



Chapter 45 - Purchase Cards

45.10 Purchase Card Programs

45.10.10	Purpose of this chapter	June 1, 2004
45.10.20	Authority for these policies	June 1, 2004
45.10.30	Applicability	May 1, 1999
45.10.40	Limitations on how purchase cards may be used	June 1, 2004
45.10.50	Purchase cards may not be used for certain purposes	June 1, 2004
45.10.60	Agency responsibilities for establishing a purchase card program	May 1, 1999
45.10.70	Agency roles and responsibilities for managing the purchase card system	June 1, 2004

45.20 Required Procedures for Purchase Card Programs

45.20.10	Policies in this chapter are minimum requirements	June 1, 2004
45.20.15	Ordering a purchase card	June 1, 2004
45.20.20	Setting purchase card authorization	May 1, 1999
45.20.25	Safeguarding the purchase card	June 1, 2004
45.20.30	Payment of the purchase card bill	June 1, 2004
45.20.35	Handling disputed items	May 1, 1999
45.20.40	Reconciling purchase card transactions	June 1, 2004
45.20.45	Reporting lost or stolen cards	June 1, 2004
45.20.50	Purchase card abuse	June 1, 2004
45.20.55	Post audit	May 1, 1999
45.20.60	Purchase card transaction log	May 1, 1999



45.10 Purchase Card Programs

45.10.10

June 1, 2004

Purpose of this chapter

The Department of General Administration (GA) through their Office of State Procurement (GA-OSP) has established a purchase card program. Refer to Subsection 85.36.20 for a description of the other credit card types, such as the multi-card, offered under the mandatory GA-OSP credit card contract. The purpose of the program is to provide for rapid purchases and to reduce the amount of paperwork required when making certain types of purchases. Purchase card programs may also be established by institutions of higher education. This chapter contains the policies and procedures for the use of the purchase card and the multi-card when used for non-travel purposes.

45.10.20

June 1, 2004

Authority for these policies

45.10.20.a

RCW 43.19.185 authorizes agencies to use credit cards (e.g., purchase cards) for making purchases under rules established by GA. GA codified these rules in WAC 236-48-250 through WAC 236-48-253.

45.10.20.b

RCW 43.19.1905 authorizes state agencies to purchase materials, supplies, services, and equipment of equal quantity and quality to those on state contract from the state's contractor or from non-contract suppliers provided that an agency follows the GA-OSP Best Buy Procedures.

45.10.20.c

RCW 28B.10.029 authorizes institutions of higher education to independently exercise certain powers otherwise granted to the Director of GA.

45.10.30

May 1, 1999

Applicability

This section applies to all agencies of the state of Washington, unless otherwise exempted by statute or rule. The Budget and Accounting Act (RCW 43.88.020) defines the term "agency" to mean and include "every state office, officer, each institution, whether educational, correctional or other, and every department, division, board and commission, except as otherwise provided."

Agencies may request a waiver from complying with specific requirements of this chapter. Refer to Subsection 1.10.40 for information on how to request a waiver.

45.10.40

June 1, 2004

Limitations on how purchase cards may be used

The purchase card is typically used to procure goods and services. The purchase card is intended to promote purchasing efficiency, flexibility, and convenience. Purchases from vendors that accept credit cards may be charged to the purchase card. Agencies are encouraged to review delegated purchasing authority to achieve maximum benefits from the program. Agencies should also carefully evaluate whether purchase cards are necessary if they have less than \$750 in purchases per year, since an annual fee will apply to these limited usage cards.

Limitations on the use of purchase cards include the following:

1. The purchase card can only be used to purchase goods and services for the agency.
2. Each employee using the purchase card must ensure that purchases with the purchase card comply with all applicable laws, rules, and regulations.
3. The aggregate limit for credit card purchases for each agency is \$50,000 per WAC 236-48-252. An agency may request a higher aggregate from GA-OSP. The request must be in writing and must be approved in writing by GA-OSP before taking effect.
4. Use of a purchase card to pay for a purchase does not automatically exempt an agency from the purchasing requirements set by GA-OSP.
5. Purchasing requirements such as mandatory use state contracts that would normally apply are still applicable.

45.10.50
June 1, 2004

Purchase cards may not be used for certain purposes

The purchase card may not be used to:

- Obtain cash advances from financial institutions;
- Make personal purchases;
- Purchase materials or services from any member of the card custodian's immediate family;
- Purchase equipment, materials, or supplies restricted by policies, guidelines or contractual agreements;
- Purchase airfare unless prior written approval is obtained from GA-OSP; and,
- Make purchases between state agencies.

45.10.60
May 1, 1999

Agency responsibilities for establishing a purchase card program

45.10.60.a

Each agency shall develop its own internal procedures for using the purchase card. The following internal control procedures shall be in place prior to applying for a purchase card:

1. Designate a "Purchasing Card Manager" who shall manage the program. Management includes training, maintenance of list of card custodians, and approving managers.
2. Designate "Approving Managers" who shall implement the program. This may include establishing authorization controls for each cardholder.
3. Establish a system for responsibility, control, and distribution of purchase cards within the agency. (Refer to Section 45.20 for minimum requirements for this system.)
4. Design appropriate records to be maintained. Such records shall be available for review by the GA-OSP as required by WAC 236-48-251. The following information should be maintained at a minimum:
 - Number of cards requested,
 - Amount of purchases made with the card within a stated period, and,
 - Reports of any problems encountered with the use of the purchase cards.

- 45.10.60.b Agency policies related to accounting for individual purchase transactions using the purchase card must comply with all applicable federal and state accounting and reporting requirements including:
- Requirements of the Internal Revenue Service, such as Annual U.S. Information Returns (1099's);
 - Reporting requirements established by the Office of Minority and Women's Business Enterprises (OMWBE);
 - Requirements of the Department of Revenue related to use tax; and,
 - Applicable expenditure coding requirements established by the Office of Financial Management.
- 45.10.60.c An implementation guide is provided by GA-OSP to agencies that elect to participate in this program. The implementation guide is an informative tool for agencies to use in developing internal policies and procedures related to purchase cards.

45.10.70
June 1, 2004**Agency roles and responsibilities for managing the purchase card system**

- 45.10.70.a The Purchasing Card Manager, or designee is responsible for the following:
- Managing the purchase card program within the agency;
 - Developing agency policies and procedures for using the purchase card, including disciplinary procedures related to unauthorized use of cards. State ethics laws should be considered when developing agency policies;
 - Training approving managers and card custodians;
 - Reviewing purchase card applications and ordering cards from the purchase card provider;
 - Reviewing the purchase card program at least annually to ensure that proper procedures are being followed;
 - Designating individuals to have on-line access to purchase card transaction log; and,
 - Establishing card renewal procedures.

- 45.10.70.b The Approving Manager, or designee is responsible for the following:
- Establishing authorization controls for each card custodian, which includes limits on the types of purchases, dollar limit per transaction, billing cycle purchase limit, etc.;
 - Establishing procedures for maintaining security of the purchase card;
 - Designating card custodians;
 - Delegating authority to card custodians to issue cards to authorized agency employees;
 - Maintaining a list of authorized card custodians;
 - Ensuring timely reconciliation of card custodian statements;
 - Reviewing and approving payments; and,
 - Taking appropriate disciplinary measures with card custodians who fraudulently use their purchase card.

- 45.10.70.c The Card Custodian is responsible for the following:
- Using the purchase card in accordance with agency policies and procedures;
 - Issuing a purchase card to authorized agency employees;
 - Maintaining a purchase card transaction log for all transactions made according to agency procedures;
 - Keeping the purchase card in a secure place;
 - Reporting lost or stolen cards immediately following agency guidelines;
 - Surrendering cards to the approving manager upon termination or change of employment;
 - Notifying the approving manager promptly of any known or suspected inappropriate use of the purchase card; and,
 - Reconciling the monthly card custodian statement to the purchase card transaction log.



45.20 Required Procedures for Purchase Card Programs

45.20.10

June 1, 2004

Policies in this chapter are minimum requirements

This section contains the minimum requirements that should be included in an agency's purchase card policies and procedures. These requirements also apply to non-travel purchases on multi-cards. Refer to Subsection 85.36.20 for a description of the multi-card. An agency may expand these requirements to better meet the agency's unique needs.

45.20.15

June 1, 2004

Ordering a purchase card

An agency electing to participate in the purchase card program should contact the purchase card provider by written correspondence or over the providers secure website using password controls. Written correspondence should be on agency letterhead and signed by the agency director or director's designee. The letter should include the name and telephone number of the designated purchasing card manager.

The purchasing card manager may order the purchase card after completing all necessary contractor provided implementation forms that establishes desired electronic controls.

45.20.20

May 1, 1999

Setting purchase card authorization

Authorization controls are set by the agency. Controls can be set at the agency or cardholder level. Absent specific authorization by OSP, the agency aggregate credit limit is \$50,000 per billing cycle.

45.20.25

June 1, 2004

Safeguarding the purchase card

Purchase cards and account numbers must be safeguarded against loss, theft, and unauthorized use. Cards should be kept by the card custodian in a secure location.

Agencies are required to make a reasonable attempt to physically recover cards from employees that terminate or transfer. Agencies should consider obtaining new cards if the cards were under the control of a person who terminates, depending on the circumstances of the termination. It may be prudent to cancel and obtain all new agency card numbers periodically (e.g., every 5 years).

45.20.30

June 1, 2004

Payment of the purchase card bill

When processing purchase card payments, agencies should utilize the "SINGLE PAY" method unless another method was approved. Under this method, a consolidated statement of all cardholders' transactions is sent to the designated finance office for payment. Payment terms are net thirty (30) days. Agencies are encouraged to pay within 14 days in order to take advantage of rebate incentives.

Agencies may pay the purchase card provider either by warrant or by electronic fund transfer (EFT) at the option of the agency.

If agencies fail to make timely payments, the purchase card provider can charge a late payment fee of 1% per month on the amount overdue or a minimum of \$1.00 under RCW 39.76.

Each agency should establish a policy for accounting for any vendor incentive rebates received for prompt payment subject to purchase volume requirements. Individual travel accounts for employees are excluded from gross rebate calculations. The policy should address the individual business needs of the agency and should cover how the rebates are to be recorded. Note that all vendor losses on agency accounts, including the agency's employees' individual travel accounts, may be deducted when determining agency rebate amounts. Therefore an agency may wish to make a reasonable effort to ensure that unauthorized transactions are promptly reported and inquire about employee delinquencies, if any.

45.20.35

May 1, 1999

Handling disputed items

Agencies should immediately notify the purchase card provider or merchant, as appropriate, of any items in dispute. Disputed items should be documented in writing, investigated, and resolved within 60 days from discovery of the charge or from the first statement on which the disputed charge appears.

45.20.40

June 1, 2004

Reconciling purchase card transactions

The purchase card provider shall send each card custodian a card custodian statement that displays detail transactions made during the current billing cycle. Responsibility for reconciliation of card custodian statement rests with the card custodian. The card custodian should secure and retain documentation supporting purchases charged to the purchase card. The approving manager should review, sign, and date the reconciliation on a timely basis, no later than 60 days from the statement date.

In addition, the agency may wish to utilize the credit card vendor's secure online reporting features, which may facilitate interim reviews and monitoring for unauthorized usage.

45.20.45

June 1, 2004

Reporting lost or stolen cards

If a purchase card is lost or stolen, the card custodian should immediately notify the purchase card provider and the purchasing card manager. The initial report of a lost or stolen purchase card can be done verbally over the phone, but these verbal reports must always be confirmed with written correspondence. Written correspondence should be on agency letterhead and signed by the agency director or director's designee, or over the providers secure website using password controls.

45.20.50

June 1, 2004

Purchase card abuse

The approving manager, in consultation with the purchasing card manager, is responsible for taking appropriate disciplinary actions, consistent with applicable policies, for misuse of the purchase card. Card users who improperly use a purchase card may be subject to prosecution and penalties to the full extent provided for by law.

45.20.55

May 1, 1999

Post audit

Purchase card transactions are subject to audit for compliance with the terms and conditions of the purchase card program. Agencies are required to retain all source documents for all purchases made using the purchase card.

45.20.60

May 1, 1999

Purchase card transaction log

It is recommended that agencies develop and maintain a purchase card transaction log to record each purchase made using the purchase card. The transaction log should contain all information necessary to reconcile the statement of accounts. All supporting documents (sales receipt, credit slips, cash register slips, order forms, receiving reports, etc.) should be kept and should be readily available when requested. Any items returned should also be recorded on the log. The transaction log will enable the card custodian to reconcile on-line data as well as monthly statements.

A sample purchase card transaction log is included in the implementation guide that is distributed to agencies participating in the purchase card program. Agencies are encouraged to use the sample log or design a log that will suit their own unique requirements.