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The Company Credit Card in an Integrated Job Costing System

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Company credit cards become more and more common in creative agencies as an easy way for staff to pay for costs incurred in their day to day work. In particular with the growing necessity to buy project related materials or images or even the odd takeaway for evening work etc. online, not having access to a credit card would stop employees using this valuable source.

There are two main types of company credit cards in use in creative businesses:

- a company wide credit card that is accessible to everyone (in the office) or

- named company credit cards for individuals who for the type of tasks they do (e.g. travel to clients, client entertaining) need access to an individual card at all times.

Depending on which type of credit card is used either one statement will be sent to the business or separate statements for e.g. Johns credit card and Jenny's credit card.

The statements will usually contain a mixture of job related and non job related costs and within the job related costs a mixture of rechargeable and non rechargeable ones.

The procedure for the general company credit card used by every member of staff to record costs to the right jobs or overheads can be based on the same ones utilised for the electronic bike book: Setup the company credit card as a supplier and generate an open PO - possibly monthly - to add a new line with all the project or cost details whenever the card is used. Maintaining an open PO is usually easy enough as the use of the credit card is triggered from within the premises. When the statement comes in it is allocated to the respective lines on the open PO. Any lines still outstanding can then be copied onto a new open PO running for the next month.

It is a slightly different setup with the individual company credit cards as their use is most often triggered from outside of the premises by the card holders paying for transport tickets, hotels or meals. Credit card holders collect all their receipts, often a mixture of receipts paid for by the company credit card and those paid for by personal means. Historically the statements would then come in to the finance department who would chase all the card holders to get the details and receipts for the card use from them in order to enter them into their systems and record costs to jobs where applicable.

With an integrated job costing system in place this process can be much more straightforward and it is possible to avoid the duplication of work caused by getting users to manually write details of the card usage onto a statement copy and then the finance department re-entering those details into their system:
If the software is set up in a way that allows card holders to use an interface based on the personal expense claim to enter all the details for their card transactions and submit that together with their receipts to the finance department, the entire process is simplified and no duplication of work is necessary. If - in addition - the statement information can be downloaded in an electronic format from the bank used and uploaded into the job costing software providing the transaction basics such as date, amount and location used, it is merely the job number and possibly a narrative that needs to be added into the system by the card holders. The simplicity of this solution will guarantee their acceptance of the new procedures.

In particular in times of economic challenges, it is more important than ever to not only record and allocate costs to the right projects in order to recharge them to clients, but to make the best use of staff time as well. A simple and effective process, as outlined here, of recording company credit card expenses into the system will contribute to achieve both.

© 2008 Volker Bendel - Volker Bendel is manager of the training department of Agency Software Worldwide, the producers of the "Paprika/Rebus" job costing software (http://www.paprika-software.com) (http://www.rebus-software.com). Originally from a legal background, he has several years experience in planning and implementing Job Costing and Accounting Software Systems in the Creative Industry. He has also delivered training courses in the UK, Europe, Dubai, the US, China and Australia. Prior to that he worked as a senior business consultant in Hong Kong and as a department manager of a design department in Hong Kong.

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