

# Financial Services Update

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## Greetings from Financial Services:

This month's update focuses on three different types of procurement cards available for state agencies.

The Department's use of the SPOTS card program has grown since its inception. For the first five months of fiscal year 2007, the agency averages 1,254 SPOTS card purchases and has averaged monthly expenditure volumes of \$136,016.

As always, we welcome your comments and suggestions on these and other issues of financial importance to the Department. Feel free to share these updates with staff or others you think might be interested.

Please email your comments or suggestions for future issues to:

[dennis.strachota@odot.state.or.us](mailto:dennis.strachota@odot.state.or.us)

*Dennis Strachota,  
Chief Financial Officer*

## State Procurement Card Programs

Have you acquired goods or services from vendors and asked them to bill the office? Do you travel frequently on state business? Do you operate a state vehicle and need to purchase fuel? If you answered yes to any of these questions, then you could benefit from one of the State of Oregon's three different procurement card programs: Small Purchase Order Transaction System (SPOTS), corporate travel, and fuel cards.

### SPOTS Cards

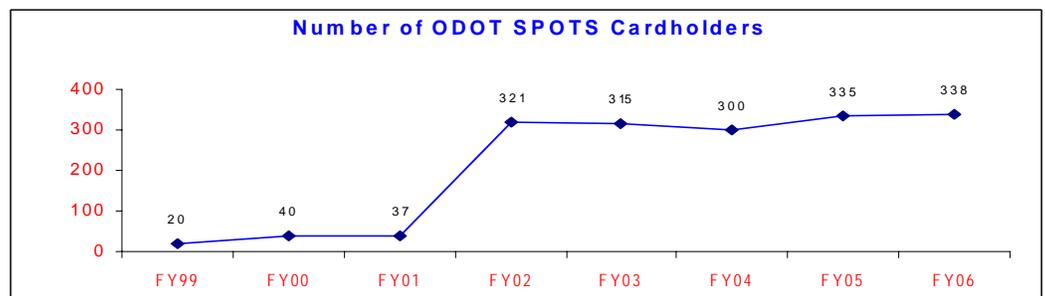
SPOTS cards are procurement cards issued through US Bank's VISA program. These cards, issued on the Department's credit to individuals, are like any credit card, with some restrictions. Purchases can be made by phone, mail, in person or over the internet. However, only the cardholder may make purchases for each card. The use of SPOTS cards allows offices to procure goods and services immediately from vendors who accept VISA and reduces the number of invoices and vendor checks. Restrictions include employee related travel expenses and gasoline purchases.

The Department first began using SPOTS cards as a pilot in fiscal year 1999 with 20 cardholders and a very minimal amount of purchases made. The pilot was tested for one year and then expanded to the entire

Department in fiscal year 2000. After some early concerns related to revolving charge accounts outside of the SPOTS card program, by fiscal year 2002 compliance with the Oregon Accounting was assured and the program began to grow.

Since inception, Financial Services has made various program improvements to help the Department manage 361 cardholders. A SPOTS database was implemented that downloads spending data from US Bank and cardholders complete activity logs electronically that submit data to TEAMS, ODOT's accounting system. Online training was developed so that cardholders and supervisors can complete required training in about one hour from their desk. In June 2006, the \$2,500 purchase order constraint was increased to \$5,000 and the monthly limit for each card was raised to \$7,500. The use of SPOTS cards has allowed DMV field offices to reduce the number of petty cash funds by 75 percent.

If you are interested in a SPOTS card, they are available by completing an application available online at: [http://intranet.odot.state.or.us/fsb/forms/SPOTS\\_Card\\_Appl\\_Agreement.pdf](http://intranet.odot.state.or.us/fsb/forms/SPOTS_Card_Appl_Agreement.pdf)



### Why use a SPOTS Card?

The SPOTS card offers many benefits to the state in lieu of traditional invoicing by vendors. These include:

- Vendors receive immediate payment.
- One monthly payment by the Department to US Bank for multiple purchases creating efficiencies and reducing costs.
- Ability to purchase office supplies online from Office Max/Boise Cascade to receive a rebate of 4 to 5.5%.
- Greater flexibility and less risk than petty cash funds.
- Lower inventory on hand with just-in-time purchases.

*Financial Services is a branch of ODOT's Central Services Division. Financial Services provides centralized accounting, financial reporting, payroll and benefits, budget development, economic and financial analysis, business planning, debt administration, cash management, the Oregon Transportation Infrastructure Bank, tax collection and auditing, revenue forecasting, tax policy analysis and cost allocation services.*

**ODOT Financial Services**  
 355 Capitol Street NE  
 Room 434  
 Salem, OR 97301-3872  
 Phone: 503-986-3900  
 Fax: 503-986-3906

### Corporate Travel Cards

The preferred method for state employees to pay for authorized travel expenses is through the use of the state's corporate travel card program offered through the contracted vendor, US Bank. The state recommends the use of corporate cards and limits the use of cash travel advances.

There are two types of corporate travel accounts: office (generally referred to as "ghost" accounts) and individuals. Ghost accounts are used by the state contracted travel agent, Azumano Travel, to purchase air and rail travel and are the responsibility of the agency to pay. The Department currently has 36 current ghost accounts.

Individual cards are not corporate travel cards in the sense that the state is responsible for charges made on the cards; cardholders are personally responsible to pay for charges and seek reimbursement for travel through an expense claim. An individual's personal credit is used by US Bank to determine if a card will be issued based on the applicant's credit rating. Corporate travel cards do not have "travel awards" incentives which are prohibited by Oregon Revised Statutes for use in state travel.

In July 2001, the contract with US Bank to provide corporate travel cards began. At that time the state's overall delinquency rate on individual cards was at 34%. An account is considered delinquent when it is 30 days past due. New provisions were placed into effect in January 2002 that included up-front credit scoring on all new accounts, closure of accounts immediately when they become

60 days past due, and intermittent credit reviews of existing accounts. With these new provisions, the Department has seen a decline in the number of individual cards from 234 in fiscal year 2003 to 33 in fiscal year 2007 due to cardholders' credit ratings. In the past five years, Financial Services has processed 13 applications, of which only two were successful in obtaining a corporate travel card. However, the corporate travel cards provide an option available for those employees whose personal credit card(s) have incentive programs that cannot be used for state business.

### Fuel Cards

All state vehicles are equipped with at least one designated fuel credit card specifically assigned to the vehicle to charge fuel purchases and maintenance parts (e.g., wiper blades, fan belts, headlights, oil). Voyager cards may also be used for emergency repairs to the vehicle assigned to the card. The primary card used in state government is Voyager and can be used at most commercial fueling stations. However, the state also contracts with Pacific Pride and NW Natural—Compressed Natural Gas for card lock fueling sites. In addition to vehicles, a limited number of Voyager cards are assigned to crews or individuals to purchase fuel for lawn mowers, power washers, etc. Voyager cards have a monthly card limit of \$500.

The Department receives one invoice per month for payment of the 2,555 active Voyager cards currently assigned. The average monthly purchase of fuel on Voyager cards for the 2005-07 biennium is \$105,017.

