visa:

http://www.Visaeurope.com/iwantvisa/supplierDB_listofsuppliers.jsp

or from the GPC Benchmarking Site:

<http://www.purchasingcard.info/search.php>

8.8 Continue identifying and recruiting additional suppliers

Finally, you will want to continue to bring new suppliers into your GPC programme. These new suppliers may arise from new contracts or on cardholder/employee suggestion.

It is important to communicate with your GPC issuing bank who will no doubt want to take the necessary steps to recruit those suppliers to Visa card acceptance capability, or upgrade the supplier(s) to enhanced data capture capability.

Include the organisation's buyers in this process – if they use suppliers that don't accept cards at VAT Summary level or higher, ask them to contact the Project Team with the details.

9. Opening your GPC Account

Before any cards can be issued, your GPC Account, defining your account structure, hierarchy and reporting requirements, must be agreed and opened with your GPC issuing bank.

If you are joining GPC with a card programme which is currently outside the GPC Framework, you will need to speak with your new GPC card issuer to make the necessary arrangements. If you are joining GPC from the same bank, a simple transfer form is often all that needs to be used. If you are switching banks in the process then new Agreements and Applications will probably be required by the new GPC card issuer.

Actions:

- Complete Organisational Agreements with your chosen GPC issuer
- Distribute GPC application forms to cardholders elect
- Establish your organisation's GPC administrative procedures
- Determine how your organisation will pay the bank
- Receive the cards and hold them for cardholder awareness training and signature

9.1 Complete Organisational Agreements with the GPC issuing bank

The Bank will work with you to identify the appropriate payment method, billing procedures and GPC limits (corporate, monthly cardholder and transaction limits) for your Organisation.

The Organisational Agreement will detail who:

- Is authorised to sign GPC Corporate and Cardholder Application Forms
- Can agree credit limits
- Can agree default and upper limits need to be agreed corporately and delegated powers allocated to the Project Team/ System Administrator
- Will act as a representative for the Organisation (authorised signatory(ies) and/or administrator)

- Will inform the Bank of any changes to signatories or cardholders
- Will ensure there are two or more authorised personnel to carry out these processes

9.2 Distribute GPC scheme application forms

The GPC issuing bank will provide you with:

- **Card Application & Agreement Form** - which represents your organisation's application and agreement for the card scheme
- **Billing Unit Application Form** - to be completed for each billing unit within your organisation
- **Cardholder Application Form** - to be completed for each cardholder within your organisation
- **Management Information schedules** - to be completed to request the management information your organisation requires
- **Direct Debit Mandate** - to enable your organisation to pay the bank with the amount of the monthly billing. Direct Debit is a preferred bank settlement method, but you can pay by BACS if preferred by your organisation

Your GPC issuing bank may be able to assist with the completion of the application forms. Your organisation's authorised signatory(ies) must sign these forms before being returned to the bank.

9.3 Establish your organisation's GPC administrative procedures

You will have already appointed a GPC scheme administrator who will have responsibility for the day-to-day care of your GPC programme. Internal procedures will need to be agreed for dealing with any issues which may arise.

Procedures need to be agreed with your GPC card issuing bank in respect of:

- Receipt of new and replacement cards
- Changes to existing accounts
- The process for disputed transactions
- Cardholder Misuse Insurance – the bank should discuss any issues you may have

Cards should be sent direct to the organisation's GPC card scheme Administrator for distribution to cardholders. Cards should NEVER be sent direct to cardholders.

9.4 Determine how your organisation will pay the bank

A range of payment options is available to suit your payment needs both now and in the future. Options include:

- Payment by Cheque
- BACS payments
- CHAPS payments
- Direct Debit

To select the payment option most suited to your needs, talk to your GPC issuing bank. Direct Debit is a preferred payment method. This ensures payments are made on time and prevents manual effort by an organisation having to generate a payment which could be delayed by weekends/bank holidays etc.

9.5 Receive cards and hold for cardholder awareness training

Cardholders should receive some element of card awareness training prior to receiving their cards. This ensures they have a clear understanding of their organisation's rules and procedures, how the card works, where it can be used and the reasons for issuing the cards. When the cards arrive at the organisation, they should be held in safe storage until your cardholder awareness training begins.

Cards should be handed to cardholders in person. The Administrator or other staff should ensure cards are signed immediately and any relevant awareness training is given at that time, i.e. before cards can be used.

It is a good idea to arrange training in groups, where possible, and to hand over cards following the awareness training, ideally with some form of 'test' to establish the cardholders' understanding of the use and management of the card. Cards should then be issued and signed immediately by the user prior to leaving the awareness session.

10. Determine policies and procedures

Policies and procedures outline the uses and restrictions of your organisation's GPC scheme. They should detail responsibilities and serve as a reference for common cardholder questions.

Actions:

- Develop a simple to use cardholder guide
- Create an internal cardholder agreement form (if required)
- Construct a GPC Administrator's procedure guide.

10.1 Develop a cardholder guide

Your GPC card issuing bank may have produced a generic cardholder guide which can be modified for your Organisation. This can serve as a quick reference for cardholders for questions on usage, record-keeping, billing and administration.

A copy of the cardholder guide should be supplied by your organisation to each cardholder when the cardholder receives the card(s), and the cardholder should sign for a copy of the guide (HR will need to be consulted on this).

The cardholder guide material should be easy to understand and cover all aspects of GPC from a cardholder's point of view. It should include the telephone numbers of the bank's helpdesk, lost & stolen lines, as well as that of your GPC Administrator, who will be able to help cardholders in need of assistance.

10.2 The GPC Administrator's Guide

A GPC Administrator will have been appointed for the day-to-day operational matters relating to your GPC scheme.

A GPC Administrator is usually responsible for (but not exclusively):

- Point of contact for cardholders and the GPC card issuing bank
- Organising and chairing on-going reviews with cardholders
- Making changes to cardholder details
- Monthly data processing

Typically, the GPC Administrator is a member of the implementation team. To assist the GPC Administrator, your bank may have produced a comprehensive guide detailing the responsibilities of the administrator of a GPC programme.

10.3 Create an organisation-specific Cardholder Agreement form

As part of your organisation's internal policies and procedures, you may require a signed Cardholder Agreement. A typical Cardholder Agreement may include such issues as:

- The GPC is **only** to be used only for the organisation's purchases;
- The policies and procedures which must be followed;
- In the event of unauthorised or fraudulent use of the card – the potential resulting disciplinary or other action on the employee.

10.4 Fraud and Cardholder Misuse Insurance (CMI) or Corporate Waiver of Liability (CWL) protection

It is a fact of modern life that card fraud could arise, and it is important that cardholders and organisations appreciate that at some time or other they may become victims of card fraud.

Essentially card fraud typically comprises:

- a) First party or employee card fraud

in this instance the fraud is perpetrated by a cardholder on its employer. For example buying goods for personal gain or leaving an organisation with goods unaccounted for. In cases where an organisation is unable to recover the cost of the fraud from the cardholder, the organisation has the ability to claim on CMI/CWL insurance, which has been put in place by all the GPC card issuing banks. Circumstances and limits apply, so organisations should establish with the GPC card issuing bank what their CMI/CWL insurance cover is, what circumstances an organisation is able to claim if necessary,

and what the process is.

Your human resources department should be consulted regarding any internal policies and disciplinary procedures you plan to enforce for card misuse.

b) Third party or counterfeit fraud

this involves a third party obtaining details of the GPC (without the cardholder's knowledge or complicity) to purchase goods and/or services which are totally unconnected with the cardholder or organisation. Card details are obtained in various ways by professional fraudsters (e.g. "skimming" or counterfeiting and card theft) so it is important to remind cardholders to protect their cards and card details at all times, within reason.

Normally the bank will refund the organisation immediately on notification of the fraud and then deal with the fraud within its own internal procedures.

Again, the recommendation is that an organisation establishes with its GPC card issuer what fraud procedures will be put in place from identifying fraud through to obtaining reimbursement.

11. Training materials

Effective communication and awareness training for employees and managers will assist in achieving your project goals more quickly and encourage acceptance of the GPC programme. GPC and use of cards generally may be a new tool for employees, and there may be many questions about why your Organisation is changing to this method of purchasing.

Actions:

- Identify who will be affected by the GPC project
- Design a communication plan for each group
- Create communication materials to deliver your message
- Use stakeholders
- Use departmental champions

11.1 Identify who will be affected by GPC implementation

Communicating your GPC implementation effectively is critical for a successful implementation. You may want to enlist the help of your human resources or training department in developing an effective communication and training plan. In all your communications it is crucial to include the reasons for the change to GPC, the benefits to the organisation, and the strategic goals of the project.

The first step in creating communication and training materials is to identify all the employees in your organisation who will be affected by the GPC implementation.

Categorise the employees into target audience groups - managers and supervisors, purchasing and accounts staff, and other employees.

Your GPC card issuing bank should have collateral available to help with the construction of a cardholder awareness training programme.

11.2 Design a communication plan for each group

For each audience decide:

- What message needs to be given
- How the message can be most effectively communicated
- The communication methods and materials needed

11.3 Create communication materials

The best communication methods are those that fit your organisation's style and culture. It is universally true that long, dry memos and procedures documentation do not create enthusiasm.

We have given below some suggestions for the breakdown of your audience, message content and delivery method. You may want to use these suggestions, or talk to your GPC issuing bank about successful communication strategies.

11.3.1 Senior management

Begin by communicating with senior management. Your GPC project may have a senior manager acting as a 'sponsor' – you may wish to consider using this person to communicate your messages. Focus on the strategic importance of GPC to your organisation's success. This message is probably better communicated in person, although you may wish to use other methods. Use your stakeholders to assist in reaching important senior managers.

11.3.2 Managers and supervisors

Managers and supervisors are key to the success of the GPC programme. It is often these people who determine who will be issued with cards.

Managers are often concerned about the 'loss of control' that will result in empowering cardholders. Typical messages to managers may include the strategic goals of the GPC programme, as well as the managers' responsibilities. Communication with managers is most effective in small groups, where they can be encouraged to ask questions and voice concerns.

Consider separate training materials for this group. Ensure that they are aware of the increased controls surrounding cards (as this is often not the case). Controls include:

- Cards are issued to named individuals, who are personally responsible for card use
- Card data includes the date & time of transactions, as well as the individual making the purchase, plus the supplier details (mention VAT & LID suppliers at this time)
- There are appropriate per transaction plus monthly spend limits built into the cards
- Supplier categories can be restricted either across the whole programme or for individual cards
- The managers are required to audit transactions
- Cards can be withdrawn (due to loss or misuse) at any time as laid down in HR regulations covering card usage

- Management information is permanently stored for their use, and for use by audit and purchasing staff

11.3.3 Purchasing, accounts payable and receiving goods

Purchasing and accounts staff will need to understand how purchasing cards will affect their daily responsibilities. Staff receiving goods bought with GPC will need to know how to handle deliveries and what to do when problems, such as lost or poorly addressed packages, arise.

A typical message to these staff should include the strategic goals of the project, and detailed instruction on those parts of the project that affect their job functions. Orientation sessions work well for these groups, led by the member of the Implementation Team who represents their area/department. It is important that the sessions are interactive and that you allow time for questions and answers from the group.

11.3.4 Cardholders

Cardholders need to understand how and where they can use the card. Communications may take several forms:

- a training session
- a manual or procedures guide
- a newsletter or other on-going communication; and
- a 'help desk' resource (the GPC Administrator) to answer questions and resolve problems.

Implementation team members may lead cardholder training, sometimes assisted by human resources or training staff – you may wish to roll the training up with other training or tasks (e.g. VAT or general finance issues)

12. Project Roll-out

A number of successful GPC programmes have used a phased approach to roll-out. This allows the project design to be tested and modified before moving to an organisation-wide roll-out.

Actions:

- Set project goals for each phase of roll-out
- Ensure suppliers are in place
- Train cardholders and distribute cards.

12.1 Set project goals for each phase of roll-out

Referring back to your project goals from Step 4, identify specific goals for the first phase of roll-out. For example:

- How many participants will be needed to test the project design?
- Which areas in the organisation should participate?

- Specify responsibility for gathering feedback
- What savings are generated by using GPC?
- How many transactions are eliminated from accounts and purchasing?
- Are cardholders satisfied with the project?
- What design elements are to be tested? e.g. cardholder limits, reporting
- How regular (e.g. monthly) card administration is carried out.

12.2 Ensure suppliers are in place

It is critical that Visa capable suppliers are available. Before you issue cards, review Section 8 and ensure that a core of suppliers is ready to receive your cardholders' orders. Consider contacting supplier account managers or your own purchasing staff to ensure suppliers will accept the cards.

12.3 Train cardholders and distribute cards

The next step is to conduct training and distribute the purchasing cards. See Section 11.

You may find that managers and cardholders require support during the early stages of roll-out and your administrator may need to devote some time to assisting them during roll-out.

12.4 Phase roll-out reviews

Carry out a review of all aspects of the programme at strategic points during the roll-out process. This will ensure that issues can be ironed out before increasing the use across the organisation.

13. Ongoing roll-out issues

Your GPC implementation is ready to go organisation-wide.

Expanding the project, particularly in a large organisation, is a challenge. Resources must be carefully scheduled to accomplish cardholder training, supplier enrolment and communication.

Actions:

- Collect data to perform quantitative analysis of project results and qualitative analysis of project acceptance
- Review project performance with your GPC card issuer
- Present findings and recommendations to your stakeholder(s)
- Continue to evaluate, refine and communicate project results.

13.1 Perform quantitative analysis of project results and qualitative analysis of project acceptance

To replicate the successes of the first phase of implementation, you will need to evaluate the results of roll-out. In most cases, the Implementation Team will prepare a report which is presented to the stakeholders. The stakeholders review results, recommend project and policy modifications and endorse roll-out.

You will want to include both quantitative and qualitative project measures:

- Using your phase one project goals as a reference, collect quantitative measures from the GPC reports and from internal departments. For example, how many transactions were conducted using the GPC? How has the volume of invoices received under £1,000 changed?
- For qualitative analysis, gather information from cardholders, managers and suppliers about what they like about GPC, and their suggestions for change. Surveys, evaluation forms and focus groups are good methods for gathering information.

13.2 Review project performance with the GPC issuing bank

Review the performance of the first phase of roll-out with the GPC issuing bank. This can help you measure your project against their experience with other GPC implementations.

13.3 Present findings and recommendations to stakeholders

After examining all the results, the Implementation Team should determine what changes will make the project more successful. For example, cardholder surveys may request a higher per transaction limit.

Finally, you will need to communicate the phase one results and recommended changes. The goal is to secure approval to move forward with the project organisation-wide.

13.4 Continue to evaluate, refine and communicate project results

After your project is launched, continue to communicate with cardholders to reinforce GPC usage, introduce new suppliers and announce any changes in the implementation.

As implementation expands, concentrate on consolidating improvements and producing more efficiencies. Use your credibility to change systems, structures and policies to remove unnecessary work and complexity from purchasing and payment systems.

Consider the use of IT in the administration process, especially when your card scheme reaches certain thresholds, e.g. over 100 cardholders, over 1,000 transactions per month.

14. Useful information links and contacts

<http://www.ogc.gov.uk/gpctoolkit/>

<http://www.purchasingcard.info>

<http://www.Visaeurope.com/business/government/main.jsp>

Buying Solutions
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