

Sharing & Collaboration

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Objectives



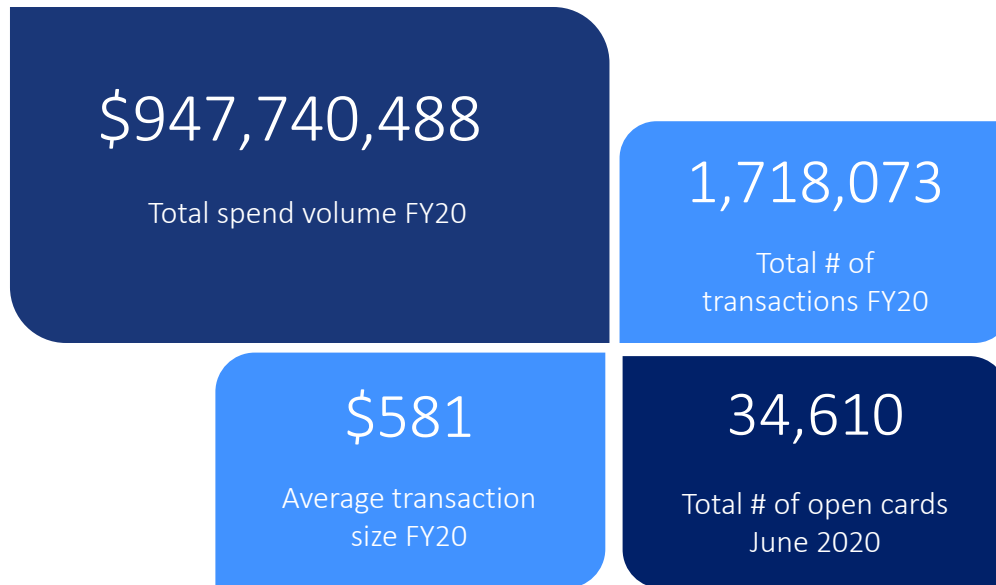
After attending this session, you will be able to:

- Understand the benefits of COV Card Program
- Implement best practices for your Card Program

Program Overview



By the numbers



Total savings based on industry average purchase order reduction,
based on RPMG 2017 study:

Industry average savings of \$70 per transaction

1,718,073 total transactions x \$70 = \$120,265,110



Commonwealth of Virginia

Programs and Benefits

Programs

- Purchase Card
- Travel Card
- Virtual Payables (ePayables)

Revenue Sharing

- Based on your Spend
- No minimum spend to receive rebate
- Need to pay your bill on time
- Rebate Multiplier based on the cumulative spend of ALL participants

Fees

- No late fees
- No finance charges
- No expedited card delivery fees
- No Cash Advance Fee
- No International Transaction fee

Suggested areas of spend



Grow spend to maximize cost savings, float and rebate

Merchants that typically accept card

National Merchant Categories		Regional Categories	Other
<ul style="list-style-type: none">Accounting/Legal/Consulting ServicesAdvertising/Marketing ServicesBuilding MaterialsBusiness ServicesCatering/Food ServiceElectrical Parts and EquipmentElectronics/Computer/ITEmployment Agencies/Temp ServicesFacilitiesFleet ServiceFuel/UtilitiesIndustrial Equipment/SuppliesLaptops, Notebooks, I-PadsWi-Fi Hot Spots	<ul style="list-style-type: none">Laboratory Services/SuppliesMailing/Courier/FreightOffice ProductsOffice, Photographic, and Photocopy Equipment and ServicesPackagingParking Lots/Services and Commuter FeesPharmaceuticalsPrinting/Copying ServicesPublishing Services and SuppliesTelco/Data Service and EquipmentTicketsPPE (Personal Protective Equipment)Covid-19 Testing Supplies	<ul style="list-style-type: none">AdvertisingAviation ServicesBuilding MaterialsCatering/Food ServiceFacilities - LandscapeFacilities - Pest ControlFacilities - HVAC and PlumbingFleet Service (Diesel)JanitorialMachine ShopsUniforms/Apparel/Laundry	<ul style="list-style-type: none">NewsprintInkRebarConcreteCash Sorting Machines



Poll Question

What types of fees does Bank of America charge COV?

1. Late fees, Finance charges, Expedited Card Delivery Fees
2. Cash advance and International Transaction Fees
3. All of the above
4. None of the above

Industry & Product Update



2020 A Year Like No Other



Card Usage Has Historically Grown Year Over Year



Card Usage Down in 2020 – the COVID impact



Mainly Travel Related



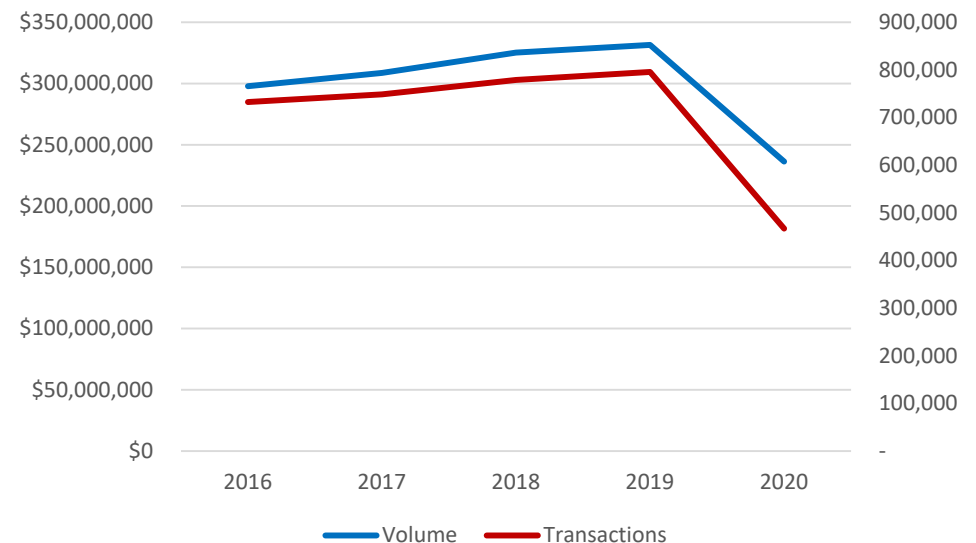
Spend Initially Spiked in Certain Industries



Declines Also Due to Budget Concerns

P-Cards & ATC Cards

April - August	Volume	Transactions
2016	\$297,844,463	732,653
2017	\$308,648,057	748,703
2018	\$325,272,498	778,910
2019	\$331,517,948	795,793
2020	\$236,309,889 (-28.7%)	466,940 (-41.3%)



COVID Environment Has Put More Focus on Business-to-Business Payments



New Vendors/Emergency Vendors



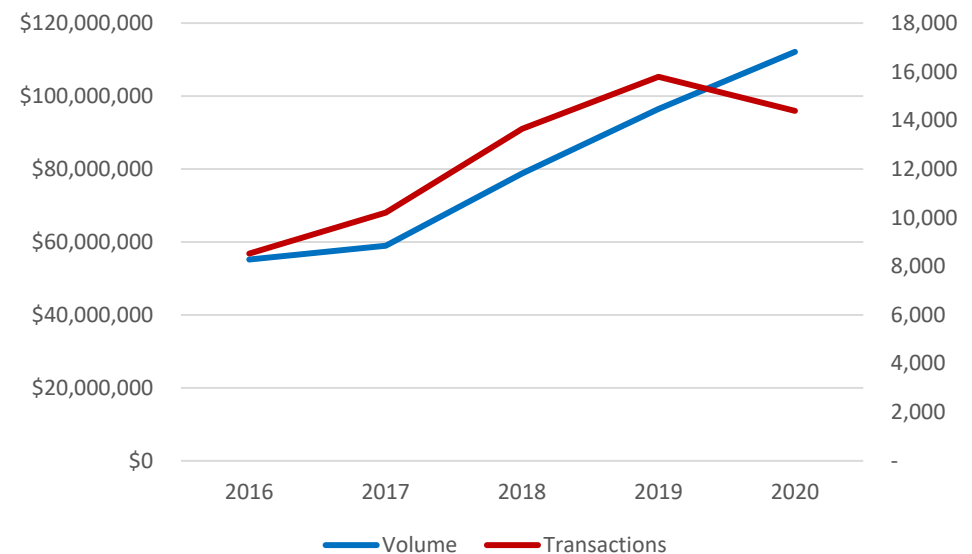
Looking for Ways to Do More Things Remotely



Check Writing Barriers

Virtual Payables (ePayables)

April - August	Volume	Transactions
2016	\$55,200,482	8,523
2017	\$58,955,192	10,210
2018	\$78,800,260	13,658
2019	\$96,500,134	15,793
2020	\$112,146,614 (+16.2%)	14,396 (-8.85%)



COVID Impact on Card Programs



 Card Delivery

 Need for More On Line and Mobile Capabilities

 Spend Profiles/MCC Restrictions

 Emergencies Take on a Different Meaning

Best Practices



Best Practice #1



Use Policies to structure your card programs



Policy

- Define parameters and limits for different spend categories taking into account the companies individual culture
- Include record retention dates and expectations
- **Make policies clear and understandable; outline consequences for policy non-compliance**
- Balance corporate needs and employee satisfaction
- Engage executive leadership, HR and other **internal stakeholders to help enforce policy**
- Incorporate Duty of Care responsibilities into the Policy and process
- Corporate, Travel and/or Purchasing Card policy template is available upon request



Remember to

- **Publish your policy in a easy to find location**
- Share with your travel agency to help reinforce your company objectives and incorporate into traveler itineraries
- **Incorporate into new employee training**
- **Issue communication about policy and frequent reminders to cardholders**
- **Benchmark within your industry**
- **Objectively review policy on annual basis, including looking at non-compliance policy trends**
- Incorporate specific reconciliation deadlines in the policy, incorporate into training and communicate
- Measure success based on adherence to the policy and make internal adjustments as needed



Benefits realized

- **Greater compliance to policy and company expectations**
- **Employee satisfaction**
- **Reduction of emails about policy questions**
- **Ability to leverage spend with preferred suppliers**



Poll Question

How often do you review your policies and procedures?

1. Monthly
2. Semi-Annually
3. Annually
4. Never

Best Practice #2



Handling non-compliance to the Policy



Enforcement

- Recognize policy compliance as a performance metric
- Consider rewards for compliance
- **Acknowledgement of policy should be signed by employee before receiving a card**
- Non-compliant notices to cardholders should reference the policy and section number of the policy



Setting expectations

- **Work with management to develop real and recognizable repercussions**
- Communicate policy and consequences of policy violations (at minimum annually)
- Promote cardholder benefits of using a company card



Benefits realized

- Increased rebate by reducing cash expenses
- Reducing maverick spend
- Leveraging spend with preferred suppliers with your negotiated discounts
- **Create employee accountability**
- Deter fraudulent use



Things to consider

- Quantify the losses and pass on to business unit (including charge-offs)
- Provide management with a report which quantifies the financial impact of non-compliance
- **Move to monthly reimbursement for individuals that used a personal card for payment**
- Review card decline reasons and adjust policy and limits accordingly

Best Practice #3



Internal Audits



Define

- Scheduled, random and unannounced audits
- **Audit within 30 days of the billing cycle close**
- Include a bigger percentage for higher risk merchants as part of the audit strategy (Paypal, Venmo, Zelle, Google Pay, etc.)
- Document the review process
- **Define roles, segregate duties**
- Work with your fraud, ethics or risk team for their inputs



Measure

- Sample 5-10% of transactions per month
- Provide metrics on if audit was compliant or non-compliant
- Categorize non-compliant activity into buckets for reporting and tracking purposes (splitting transactions, personal use, category of spend not allowed, etc.)
- **Track repeat offenders within a rolling 12 month period**
- Percent of reconciled charges (including receipts)



Monitor

- **Watch for repeat offenders**
- Publish monthly reports to management
- Look for program trends in reporting (number of transactions by merchant, individuals with highest amount spent, cardholders that have cards with higher exception limits, departments with most spend, etc.)



Things to consider

- Centralize the function to one team for consistency and reporting
- **Excessive personal use or high reoccurrence of infractions should be reported to the manager and HR for action**
- Give mandatory policy training to repeat offenders
- Consider outsourcing and using a 3rd party auditor



Poll Question

How should you handle Internal Audits?

1. Define
2. Measure
3. Monitor
4. All of the above

Best Practice #4

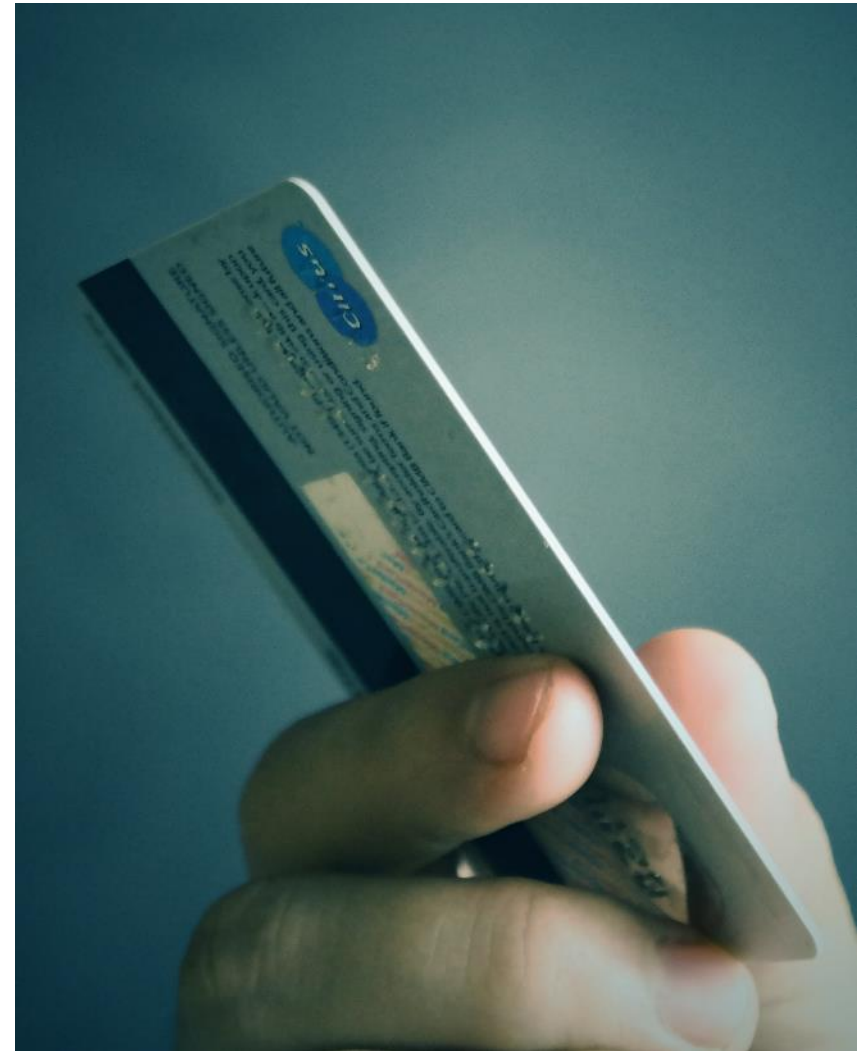


Cardholder best practices



Keeping your card secure

- **Enable mobile alerts**
- Report non-received cards to Bank of America immediately
- Examine cards received for evidence of tampering during transit
- **Do not provide your individual account number to a merchant to keep on file unless approved by your company**
- Contact customer service to advise them of any international travel plans, so enhanced monitoring can be enabled on the card
- **Contact Bank of America within 60 days of transaction for suspected fraud or merchant disputes**
- Enable mobile wallet, which helps reduce fraud
- If mobile wallet is not available, use the chip and pin during purchasing
- Memorize your PIN
- Check statement on a regular basis
- **Lock your card during periods of inactivity, extended leaves or vacations**



Cybersecurity & Fraud Prevention

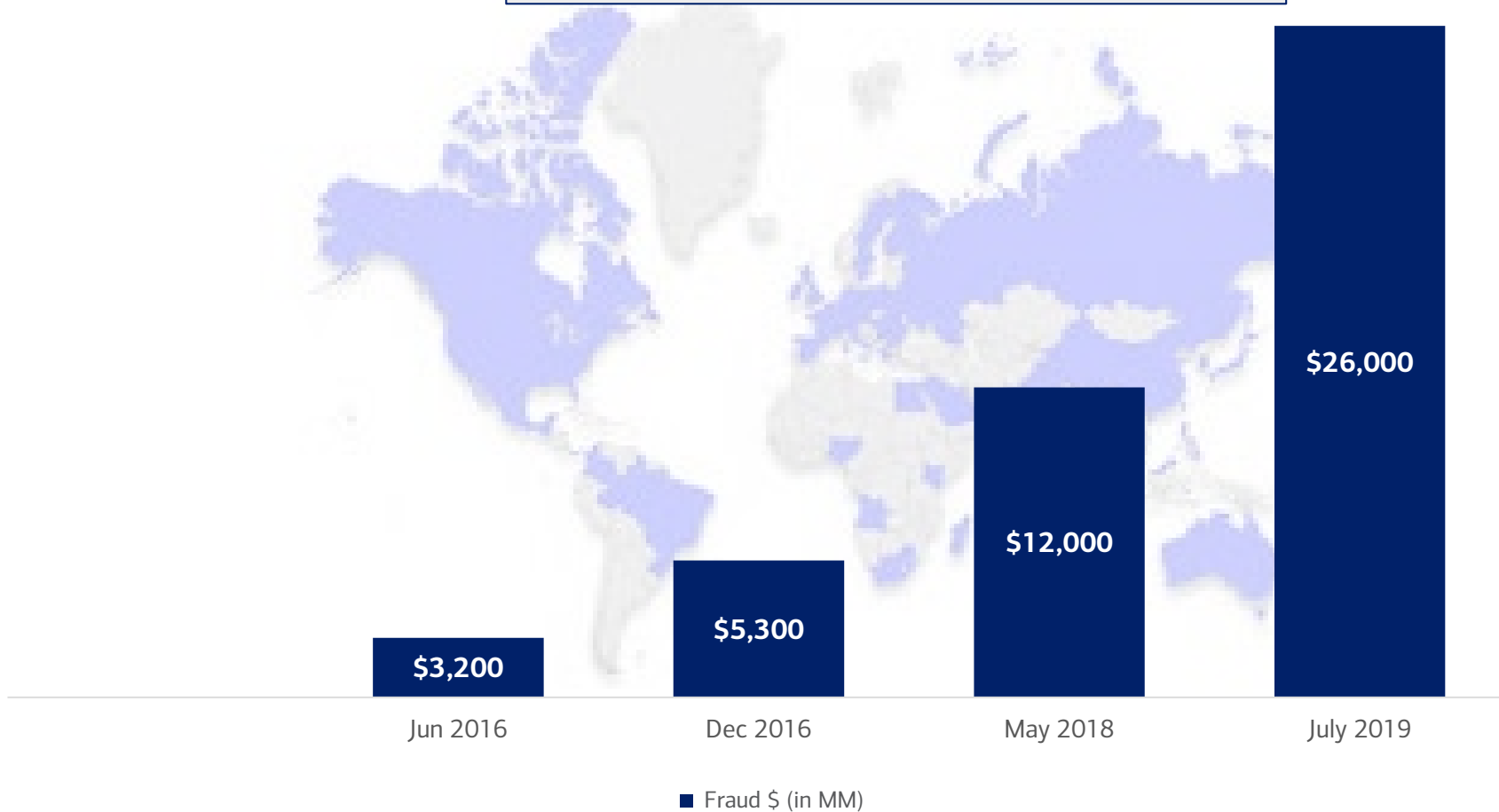




BEC: Business Email Compromise

The threat environment is evolving

As of July 2019
\$26.0+ Billion
Losses since June 2016



Social engineering

Uses for more effective BEC



What is Social Engineering?

Social engineering is the art of manipulating people so they give up confidential information.

Social engineering criminal attacks happen at work, home, in person, and on mobile devices.

Social engineering risks

Social networking sites



Using social media platforms, criminals can see details and connections which provide them **valuable inside knowledge** about our lives and work, ideal for drafting phishing emails



Best Practices

- Never accept invites sent via email
- Log into social media site directly and check for invitations
- Only accept invites from people you know
- Update details directly on a website and never via an email link.

91 % of all cyber attacks begin with a spear-phishing email targeting specific users



Phishing attacks are nastier than ever



Attacks are....

- Handcrafted by professional criminals
- Sent by someone you know



The Attacker....

- Includes a project you work on
- Monitors your company's email
- Can intercept and change emails
- Uses custom or built tools to subvert antivirus software
- Uses military grade encryption to tunnel your data home
- Covers their tracks
- Has been in your environment for years



Ransomware

Emerging fraud trend

Ransomware is a type of malware that restricts access to the infected computer system

- Demands ransom to remove the restrictions
- Some forms systematically encrypt files on the system's hard drive
- Difficult or impossible to decrypt without paying the ransom for the decryption key, some may simply lock the system and display messages to coax the user into paying
- Most ransomware enters the system through attachments to an email message

For consideration

- Up to date anti-virus software, email gateway security products, employee education

Ransomware brand names

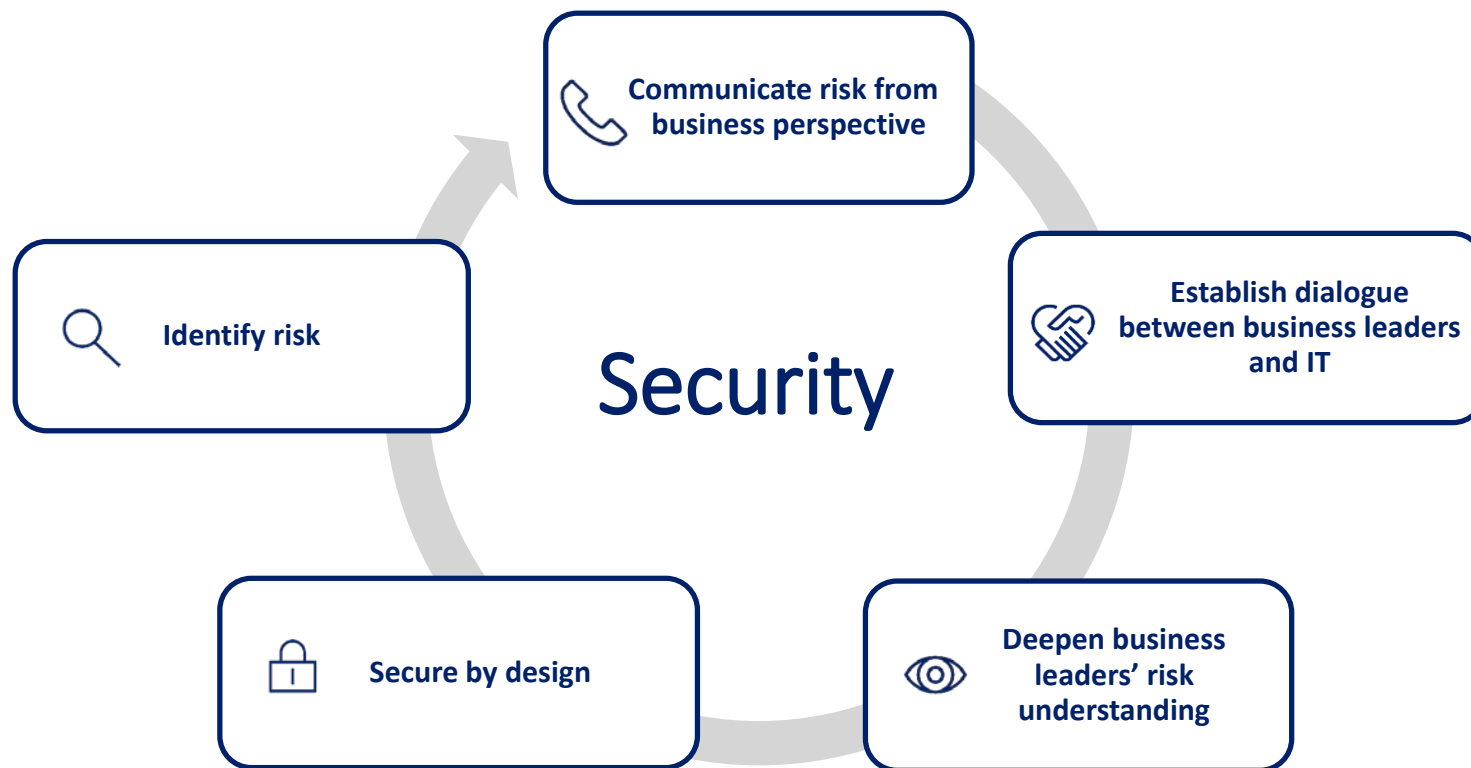


Ransomware

Lessons from WannaCry Cyber Attack



Defense is not enough; Businesses need a proactive approach to cybersecurity



Need to develop the ability to keep the lights on, serve customers and conduct essential activities while combatting or resolving the incident.



Poll Question

What are some types of emerging fraud trends?

1. Tracking
2. Ransomware
3. Fishing
4. Targeting

Cyber incident response plans

Include with disaster recovery and business continuity



Tips to combine cybersecurity response plans with business continuity plans

1. Establish cooperation across the plans and their team
2. Set procedures for how the teams should interact
3. Examine existing plans
4. Identify transition points
5. Establish joint planning and management activities
6. Schedule joint exercises

Pitfalls in Incident Response Plans



Making decisions without all the right information



Focusing on checklist items rather than process



Not acting quickly enough



Legal counsel is not engaged



Lacking the proper tools in advance



Failing to develop a public relations strategy



CPE Evaluation Form

1. Were the learning objectives met?
2. Were prerequisite requirements appropriate and sufficient?
3. Were the materials relevant?
4. Did the program increase your professional competence?
5. Was the time allotted appropriate to learning?
6. Was the presentation of the material effective?
7. Was the instructor effective?
8. Comments