



5.7 Pay non-contract related invoices via Purchase Card whenever possible

Expand use of purchase card to increase rebates to the Government.
 Use the purchase card to make payments to those vendors currently receiving checks/EFTs that already accept credit cards for purchases of supplies and services within the micro purchase threshold. Some examples include private mail, commercial telephone, and wireless phone carriers.

Examples

Example 1: In FY2004, the Department as a whole, spent \$2,796,209 over 1,805 transactions that were between \$0 and \$2,500 to Verizon as paid by EFT/Check. Verizon is a credit card accepting vendor. If the department had used the Purchase card for those transactions, the department could have potentially earned \$29,639.82 in rebates.

Example 2: Volume Rebate

Current rebate tables used: **30-Day Billing Cycle, 30-Day Pay – Sales Refund (Monthly).**

Purchase		Travel		Fleet
Annual Charge Volume	Rebate Basis Points	Annual Charge Volume	Rebate Basis Points	Rebate Basis Points
\$100,000,000	109	\$60,000,000	75	60
\$150,000,000	115	\$70,000,000	84	
\$200,000,000	116	\$80,000,000	85	
\$250,000,000	117	\$100,000,000	86	
\$300,000,000	118	\$120,000,000	87	
\$350,000,000	119	\$140,000,000	88	
\$400,000,000	120	\$160,000,000	89	

Entire DOC Purchase Card Amount (Spend) for year: \$100,000,000. Rebate calculated at 109 basis points. ($\$100,000,000 \times .0109 = \$1,090,000$) If Spend increased to \$200,000,000, the rebate calculation would use 116 basis points. ($\$200,000,000 \times .0116 = \$2,320,000$) If Spend increased to \$400,000,000 the basis points would jump to 120. ($\$400,000,000 \times .0120 = \$4,800,000$)

Sources

- Source:** AP BPR Recommendation 4.6.7 Emphasize Cash Management
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Standard Accounts Payable Business Rules

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- 2. Source:** AP BPR Phase II Recommendation 2.11.1.5 Purchase Card
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- 3. Source:** AP BPR 4.11.2.5 Pay non-contract related invoices via Purchase Card whenever possible
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- 4. Source:** Email from Valerie L. Mawdsley, Vice President, JPMorgan, Relationship Manager, Federal Card Solutions
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