



State of Texas Commercial Charge Card Program

The Texas Comptroller of Public Accounts has awarded a contract to Citibank (Citi) for Commercial Charge Card Services for procurement and travel purchases and related services. The City of Pearland initially executed an interlocal agreement with the state to participate in this program on March 22, 2011, and the current contract term is June 1, 2017 through August 31, 2020.

Citi provides the tools needed for effective program management. Benefits of a Citi commercial card program include:

- Online Program Tools:** Citi's suite of online tools delivers critical business intelligence and helps increase program efficiency, visibility, control and compliance.
- Online Statements:** Citi's online statements put all the details of card activity online for fast, secure 24/7 access and streamlined review.
- Program Audit Tool:** Monitors cardholder usage and helps ensure compliance with this innovative tool that flags card activity when it exceeds pre-set program parameters.
- Card Security Controls and Restrictions:** Citi's flexible card solutions give program administrators many options for controlling card use according to their entity's business requirements.
- Training Programs and Resources:** Citi training professionals work with an entity during the transition to identify its training needs and tailor the training curriculum accordingly.

An additional benefit of using the commercial card program for city purchases is the semi-annual rebate remitted back to the program participants. The rebate percentage is currently tracking at 1.93% of the overall state spend transactions. The city receives its proportionate share of that rebate based on the ratio of the city's total charges to the statewide total charges of all entities that participate in the program. The payments are received by incoming wire transfer on a semiannual basis for the credit card rebate. Payments are received in December for March-August, and in June for September-February. The following table lists the date and amount of rebate paid to the City of Pearland for the Commercial Card Program Rebate.

Date Received/Posted	Amount
12/14/2016	\$110,945.43
09/13/2017	46,860.40
12/13/2017	17,227.61
06/14/2018	33,948.56
12/13/2018	35,304.93
06/13/2019	36,385.62

Because of this potential for the rebate for card spend, the city uses a card number assigned to Accounts Payable to pay large dollar vendor invoices such as Waste Management and Verizon. The current average payment to the aforementioned vendors is approximately \$640,000 - \$649,000 per month. Citi sends a combined invoice, and a single payment is made each month for a total of all charges.

Advantages of using the program include, but are not limited to, replacement of the use of petty cash, small regular purchase orders, blanket purchase orders, and emergency purchase orders. It provides for an efficient and controllable method of making small dollar commodity, service, and travel purchases and serves as a supplement to other existing City policies. This program also minimizes the amount of paperwork generated by small transactions, facilitates quick payment to the vendor, and eliminates the need for purchase orders for qualified purchases.

The card is used for over-the-counter type retail purchases (ex: Wal-Mart, Office Depot, Kroger, Home Depot, Pearland Lumber, etc.); travel related purchases in accordance with the City's Travel policy; and any other business-related purchase as long as the vendor accepts credit cards.

Safeguards that are in place include a monthly reconciliation of every card by the user followed by a thorough review and approval of all expenditures by the user's supervisor. That is followed by a review by the Finance Pcard administrator and/or the Controller.

Multiple municipal entities participate in this program through this interlocal agreement, and it is managed in accordance with standard governmental accounting principles and the City's Purchasing Card Policy. The City of Pearland has received more than \$280,000 in rebates since 2016.

As a reminder, the City of Pearland has achieved specific procurement transparency goals through the Comptroller's Transparency Stars program. The City has received a Transparency Star in the area of Contracts and Procurement, which is awarded to entities showing a commitment to accountability and transparency in their contracting activities.