



45.10 Purchase Card Programs

45.10.10

October 1, 2007

Purpose of this chapter

This chapter contains the policies and procedures for the use of purchase cards by state agencies. These policies and procedures also apply to the one-card (combination purchase and travel card), as described in Subsection 85.36.20, when it is used for non-travel purposes.

The purpose of purchase card programs is to improve the efficiency, flexibility and convenience related to purchasing goods and services. Purchase cards provide an alternative procurement method for purchases. They are not intended to be considered a procurement approach, or to be used to avoid or bypass purchasing policies. Rather, purchase cards are to be used within the same statutes, rules, policies, and procedures as purchases by any other means of payment.

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 charge card types, such as the one-card, offered under the GA-OSP charge card contract. This contract is available for all state agencies choosing to use purchase cards. Agencies may independently contract for purchase card services if specifically authorized by statute or rule.

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.

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Acceptable use of purchase cards

Acceptable uses include:

- Goods and services for official state purposes purchased in person, by mail, by phone, or over the Internet.
- Purchases complying with all applicable state statutes, rules, policies, and procedures.
- Purchases within spending and other limits established on the card, as established by the agency within the pre-determined agency aggregate limit.

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Unacceptable use of purchase cards

Unacceptable uses include, but are not limited to:

- Cash advances.
- Purchases in excess of the limits authorized for the card.
- Gifts/donations.
- Splitting purchases to circumvent the daily or monthly purchase limits on a card, or to avoid competitive bidding limits or purchasing authority limits.
- Purchases between state agencies or between internal departments within an agency, unless prior written approval is received from OFM based on the requirements in Subsection 40.40.10.
- Prepayments unless otherwise authorized by statute or rule. Refer to Subsection 45.20.35.
- Purchases from any merchant, product, or service normally considered to be inappropriate use of state funds, such as:
 - Items for personal use.
 - Materials or services from any member of the card user's immediate family.
 - Equipment, materials, services, or supplies restricted by state statutes, rules, policies, procedures, guidelines or contractual agreements.
 - Alcoholic beverages or liquor licenses, unless permitted by statute or rule.

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Agency responsibilities

45.10.60.a

Agency responsibilities include:

- Administration of their agency's purchasing card program.
- Developing agency specific policies and procedures in accordance with state policies.
- Designating an "Agency Program Administrator" who shall manage the program within the agency. If an agency is using the GA-OSP contract, they should notify GA-OSP of any change in the administrator.
- Determining whether the agency will issue individually assigned cards or department cards. Refer to Subsection 45.10.65.
- Determining card limits, including determining and managing the agency aggregate limit.
- Establishing a system for responsibility, control, and distribution of purchase cards within the agency.
- Educating cardholders, card custodians, and designated card users on use of the card, sales and use tax issues, and 1099 reportable merchants.
- Determining who within the agency will be responsible for following up with the merchant to resolve disputes and arranging for returns, credits, delivery problems, etc.
- Performing routine reconciliation of card transactions to the issuing bank's online purchase card transaction data to monitor purchases made for proper use of the card.
- Keeping up to date of program updates from GA-OSP, if using the GA-OSP contract.
- Designating appropriate records to be maintained. If using the GA-OSP contract, such records shall be available for review by GA-OSP as required by WAC 236-48-251. The following information should be maintained at a minimum:
 1. The number of cards used.
 2. The type of cards used.
 3. The amount of purchases made by card within a stated period.
 4. Reports of any problems encountered with the use of the purchase cards.

45.10.60.b Agency policies and procedures 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 sales and use tax.
- Applicable expenditure coding requirements established by the Office of Financial Management.

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Individually assigned cards and department cards

45.10.65.a Agencies may choose whether to issue purchase cards to individuals or departments. It is recommended that agencies utilize individually assigned cards rather than department cards in order to ensure better accountability of card users and full fraud protection from the issuing bank. The agency program administrator is responsible for determining who is authorized to receive and/or use purchase cards within their agency. The agency is responsible for charges against the purchase cards.

45.10.65.b **Individually assigned cards**

An individually assigned card is one that, in addition to including the name of the agency, department or institution, contains the name of the individual cardholder on the card. In order to ensure full fraud protection from the issuing bank, the individual cardholder's name must appear on the first line of embossing. The individual to whom the card is assigned should sign the back of the card. The individually assigned card cannot be used by anyone other than the person to whom the card has been assigned.

45.10.65.c

Department cards

A department card is issued bearing the name of a group (agency, department, workgroup or division) with no individual name listed. The card is issued to a card custodian within the group. The card custodian provides the card to designated card users within their group as the need arises for them to make purchases.

In general, department cards should not be signed by an individual. If signed by an individual, it would be difficult for any staff member other than the signer to use the card. Instead, the card custodian should consider writing either the department or workgroup name on the space on the back of the card or writing the words "Request Employee Identification" on the back of the card.

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Roles and responsibilities

45.10.70.a

Statewide program administrator (GA-OSP Contract)

GA-OSP acts as the statewide program administrator for agencies participating in the GA-OSP purchase card contract and is responsible for the following:

- Negotiating all contract terms and conditions with the issuing bank.
- Managing and administering the statewide program.
- Providing liaison services between the issuing bank and agencies, as required.
- Approving requests for agency participation in the program.
- Assisting agencies in the implementation, administration, and management of individual agency programs.
- Communicating program updates and enhancements to users.
- Providing training to agency program administrators and card users.

45.10.70.b **Office of Financial Management (OFM)**

OFM is responsible for the following:

- Establishing statewide policies and minimum procedures governing purchase card programs.
- Working with the issuing bank and agencies to assist with mapping purchase card data from the issuing bank into the statewide Agency Financial Reporting System (AFRS).

45.10.70.c **Agency program administrator**

The agency program administrator is the person responsible for management and oversight of the purchase card program within the agency, and is responsible for the following:

- Managing the purchase card program within the agency.
- Developing and enforcing agency policies and procedures for using the purchase card, including disciplinary procedures related to unauthorized use of cards and card renewal procedures. The agency policies and procedures should meet the minimum requirements of the statewide policies and procedures contained in this chapter. State ethics laws should also be considered when developing agency policies.
- Establishing and maintaining the purchase card reporting structure/hierarchy for the agency and ensuring proper separation of duties. For example, a card user may not be the reviewer or approving official for their own transactions.
- Reviewing purchase card applications and determining who within the agency should receive a card. For agencies utilizing department cards, this also includes designating card custodians.
- Ensuring that a card user agreement form has been signed by both the card user and appropriate approving official before issuing the card, and maintaining copies of the signed agreements in the agency's files.
- Maintaining a list of current cardholders, card custodians, and designated card users that are authorized to use cards.

- Obtaining cards from the issuing bank and distributing new and reissued cards to agency employees.
- Providing training to approving officials, cardholders, card custodians, and designated card users in the management, security, and use of the card.
- Reviewing the agency purchase card program at least annually to ensure that proper procedures are being followed.
- Ensuring card users satisfy documentation requirements for purchases.
- Closing card accounts as necessary, and collecting and destroying cards upon employee reassignment or termination.

45.10.70.d

Approving official

The approving official is assigned to monitor, review, and approve card transactions to ensure compliance with purchase card policies and procedures, and is responsible for the following:

- Complying with all state, agency, and purchasing statutes, rules, policies, and procedures.
- Establishing authorization controls for each card, 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.
- Ensuring timely reconciliation of card statements, including ensuring that supporting documentation is attached.
- Monitoring card activity for unusual patterns of use or unacceptable transactions, and taking appropriate disciplinary measures with card users who misuse their purchase card.
- Timely submission of the approved card statements to the fiscal staff for payment.

45.10.70.e

Card custodian (department cards)

For agencies who choose to utilize department cards, the card custodian administers and controls the use of department cards by authorized designated card users within the card custodian's workgroup and is responsible for the following:

- Complying with all state and agency statutes, rules, policies, and procedures.
- Maintaining a current list of designated card users who are authorized to use the department card.
- Training designated card users on the use of the card.
- Maintaining a department card log for designated card users to check out and check in a purchase card for use and record the business purpose for each use of the card.
- Tracking and verifying designated card user transactions.
- Ensuring that designated card users obtain and submit valid supporting documentation for each purchase made.
- Maintaining a purchase card transaction log for all transactions made according to agency procedures.
- Safeguarding card security at all times. The card shall be kept in a secured (locked) location while not in use. The only people authorized to use the department card are the card custodian and/or the designated card user(s).
- Reporting lost or stolen cards immediately following agency procedures.
- Reconciling the online data and the card statement to the purchase card transaction log and supporting documentation, at least monthly, and submitting to the approving official for approval.

45.10.70.f

Designated card user (department cards)

For agencies who choose to utilize department cards, the designated card user is an authorized user of a department card, and is responsible for the following:

- Receiving a copy of agency policies and procedures for purchase cards, signing a card user agreement form and receiving training before using a purchase card.
- Using the purchase card in accordance with all state and agency statutes, rules, policies, and procedures.
- Requesting the card when needed. Designated card users should check out the card on a department card log in order to make a purchase.
- Describing the business purpose for each use of the card on the department card log.
- Obtaining and submitting valid supporting documentation for each purchase made.
- Checking card back in on department card log after use and immediately returning card and supporting documentation to card custodian.
- Safeguarding card security at all times.
- Reporting lost or stolen cards immediately following agency procedures.

45.10.70.g

Cardholder (individually assigned cards)

For agencies who choose to utilize individually assigned cards, the cardholder is the person issued an individually assigned purchase card to make purchases and is the only one authorized to use that card. The cardholder is responsible for the following:

- Receiving a copy of agency policies and procedures for purchase cards, signing a card user agreement form and receiving training before being issued and using a purchase card.

- Using the purchase card in accordance with all state and agency statutes, rules, policies, and procedures.
- Ensuring that the individual card is not given to or shared with other employees.
- Obtaining and submitting valid supporting documentation for each purchase made.
- Maintaining a purchase card transaction log for all transactions made according to agency procedures.
- Safeguarding card security at all times.
- Reporting lost or stolen cards immediately following agency procedures.
- Surrendering cards upon termination, reassignment, or request.
- Reconciling the online data and the card statement to the purchase card transaction log and supporting documentation, at least monthly, and submitting to the approving official for approval.

45.10.70.h

Fiscal staff

The fiscal staff are responsible for the following:

- Receiving approved card statements and reconciling with the corresponding monthly invoices.
- Reconciling purchase card transactions to the accounting system.
- Ensuring timely payment of card program invoices.
- Ensuring receipt of goods or services prior to payment of the purchase card bill, as applicable. Refer to Subsection 45.20.35.
- Ensuring that any disputes with the merchant are resolved, and arranging for credits, etc.