



**Lehigh County**  
Pennsylvania

**OFFICE OF THE CONTROLLER**

Mark Pinsley, MBA    Thomas Grogan, CPA

COUNTY CONTROLLER

DEPUTY CONTROLLER



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Pennsylvania

***Lehigh County Implements Credit Card Payment System Including Cash Rebates***

**Non-audit Services Report # NAS 2021-03    Prepared by John A. Falk**



Executive Summary:

Thanks to the efforts of the Offices of Information Technology, the Fiscal Office and the Controller’s Office, the County of Lehigh has initiated a cooperative effort to streamline the accounts payable process and realize cash rebates to lower the cost of county government through paying select vendors via credit card. Initial estimates project first year cash rebates to approximate over \$150,000 that will increase in the future with additional vendor participation.

Switching to a virtual card payment system reduces county workload, the cost of issuing checks and provides the ability for the county to participate in cash rebates and will result in faster payment for participating county vendors.

**Lehigh County Controller**

**MARK PINSLEY, MBA**

17 S 7th Street, Allentown, PA, 18101

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Board of Commissioners  
County of Lehigh  
17. S Seventh St.  
Allentown, PA 18101-2400

November 8, 2021

In February 2021, the Office of Fiscal Affairs and the Office of the Controller initiated a joint effort to explore the feasibility of initiating credit card payments for payments to county vendors. Our objective was to take advantage of the benefits of using a “virtual commercial credit card” (CC) process for vendors who accept credit card payments. Major advantages of using a CC include reduced administrative cost (check processing cost, reduced check stock purchase, check printing and mailing/postage costs) and the ability to take advantage of cash back revenue (cash rebates). **The estimate for cash rebates exceeds \$150,000 for the first year with the expectation additional amounts can be realized as additional vendors are included in the CC payment program.**

The county has partnered with the Wells Fargo Treasury Management and Payment Solution team to develop the feasibility of using a CC process. Wells Fargo has historically been the county’s major banking partner for operating fund banking accounts (accounts payable, payroll, etc.). With the assistance of county IT personnel, we shared our 2020 accounts payable / vendor payment information with Wells Fargo IT personnel. Using our actual recent history of vendor payment activity, Wells Fargo Treasury management determined which vendors, currently being paid by county check, could be expected to accept the CC for payment. Some additional vendors, currently being paid by direct deposit, are also expected to participate. Their first year cash rebate estimate is a conservative estimate. Actual cash rebates are anticipated to increase as more vendors are included in the CC process.

Over the past 10 years, the county accounts payable system has evolved from making only check payments to vendors to a mix of check payments and direct deposit payments to vendors (there are also a small percentage of ACH – automated clearing house and wire transfer payments made). For example, in 2015, 75% of accounts payable payments were made by paper check and 25% were made via direct deposit. In 2020, paper checks amounted to 49% of payments made while direct deposit increased to 51% (refer to the attachment for historical payment detail). The primary benefits to county vendors accepting electronic payments are a streamlined, less costly





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receivables processing option and faster cash flow. The CC payment system provides county vendors currently receiving paper check payments to take advantage of electronic payment benefits.

Implementation of the CC process will be transparent to county offices submitting invoices for payment. There will be no changes to the existing flow of invoices to the Fiscal Office. The entire CC process will be performed within the Fiscal Office. Currently, invoices are classified by Fiscal personnel as a check or a direct deposit payment type. The CC process will add a third CC type. According to the county IT management, only minor changes were required in the county accounts payable IT system to facilitate CC processing.

We wish to express our appreciation for the cooperative effort of the Office of Fiscal Affairs, the Office of Information Technology and the Wells Fargo Treasury Management and Payment Solution team. The use of a virtual commercial credit card will increase accounts payable efficiency, lower internal costs, enhance transactional security and provide for cash rebates to lower the cost of Lehigh County government.

Sincerely,

Mark Pinsley  
Lehigh County Controller

County of Lehigh Feasibility Study Participants:

Tim Reeves, Fiscal Officer  
Rob Fenstermaker, Accounts Payable Manager  
Julie Kehres, Fiscal Office Treasurer  
Kathleen Warren, Information Technology Manager  
John Falk, Controller's Office Representative





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COUNTY OF LEHIGH - VENDOR PAYMENTS BY TYPE

DOLLAR RANGE	2015				2016				2017				2018				2019				2020			
	DIR DEPS		DIR DEPS		DIR DEPS		DIR DEPS		DIR DEPS		DIR DEPS		DIR DEPS		DIR DEPS		DIR DEPS		DIR DEPS		DIR DEPS		DIR DEPS	
	NO	AMT	NO	AMT	NO	AMT	NO	AMT	NO	AMT	NO	AMT	NO	AMT	NO	AMT	NO	AMT	NO	AMT	NO	AMT	NO	AMT
0 - 9.99	11	75	13	88	13	95	10	69	6	47	9	47												
10 - 24.99	41	688	42	748	67	1,235	55	1,020	53	987	68	1,123												
25 - 49.99	2,460	113,582	2,451	112,597	2,398	111,039	1,859	85,955	2,491	115,057	2,531	116,916												
50 - 99.99	90	7,038	83	6,407	108	8,862	93	7,301	95	7,333	72	5,168												
100 - 249.99	192	31,616	173	28,470	229	36,598	210	34,952	179	29,655	174	29,360												
250 - 499.99	1,263	570,281	1,186	532,768	1,118	504,594	1,173	528,230	1,081	494,794	1,071	493,124												
500 - 999.99	1,912	1,308,095	2,100	1,454,132	2,226	1,547,406	2,390	1,668,022	2,173	1,501,571	1,965	1,352,157												
1,000 - 2,499.99	1,664	2,410,988	1,790	2,608,022	1,811	2,631,438	1,736	2,499,916	1,654	2,448,184	1,418	2,113,379												
2,500 - 4,999.99	630	2,270,351	614	2,226,870	633	2,323,271	677	2,434,793	642	2,314,313	577	2,073,838												
5,000 - 9,999.99	537	3,773,760	532	3,749,025	463	3,329,013	532	3,871,222	550	3,966,091	450	3,276,773												
10,000 AND UP	1,245	100,839,969	1,184	100,031,958	1,171	104,662,113	1,222	124,363,444	1,198	111,704,100	1,131	103,620,426												
YTD	10,045	111,326,443	10,168	110,751,085	10,237	115,155,664	9,957	135,494,924	10,122	122,582,132	9,466	113,082,313												

DOLLAR RANGE	CHECKS		CHECKS		CHECKS		CHECKS		CHECKS		CHECKS		CHECKS		CHECKS		CHECKS		CHECKS		CHECKS		
	NO	AMT	NO	AMT	NO	AMT	NO	AMT	NO	AMT	NO	AMT	NO	AMT	NO	AMT	NO	AMT	NO	AMT	NO	AMT	
	0 - 9.99	952	6,600	711	4,854	629	4,455	568	3,844	580	4,093	391	2,682										
10 - 24.99	5,447	73,458	4,174	59,287	4,202	57,046	2,428	33,974	3,298	44,914	1,870	26,732											
25 - 49.99	1,970	71,180	1,743	62,717	1,598	57,234	1,329	48,120	1,412	51,681	1,273	45,713											
50 - 99.99	2,920	211,178	2,699	196,932	2,588	190,816	2,317	171,305	2,192	160,076	1,613	115,961											
100 - 249.99	7,153	1,041,636	7,199	1,046,387	6,709	978,124	6,037	910,350	5,815	877,957	5,015	764,513											
250 - 499.99	3,589	1,251,362	3,079	1,071,041	3,033	1,054,034	2,764	951,093	2,757	950,100	1,976	673,993											
500 - 999.99	2,685	1,861,306	2,254	1,568,217	2,173	1,515,656	2,010	1,399,061	2,018	1,418,766	1,623	1,140,793											
1,000 - 2,499.99	2,443	3,884,938	2,309	3,659,127	2,289	3,652,355	2,168	3,466,934	2,122	3,414,393	1,893	3,153,179											
2,500 - 4,999.99	1,272	4,568,411	1,245	4,444,495	1,204	4,277,514	1,242	4,446,723	1,219	4,330,284	1,411	5,036,807											
5,000 - 9,999.99	751	5,265,338	683	4,738,491	785	5,553,653	741	5,165,559	751	5,331,806	907	6,404,669											
10,000 AND UP	1,017	51,206,151	1,029	54,260,033	1,229	72,155,750	1,218	72,603,751	1,221	71,351,476	1,825	91,030,981											
YTD	30,199	69,441,558	27,125	71,111,581	26,439	89,496,637	22,822	89,200,714	23,385	87,935,544	19,797	108,396,023											

<b>TOTAL</b>	40,244	180,768,001	37,293	181,862,666	36,676	204,652,301	32,779	224,695,638	33,507	210,517,676	29,263	221,478,336											
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<b>DIR DEPS</b>	25%	62%	27%	61%	28%	56%	30%	60%	30%	58%	32%	51%											
<b>CHECKS</b>	75%	38%	73%	39%	72%	44%	70%	40%	70%	42%	68%	49%											

<b>TOTAL</b>	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%											
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SOURCE: KEA VENDOR PAYMENT REPORTS