



Acquisition Cards, a Tool for E-Procurement at the CRA

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Overview

- Procurement strategy
- Acquisition cards
- E-procurement tool
- Internal p-card for catalogue purchases
- External p-card for external purchases
- Benefits of the Acquisition Card Program

The CRA's Procurement Strategy

- Self-serve procurement for clients, with the support of payments with acquisition cards.
- Focus on the strategic management of goods and services contracts as well as the relationships with suppliers.
- Reduction in overall costs of commodities and procurement processes.
- Improved service and delivery.
- Improved reporting capabilities.
- Centralized contracting in Headquarters for HQ purchases and Laval for regional purchases.

The Acquisition Card Program

- Credit cards are used generally by administrative assistants to procure low risk goods and services valued under \$10,000.
- The program is governed by policy instruments and subject to monitoring.

Acquisition cards at the CRA:

- Bank of Montreal (BMO) MasterCard;
- approximately 1,100 credit cards;
- two types of credit cards are issued:
 - ◆ internal p-card;
 - ◆ external p-card.

How Are Acquisition Cards Issued?

- The Acquisition Card Program (ACP), centralized in headquarters, manages the issuance and cancellations of cards with the supplier.
- Acquisition cards are issued to an employee, when the following are completed:
 - ◆ online profile and mandatory online training;
 - ◆ verification employee does not have section 32 authority;
 - ◆ delegation letter signed by a director or higher indicating the dollar limit of the delegation up to a maximum of \$10,000.

When Are Acquisition Cards Used?

- When there is a contract in place allowing for payment by acquisition card

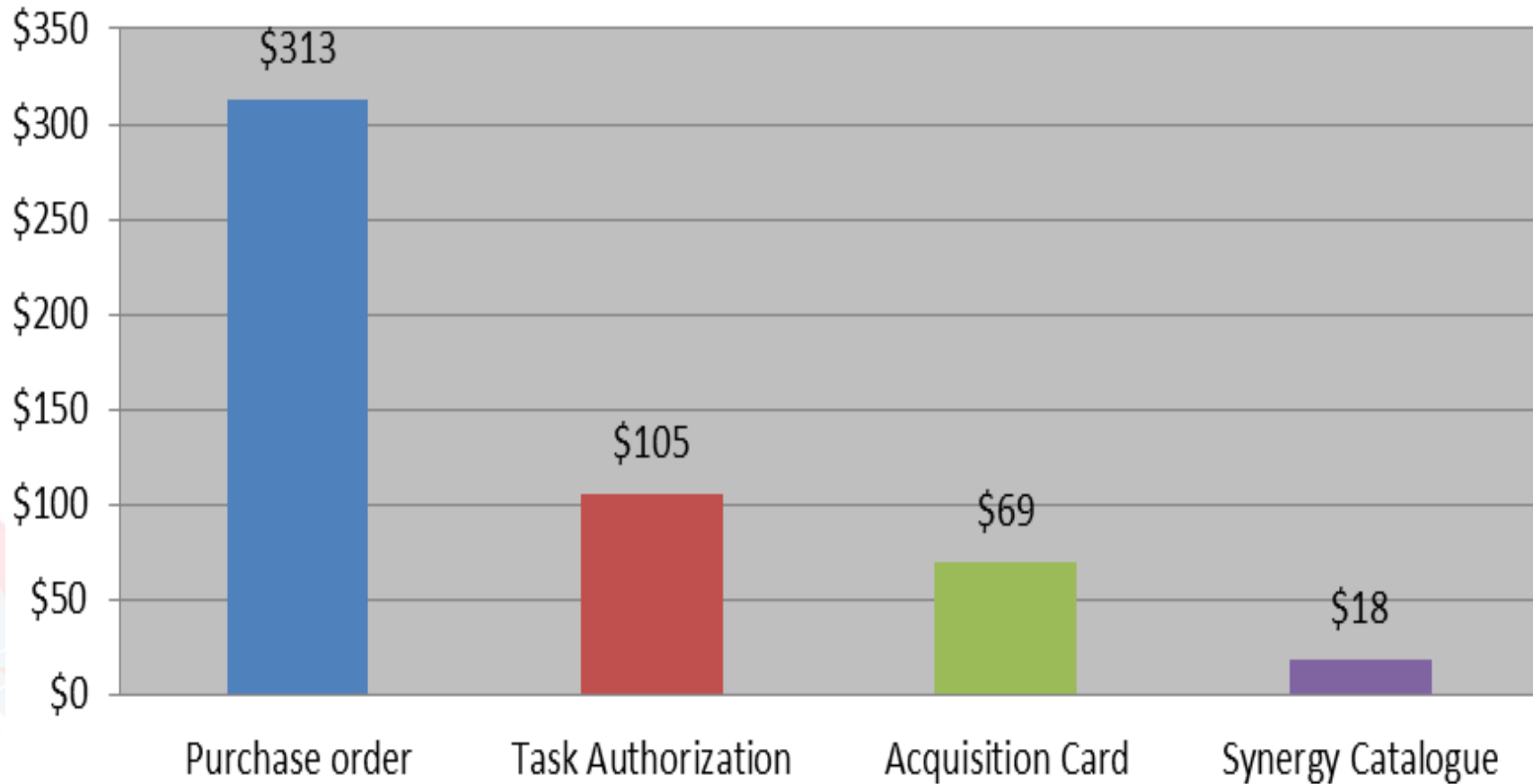
or

- To purchase low-risk goods and services valued under \$10,000 per transaction, including GST/HST.

Why use Acquisition Cards?

- Reduces procurement and expenditure processing costs through self-service.
- Pays vendor within a few days.
- Avoids interest payments during peak periods.
- Increases rebate received from BMO.

Cost of Low-Dollar Procurement



E-Procurement Tool: Synergy

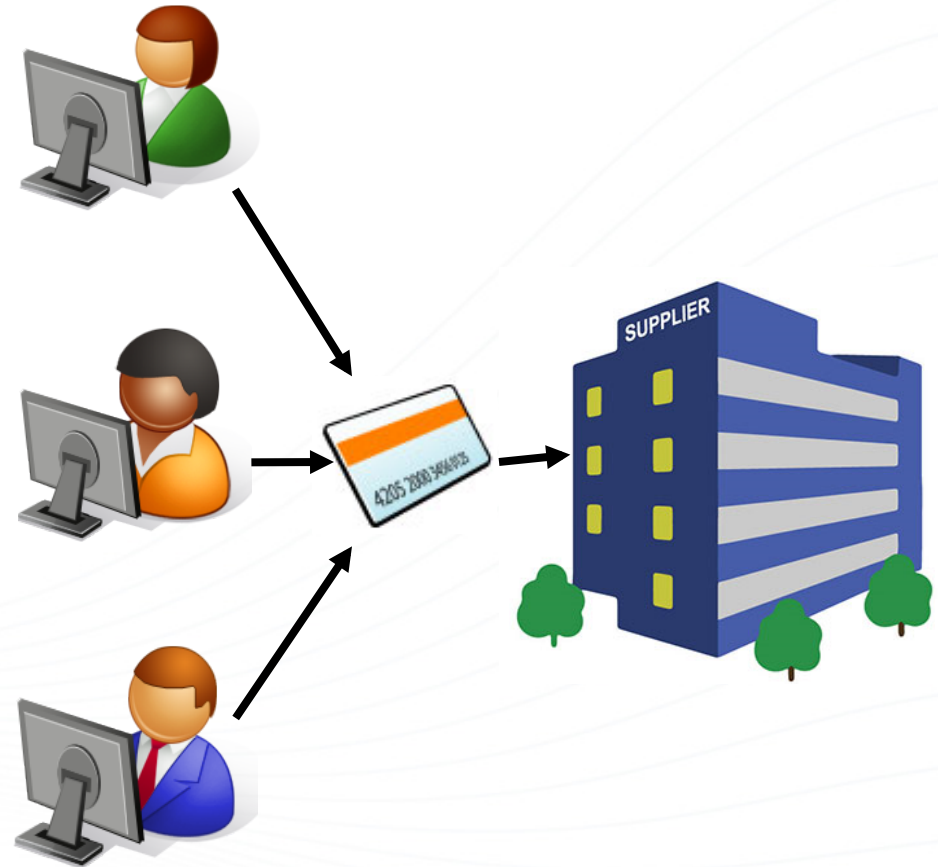
- Synergy is an Ariba-based tool, accessible only to CRA users through the web browser.
- It supports an efficient, automated process for acquisition card purchases.
- The 3 main modules in use are:
 - **Buyer**, for self-serve purchases and approval workflows to functional/technical authorities;
 - **Analysis**, to analyze contracting activities and spend on acquisition card purchases;
 - **Professional Buyer**, to manage requests for contracting services.

How Is Synergy Buyer Used?

- Cardholders purchase and receive goods and services using an internal p-card and online catalogues.
- Cardholders receive low risk goods and services charged on an external p-card, where no contractual arrangement is in place.
- Cardholders receive goods and services procured as per the terms and conditions of a contract, charged on an external p-card.
- Automated flow of charges from suppliers through BMO allows an automatic reconciliation in Synergy.

What Is an Internal P-Card?

- For online catalogue purchases only.
- Also known as a “ghost card”.
- One internal p-card is issued per contract with a catalogue.
- All CRA buyers’ purchases on that contract are charged to the same card.



What Is a Catalogue Purchase?

- Products resulting from a strategically sourced contract that are a good fit for the online catalogue, are available for the buyers in the e-procurement tool.
- Internal controls enforced:
 - ◆ An automated workflow of orders to approvers, where required, before they are sent to the supplier;
 - ◆ An automated reconciliation where negotiated prices are verified against the charge.
- Notifications are issued when the total spend against a contract nears the approved limit or when the contract is about to expire.

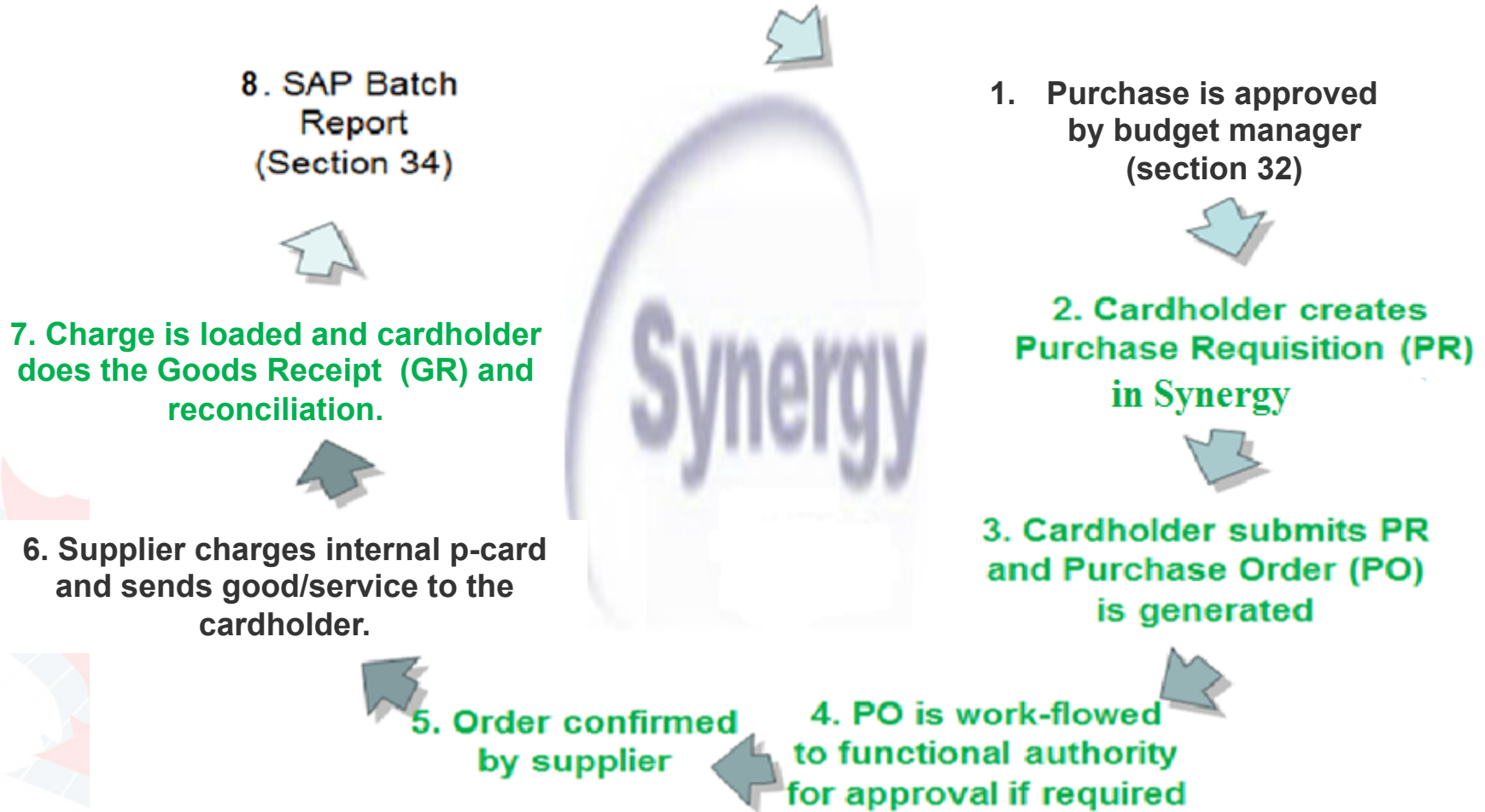
Products from Catalogues

Ariba-skilled professional resource services	Automated external defibrillators	Chairs - office, boardroom chairs and guest chairs
Copy paper	Desktop letter openers	First aid kits and related products
Hand held barcode scanners	Language training services	Lanyards, badge reels and ID card holders
Long service awards	Filing and storage cabinets	Monitor arms & keyboard supports
Security guard services	Office ergonomics	Office supplies
Photocopiers	Security systems services	Portable scanners
Professional services supply chain	Telephones, headsets and accessories	Toners
Transcription services	Translation and editing services	Video magnifying devices
Webinar services	Website user experience verification services	Windows To-Go removable devices

Catalogue Purchase Lifecycle

Start

A need arises

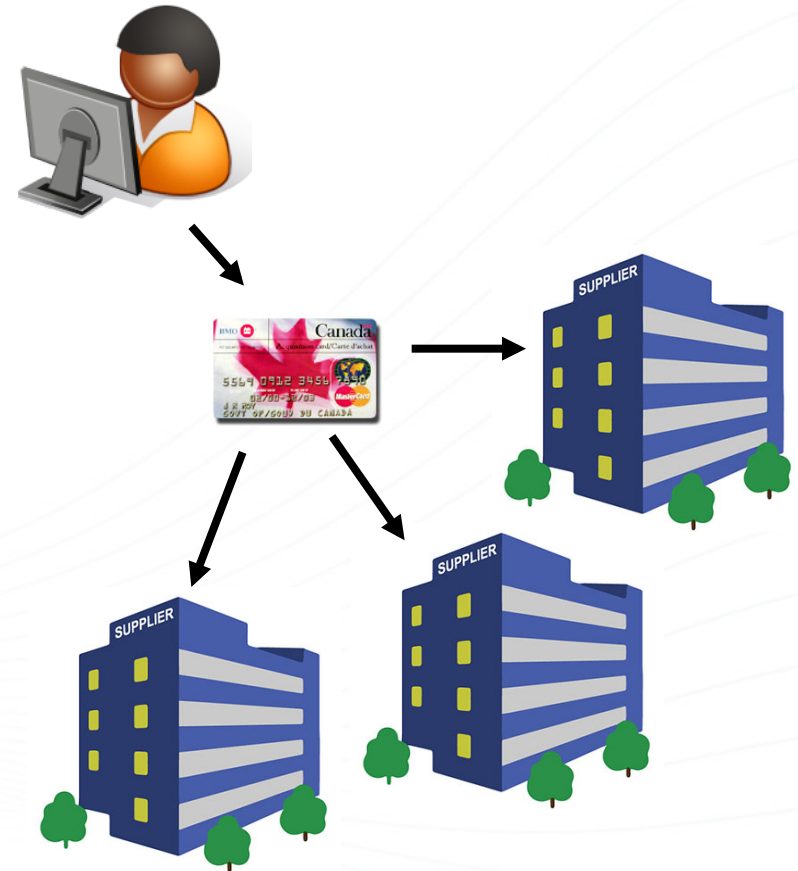


Monitoring Internal P-Cards

- 3 way match report.
- Purchase card charge reconciliation report.
- Notifications for non-reconciled transactions to cardholders and budget managers.
- Cardholder and budget manager education to reinforce policies and procedures, as well as support services for their day-to-day purchasing activities.

What Is an External P-card?

- A physical BMO MasterCard.
- One card per employee, for external purchases.
- Used with multiple vendors for purchases over the phone, the internet or in person, with or without a contract.



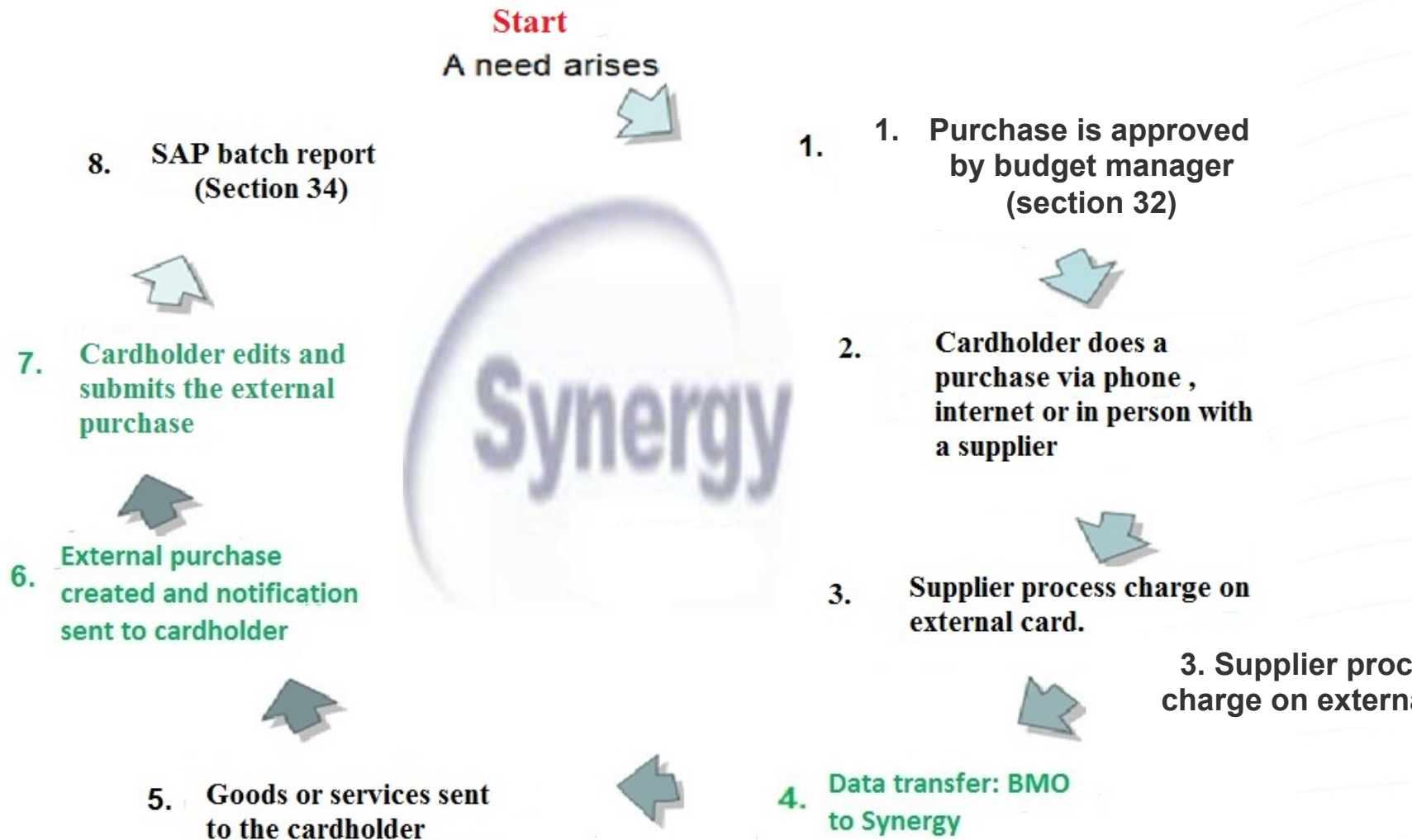
What Is an External Purchase?

- Purchases that are made outside the Synergy catalogue, with or without the use of a contract.
- Cardholders are instructed to first search the online catalogue for products before making an external purchase.
- Internal controls are enforced:
 - ◆ Limit per transaction and monthly;
 - ◆ Processing of higher per transaction limits with a supplier under contract;
 - ◆ Blocking types of vendors;
 - ◆ Approvals required based on dollar value.

External Purchases

With a Contract	Without a Contract
Audio recording and duplication services	For example:
Canada Post	Cleaning supplies
Consumer and commercial credit reports	Key cuts
Customized folders	Minor repairs and maintenance
Health assessment and accommodation Services	Name plates
Intra-Agency courier services	Room rentals
Knowledge and research products	
Lift-truck maintenance and repair services	
Short run printing and copying services	
Taxi chits	

External Purchase Lifecycle



Monitoring External Purchases

- All transactions monitored monthly for:
 - ◆ Non-compliance to the policy;
 - ◆ Off-contract purchases;
 - ◆ Contract splitting;
 - ◆ Non-reconciled transactions.
- Quarterly roll-up of findings to senior management.
- Notifications for non-reconciled transactions to cardholders and budget managers.
- Cardholder and budget manager education to reinforce policies and procedures, as well as support services for their day-to-day purchasing activities.

Benefits of ACP on Procurement

- Cost savings are achieved through decreased dependence on manual processes.
- Consistent and quality approach with centralized oversight of the program.
- Procurement officers are focused on value-added activities such as contract management and strategic arrangements.

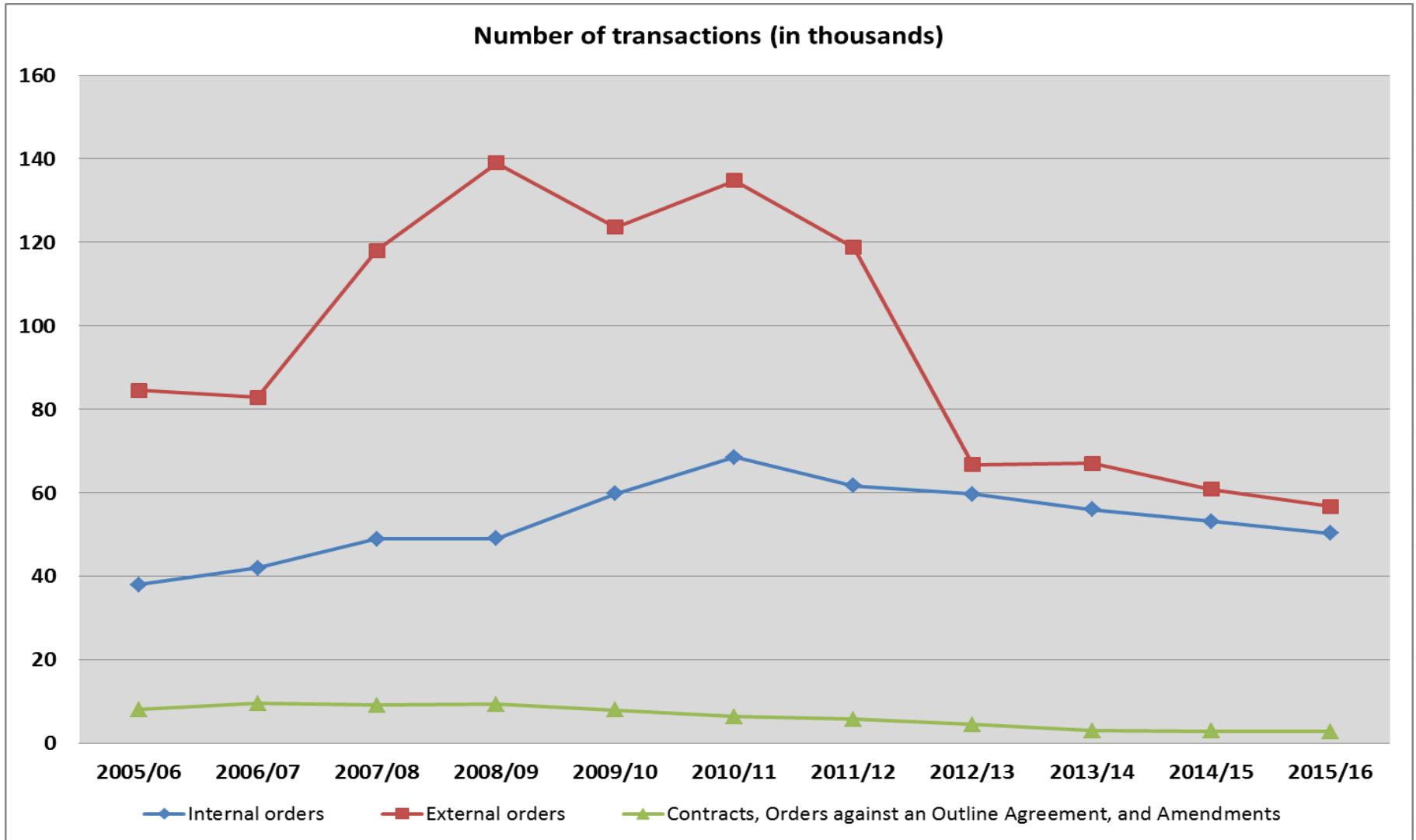
Benefits of E-Procurement

- The e-procurement tool captures many details about the transactions that are useful to more accurately and completely:
 - ◆ respond to House questions, ATIP requests and media inquiries;
 - ◆ report on contracting activities;
 - ◆ analyse spend;
 - ◆ manage contracts;
 - ◆ audit financial transactions and contracts.
- It supports an efficient, automated process where internal controls can be enforced.

Results

- The composition of the team of procurement specialists has changed since 2002 from a greater number of junior officers processing low dollar value transactions to a greater number of senior officers preparing strategic arrangements.
- In 2015-16:
 - 97% of transactions were self-serve;
 - Self-serve transactions represented 26% of the overall value of transactions.

Evolution - FY 2005/06 to 2015/16



Questions

