



### 5.3 Process Travel Payments on Accelerated basis

Expedite payment of centrally billed travel expenses to increase rebates to Government.

This assumes the files from the outside vendors for reconciliation are correct when received by the Bureaus.

Currently, the bureaus pay the travel centrally billed bank card invoices based on a monthly statement after reconciliation. This provides rebates back to the government computed on two criteria: Volume of transactions and timeliness of payment.

The volume rebate percentage differs by business line (purchase, travel, and fleet) and uses the Monthly rebate table. The percentages range depending on Annual Charge Volume from 75 basis points (.75%) to 89 basis points (.89%) for the travel table. The Weekly purchase rebate table ranges from 123 basis points (1.23%) to 137 basis points (1.37%). In order to use the weekly rebate table, the entire department (**all** bureaus in the travel business line) must pay weekly and then issue a modification to the servicing bank's task order.

By changing to a weekly statement cycle, the minimum percentage goes up by .48%. If the bureaus change to a daily statement cycle the minimum percentage increases by .52%.

Timeliness of Payment criteria is based on file turn days. This means the average length of time a charge is outstanding on a statement. The actual formula is (Average outstanding balance over trailing 12 months/volume for trailing 12 months) x number of days (365). It's a rolling average over 12 months. For estimating purposes, we can use the following formula:

30 day cycle/2 (half the transactions will be greater than 15 days and half the transactions will be less than 15 days so divide by 2) + pays in 3 days =  $(30/2)+3=18$  days. The basis points attributable to 18 days are 27.

7 day cycle (weekly) + pays in 3 days =  $(7/2)+3=6.5$  days rounded up to 7 days or 39 basis points.

A daily cycle gets the following: (1 day cycle/2) plus same day payment = 0.5 days rounded up to 1 day or 44 basis points.

The rebate is calculated by multiplying the percentage by the spend amount for the period.

#### Examples

##### **Example 1:** Volume Rebate

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



Purchase	
Annual Charge Volume	Rebate Basis Points
\$100,000,000	109
\$150,000,000	115
\$200,000,000	116
\$250,000,000	117
\$300,000,000	118
\$350,000,000	119
\$400,000,000	120

Travel	
Annual Charge Volume	Rebate Basis Points
\$60,000,000	75
\$70,000,000	84
\$80,000,000	85
\$100,000,000	86
\$120,000,000	87
\$140,000,000	88
\$160,000,000	89

Fleet
Rebate Basis Points
60

Entire DOC Travel Central Billed Amount (Spend) for year: \$60,000,000. Rebate calculated at 75 basis points. ( $\$60,000,000 \times .0075 = \$450,000$ ) If Spend increased to \$100,000,000, the rebate calculation would use 86 basis points. ( $\$100,000,000 \times .0086 = \$860,000$ ) If Spend increased to \$160,000,000 the basis points would jump to 89. ( $\$160,000,000 \times .0089 = \$1,424,000$ )

If all of DOC paid on a **weekly** cycle, and DOC changed the Task Order with the bank to use the **Weekly Pay – Sales Refund** rebate table the following potential rebates could be earned:

Purchase	
Annual Charge Volume	Rebate Basis Points
\$100,000,000	157
\$150,000,000	163
\$200,000,000	164
\$250,000,000	165
\$300,000,000	166
\$350,000,000	167
\$400,000,000	168

Travel	
Annual Charge Volume	Rebate Basis Points
\$60,000,000	123
\$70,000,000	132
\$80,000,000	133
\$100,000,000	134
\$120,000,000	135
\$140,000,000	136
\$160,000,000	137

Fleet
Rebate Basis Points
108

Entire DOC Travel Central Billed Amount (Spend) for year: \$60,000,000. Rebate calculated at 123 basis points. ( $\$60,000,000 \times .0123 = \$738,000$ ) If Spend increased to \$100,000,000, the rebate calculation would use 134 basis points. ( $\$100,000,000 \times .0134 = \$1,340,000$ ) If Spend increased to \$160,000,000 the basis points would jump to 137. ( $\$160,000,000 \times .0137 = \$2,192,000$ )



If all of DOC paid on a **daily** cycle, and DOC changed the Task Order with the bank to use the **Daily Pay – Sales Refund** rebate table the following potential rebates could be earned:

Purchase		Travel		Fleet
Annual Charge Volume	Rebate Basis Points	Annual Charge Volume	Rebate Basis Points	Rebate Basis Points
\$100,000,000	161	\$60,000,000	127	112
\$150,000,000	167	\$70,000,000	136	
\$200,000,000	168	\$80,000,000	137	
\$250,000,000	169	\$100,000,000	138	
\$300,000,000	170	\$120,000,000	139	
\$350,000,000	171	\$140,000,000	140	
\$400,000,000	172	\$160,000,000	141	

Entire DOC Travel Central Billed Amount (Spend) for year: \$60,000,000. Rebate calculated at 127 basis points. ( $\$60,000,000 \times .0127 = \$762,000$ ) If Spend increased to \$100,000,000, the rebate calculation would use 138 basis points. ( $\$100,000,000 \times .0138 = \$1,380,000$ ) If Spend increased to \$160,000,000 the basis points would jump to 141. ( $\$160,000,000 \times .0141 = \$2,256,000$ )

**Example 2:** Timeliness Rebate

If a bureau has \$1,000,000 in spend for a quarter on the centrally billed travel card (ignoring purchase and fleet for the moment), and is currently on a 30 day statement cycle and pays the invoice within 3 days of receipt of the invoice, the bureau would receive X in rebate. How much is the X?

File Turn = 30 day cycle / 2 + pays in 3 days = 18 days

$\$1,000,000 \times (18 \text{ days} = .0027) = \$2,700$

If the bureau changes to a **weekly** statement cycle and still pays within 3 days of receipt of the invoice, how does X change?

File Turn = 7 day cycle / 2 + pays in 3 days = 6.5 days = round to 7 days

$\$1,000,000 \times (7 \text{ days} = .0039) = \$3,900$

If the bureau pays on a **daily** statement cycle, how does X change?

File Turn = 1 day cycle / 2 + pays same day = 0.5 days = round to 1 day



$\$1,000,000 \times .0044 = \$4,400$

Productivity Refund - CBA  
Travel Card

File Turn	Productivity Refund (bp)	File Turn	Productivity Refund (bp)	File Turn	Productivity Refund (bp)	File Turn	Productivity Refund (bp)	File Turn	Productivity Refund (bp)
45	0	35	10	25	20	15	30	4	41
44	1	34	11	24	21	14	31	3	42
43	2	33	12	23	22	13	32	2	43
42	3	32	13	22	23	12	33	1	44
41	4	31	14	21	24	11	34		
40	5	30	15	20	25	10	35		
39	6	29	16	19	26	9	36		
38	7	28	17	18	27	8	38		
37	8	27	18	17	28	7	39		
36	9	26	19	16	29	6	40		

Sources

- Source:** AP BPR Recommendation 4.3.1 Centrally Billed Account (CBA)  
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