

**Purchasing Card Forum
September 28, 2010**

Minutes

Introductions:

Introductions were made by Jennifer Hall, State Purchasing Card Coordinator.

UMB Representatives: Ron Sager
Tim Jackson
Christian Lenz

VISA Representative: Marvette Uto-Uko
Paula Porpilia

OA Accounting: Vandee DeVore
Shellie Pervinich

Guest Speakers: Cindy Dixon, OA General Services
Carrie Todd, DNR
Shawn Vieth, Enterprise Rent-A-Car
Pat Hawn, Hertz

Opening Remarks: Ron Sager, Senior VP UMB

Ron Sager began his comments by stating the P-Card program has grown to a very successful level and the relationship with the State is a highly-valued one for UMB and Visa. He discussed how, in this time of constant change, UMB has weathered the storm quite well and was named the No. 2 bank in the United States by Forbes magazine earlier in the year. Mr. Sager also reported that the State is adopting new policies and larger ticket items are now being purchased with State P-cards resulting in greater rebates for the agencies. He then introduced Tim Jackson from UMB.

Tim Jackson said today coordinators will be looking at a demonstration of Visa IntelliLink Spend Management, a replacement for Visa Information Source, and will learn what its capabilities are. He indicated this is the tool that will be used by coordinators for reporting in the near future. Mr. Jackson then introduced Marvette Uto-Uko from Visa.

First Presentation: Visa IntelliLink Spend Management – Marvette Uto-Uko

Marvette Uto-Uko gave a demonstration of the new system, Visa IntelliLink Spend Management. She explained the new system would not enhance Visa Information Source, but that it is a completely new tool. Ms. Uto-Uko demonstrated use of the tool from a manager's and an administrator's perspective. She showed how reports are generated and demonstrated how different reports can be run to obtain a variety of information. She explained how to utilize links to search, filter, and sort information. By the end of March, every agency will be utilizing the new system. Ms. Uto-Uko assured coordinators that UMB representatives would be available to provide support during the system changeover.

(At this point in the forum, the morning break was taken.)

Tim Jackson introduced the second speaker from Visa, Ms. Paula Porpilia.

(Mr. Jackson stated that coordinators would not be required to make changes to 1099 reporting at this time, but Ms. Porpilia would explain future 1099 reporting requirements.)

Second Presentation: IRS Regulation 6050W (1099 Reporting) – Paula Porpilia

Paula Porpilia went over the basic concepts of the IRS Code, Sections 6041, 3402(t), and 6050W and 1099 reporting. She indicated that 1099 reporting will be changing over the next two years and explained how the changes will apply to the P-Card program.

Question: What is this actually going to do to us as P-card users?

Ms. Porpilia: You are going to need to rethink the parameters of the program. You basically have been informed not to use the card when it's subject to IRS rules. That means today you don't use it for services; however, when the dust settles, that won't be the case. You may use it for services. She stressed to report when you pay anyone or anything for any purpose unless you know an exception applies.

Jennifer Hall: At this point in time the State policy is not changing on P-Card transactions that are 1099 reportable. The information presented today by Ms. Porpilia is information which affects the industry and that we should be aware of. However, our current policy of not allowing P-cards for 1099 reportable transactions will remain in place until further notice.

Vandee DeVore: I want to follow up on Ms. Porpilia's presentation and the 1099 reporting. Although we are excited to begin implementing the new 1099 changes, because that would boost our efficiency in utilizing the program and increase the rebates we receive, I want to explain the reasons why OA is not yet ready to change the Statewide policy. There are a lot of details that are still being worked out and the federal legislation is changing daily. So until the particulars get worked out, we will continue with the current policy that is now in place; that is, no 1099-reportable purchases. There are also some SAM II financial issues that need to be resolved concerning backup withholding. OA Accounting staff is diligently looking at those issues. I wanted to make sure you know OA's reasons for waiting to change the policy. Please be sure and ask questions if you have concerns. Questions lead to ideas and questions can help resolve issues. Thank you.

Third Presentation: Program Optimization – Tim Jackson

Tim Jackson presented ideas on optimizing the P-Card program. He complimented the State on their overall usage, but also challenged coordinators to look for additional ways to utilize their cards. He suggested, for example, that transactions which are currently being paid for by check or by store brand card could possibly be paid for with the P-card. He also suggested any reoccurring charges, such as telephone bills, might be eligible for payment on the P-card.

Fourth Presentation: Fraud Detection – Christian Lenz

Christian Lenz explained the Falcon Fraud Detection System and how it looks at each authorization request and determines if the transaction appears to be normal spending or negative activity for the cardholder. After examining the transaction, the Detection System will then do one of three things: 1) Allow the purchase; 2) Allow the purchase and immediately place a phone call to the cardholder; or 3) Decline the purchase and place a phone call to the cardholder. He encouraged everyone to keep their cardholder contact information updated. He explained First Data has new technology available called Falcon Whiteboard which allows specific account information to be given to the call center. Mr. Lenz stated that approximately 4,300 calls come in each month and Falcon has saved over \$11.5 million in potential losses for UMB.

(At this point in the forum, the lunch break was taken.)

Fifth Presentation: New Rental Vehicle Contracts – Cindy Dixon

Cindy Dixon explained the contract basics for two rental vendors: Enterprise Rent-A-Car and Hertz. She showed prior contract rates versus present rates and stated Sedan rates have dropped substantially. Ms. Dixon explained some new contract features and stated liability and collision damage is now included in the

contract. It is estimated this feature alone will save the State of Missouri approximately \$150,000 per year. She encouraged those agencies reimbursing their employees mileage or those agencies with an insufficient number of vehicles to look at these rental contracts as a means of reducing travel costs.

Sixth Presentation: Enterprise-Rent-A-Car – Shawn Vieth

Shawn Vieth explained the benefits of using Enterprise accounts and explained current methods would remain the same until new methods are implemented. He stated application forms are on OA's website and could be faxed to him. He reiterated the account benefits which are ease of control, ease of correction, rebate incentives, and helpful monthly reports.

Seventh Presentation: Hertz – Pat Hawn

Pat Hawn explained the use of P-cards with the Hertz program. Currently, rentals with P-cards have to be done by phone, but a new rental system for P-card users is being developed. He stated Hertz' main goal is to speed up the process by requiring only a driver's license. Mr. Hawn stated he was the main contact person for the State of Missouri and would make himself available for any questions or concerns.

(At this point in the forum, the afternoon break was taken.)

Eighth Presentation: Automated Interface Process & Benefits – Carrie Todd/Christian Lenz

Carrie Todd explained PVQs on SAM II and showed print screens and explained the different fields. She explained credits and PVQs processed at the end of the fiscal year. Ms. Todd explained the benefits and disadvantages to the automated interface process. She said automated interfacing of payments has been working well for DNR.

Christian Lenz explained the process throughout the billing cycle from UMB's perspective. He stated that approximately two days after a billing cycle ends, coordinators could see their transactions in SAM II. Mr. Lenz offered to assist agencies with training or suggested they call him with questions.

Closing Remarks:

Mrs. Hall commended coordinators for the great attendance at today's forum. She encouraged coordinators to submit any questions or comments for the next P-Card Roundtable to be held on December 8, 2010.