

PURCHASE CARD USE

Policy Number: FIN-100

Effective Date: Approved by the **Eastern Washington State Historical Society (EWSHS)** Board of Trustees on May 5, 2021

Application: Applies to all EWSHS employees who need to use a state purchase card for official state business.

History: This Policy was adopted March 3, 2021, updating and renumbering BP #103 dated November 4, 2015. On May 5, 2021, and September 1, 2021, the Board approved minor edits to the previously adopted policy. BP #103 replaced policy HR # 213.

Article I PURPOSE

1.1 This Policy is adopted consistent with the EWSHS's obligation to adopt policies and procedures in accordance with the Washington State Administrative and Accounting Manual (SAAM) Chapter 40.30 – Disbursement of Electronic Funds/Benefits by State Agencies and Department of Enterprise Services (DES) Policy FO.03.01 – Use of Credit Cards to Make Purchases of Goods and Services

1.2 EWSHS uses purchase cards, travel cards and a card issued by the State of Washington for the rental of motor vehicles under the state rental car contract These cards may be collectively referred to for the purposes of this policy as purchase cards.

1.3 Purchase cards are not intended to be considered a procurement approach, or to be used to avoid or bypass purchasing policies. Purchase cards are an alternative form of payment and must be used consistent with the same statutes, rules, policies, and procedures that govern all other means of payment.

Article II RESPONSIBILITIES FOR ADMINISTRATION AND COMPLIANCE

2.1 **Purchase Card Program Administrator:** EWSHS delegates authority for the agency Purchase Card Program Administrator to the Fiscal Analyst. The Program Administrator is responsible for ensuring compliance with the following procedures and internal control requirements:

2.1.1 Managing and providing oversight of the purchase cards used within the agency. EWSHS utilizes two types of Purchase Cards: cards issued in the name of the EWSHS; and a rental car card held by State of Washington for the state rental car contract.

2.1.2 Development and enforcing EWSHS policies and procedures for using the purchase cards.

2.1.3 Ensuring EWSHS policies and procedures related to purchase cards, including disciplinary procedures for unauthorized use; card renewal procedures, procedures related to compliance with Washington State Ethics Law, Chapter 42.52 RCW are reviewed and updated.

- 2.1.4 Ensuring that a card user agreement form has been signed by both the card user and appropriate approving official before use of the card.
- 2.1.5 Maintaining copies of the signed agreements in the EWSHS files.
- 2.1.6 Ensuring card users are advised of spending limits on cards.
- 2.1.7 Maintaining a list of current card custodians and designated card users that are authorized to use cards.
- 2.1.8 Ordering or obtaining cards from the issuing bank and distributing new and reissued cards to card custodians.
- 2.1.9 Providing training to approving officials, card custodians, and designated card users in the management, security, and use of the card.
- 2.1.10 Reviewing the agency purchase card program at least annually to ensure that proper procedures are being followed.
- 2.1.11 Ensuring card users satisfy documentation requirements for purchases.
- 2.1.12 Recommending changes in Single Purchase Limit or Credit Limit to Executive Director, once the need for temporary or permanent change becomes obvious.
- 2.1.13 Implementing change(s) in Single Purchase Limit and/or Credit Limit once approved by Executive Director, and maintaining documentation of such approval and change.
- 2.1.14 Ensuring the reporting of stolen or missing cards.
- 2.1.15 Closing card accounts, as necessary and collecting cards upon employee reassignment or termination and destroying cards upon expiration.

2.2 Approving Official: EWSHS designates the relevant department heads and the Executive Director as the agency's Approving Officials. The Approving Officials are responsible for ensuring compliance with the following procedures and internal control requirements:

- 2.2.1 Complying with all state, EWSHS, and purchasing statutes, rules, policies, and procedures;
- 2.2.2 Establishing and maintaining procedures for maintaining security of the purchase cards.
- 2.2.3 Monitoring, reviewing, and approving card transactions to ensure compliance with purchase card policies and procedures.
- 2.2.4 Report fraudulent activity immediately for unrecognized charges to the agency program administrator and the issuing bank.
- 2.2.5 Notify fiscal staff of any disputed transactions such as duplicate charges, refund not issued for damaged merchandise, shipment did not arrive, etc.
- 2.2.6 Ensuring the reporting of stolen or missing cards.
- 2.2.7 Executive Director only:
 - 2.2.7.1 Establishing authorization controls for each card which includes limits on the types of purchases, dollar limit per transaction (Single Purchase Limit), and billing cycle purchase limit (Credit Limit).
 - 2.2.7.2 Reviewing requests by Purchase Card Program Administrator to change, on either a temporary or permanent basis, the Single Purchase Limit and/or the Credit Limit, and either approve or reject that request in writing.

2.3 Fiscal Staff: EWSHS fiscal staff members are responsible for compliance with the following procedures and internal control requirements:

- 2.3.1 Receiving approved card statements and reconciling with the corresponding monthly invoices.
- 2.3.2 Reconciling purchase card transactions against approved expenditures and ensuring that all purchase card transactions have been recorded and coded. Sign

- and date the reconciliation within 10 business days of the statement date.
- 2.3.3 Reporting any disputed transactions they were notified of by the Approving Official to the bank within 60 days of the statement cycle date.
- 2.3.4 Ensuring timely payment of card program invoices.
- 2.3.5 Ensuring that goods or services have been received in full as a component of the monthly reconciliation as applicable.
- 2.3.6 Ensuring that any disputes with the merchant are resolved, and arranging for credits, etc.
- 2.3.7 Ensuring the reporting of stolen or missing cards.

2.4 **Card Custodian:** The Fiscal Analyst will serve as the Card Custodian. The Executive Assistant shall serve as backup. The Card custodian is responsible for compliance with the following procedures and internal control requirements:

- 2.4.1 Complying with all state, agency, and purchasing statutes, rules, policies, and procedures.
- 2.4.2 Ensuring designated card users complete State Small Purchases training.
- 2.4.3 Maintaining a current list of designated card users who are authorized to use the purchase card.
- 2.4.4 Insuring designated card users receive training on the use of the card.
- 2.4.5 Ensuring card users are advised of card spending limits.
- 2.4.6 Maintaining a 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.
- 2.4.7 Tracking and verifying designated card user transactions.
- 2.4.8 Ensuring that designated card users obtain and submit valid supporting documentation for each purchase made.
- 2.4.9 Maintaining a purchase card transaction log for all transactions made according to agency procedures.
- 2.4.10 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).
- 2.4.11 Reporting lost or stolen cards immediately following agency procedures.

2.5 **Purchase Card Users Cards: EWSHS card users are responsible for the** following procedures and internal control requirements:

- 2.5.1 The Fiscal Analyst 2 will designate specific EWSHS personnel as “card users.”
- 2.5.2 Designated card users will complete Washington State Small Purchase training, prior to a purchase card being issued and used.
- 2.5.3 Card users will use the purchase card in accordance with all state and EWSHS statutes, rules, policies, and procedures.
- 2.5.4 Card users will comply with the Washington State Executive Ethics Act, chapter 42.56 RCW including but not limited to the following:
 - 2.5.4.1 Card users will not participate in any business or other transactions in which they may have an interest, financial or otherwise, directly or indirectly that is in conflict with the proper discharge of the card users official duties on behalf of EWSHS.
 - 2.5.4.2 Card users will refrain from using their authority to use the purchase card in any manner which provides them with a special privilege or exemption for themselves, or their spouse, child, parents, or other persons.
 - 2.5.4.3 Card users will not use the purchase card for any private benefit or gain to themselves or another.
- 2.5.5 Card users will safeguard the security of the card at all times.

- 2.5.6 Card users will check out and check in the card on a card log immediately before and after use and describe the business purpose for each purchase.
- 2.5.7 Report lost or stolen cards immediately to the Agency Program Administrator and Approving Official.
- 2.5.8 Card users shall obtain prior approval of the Purchase Cards in advance from the Supervisor / Budget Manager.
- 2.5.9 Card users shall obtain and submit valid approval and supporting documentation to Fiscal Staff for each purchase made.

**Article III
HANDLING CONFLICTS AND/OR APPEARANCE OF CONFLICTS**

- 3.1 Key duties and responsibilities for purchase cards have been assigned in a manner that ensures a proper separation of duties.
- 3.2 For transactions involving the Agency Program Director/Senior Fiscal Analyst the Executive Director or his/her designee will serve as the Approving Official.
- 3.3 For transactions involving the Executive Director, the Board President or designee will serve as the Approving Official.

**Article IV
CARD USAGE**

- 4.1 **Use of Purchase Cards for payment does not change procurement requirements.** Every purchase must be made according to the correct procurement process before payment is made by any method.
- 4.2 **Acceptable Uses of the Purchase Card:** Acceptable uses of the purchase card include:
 - 4.2.1 Goods and services for official state purposes purchased in person, by mail, by telephone, or electronically using the internet.
 - 4.2.2 Purchases complying with all applicable state statutes, rules, policies, and procedures.
 - 4.2.3 Purchases within spending and other limits established on the card, as established by the EWSHS within the pre-determined EWSHS aggregate limit.
 - 4.2.4 Purchases between Washington State agencies or to make payments between departments within the EWSHS, but only when:
 - 4.2.4.1 Prior written approval is received from the Office of Financial Management based on the requirements in SAAM 40.40.10;
 - 4.2.4.2 The paying and/or receiving account is a local account (not a treasury, treasury trust, petty cash account); and,
 - 4.2.4.3 The receiving agency agrees to accept the inter-agency purchase card payments. Receiving agencies have the right to refuse acceptance of purchase card payments from other state agencies.
 - 4.2.5 Unless specifically prohibited by state regulations, alcohol may be purchased with the Purchase Card for resale in the museum café, for use in event rentals, or for use in museum fundraising events. All museum activities involving the use or sale of alcohol will follow the policies of the State Liquor and Cannabis Board. Whenever the Purchase Card is used to purchase alcohol, donated funds will be used to reimburse for that purchase.

4.3 Unacceptable Uses of the Purchase Card: Unacceptable uses of the purchase card include, but are not limited to:

- 4.3.1 Cash advances.
- 4.3.2 Purchases in excess of the limits authorized for the card.
- 4.3.3 Gifts/donations.
- 4.3.4 Splitting purchases to circumvent the daily or monthly purchase limits on a card, or
- 4.3.5 To avoid competitive bidding limits or purchasing authority limits.

- 4.3.6 Prepayments unless otherwise authorized by statute or rule.
- 4.3.7 Purchases from any merchant, product, or service normally considered to be inappropriate use of state funds, including, but not limited to:
 - 4.3.7.1 Items for personal use.
 - 4.3.7.2 Materials or services from any member of the card user's immediate family.
 - 4.3.7.3 Equipment, materials, services, or supplies restricted by state statutes, rules, policies, procedures, guidelines or contractual agreements.

**Article V
RECORDS MAINTENANCE**

- 5.1 The EWSHS shall maintain the following records that shall be available for review by DES:
 - 5.1.1 The number of cards used;
 - 5.1.2 The type of cards used; and
 - 5.1.3 The current cardholders, card custodians, and designated card users in the management, security, and use of the card.
 - 5.1.4 Authorization and change records regarding changes to the Single Purchase Limit and/or Credit Limit for all P-cards.

- 5.2 Records shall be maintained according to the applicable records retention schedule.

**Article VI
CONSEQUENCES OF POLICY VIOLATIONS**

6.1 Violation of this policy constitutes misconduct. Any employee who is found to have violated this policy may be counseled by management and may be subject to disciplinary action up to and including dismissal. Additionally card users who improperly use a purchase card may be subject to criminal prosecution and penalties to the full extent provided by law.

References that apply to this policy

SAAM Manual: Chapter 40.30	RCW 39.26 Procurement of Goods and Services
DES Policy No. FO.03.01	RCW 42.56 Ethics in Public Service

**Washington State Purchasing Card Program
Review of Policies & Procedures**

_____ Card User Printed Name	_____ Signature	_____ Date
_____ Supervisor Printed Name	_____ Signature	_____ Date

By signing this document I acknowledge that I understand and agree to comply with the requirements as outlined.

Card User Requirements and Expectations

- Purchasing Card is to be used for official state business only.
- Purchasing Card is an alternative method for payment of goods and services.
- Purchasing Rules and Regulations will be followed. Including but not limited to:
 - RCW 39.26
 - EWSHS Policies
 - SAAM-State Administrative & Accounting Manual. SAAM 45.10; SAAM 85-32-30a “At a minimum, payment processing documentation should include evidence of authorization for purchase, receipt of goods or services, and approval for payment.”
- Transactions will be reviewed and coded on line in payment net weekly.
- Proper documentation will be attached to monthly statement and submitted to Supervisor (or designee) by the last day of the month.
 - If product/services and backup documentation has not been received by month end, transaction will be reviewed and coded to verify posted transaction is valid and initiated by cardholder.
 - Statement transaction is to be marked to identify follow-up action is required to finalize.
 - Follow-up will be a coordinated effort between cardholder and financial office.

Supervisor (or designee) Requirements and Expectations

- If card user is submitting statements directly to finance, supervisor is responsible to ensure it is sent by month end.
- Ensure card users are appropriately trained.
- Ensure card users remain in compliance with requirements and expectations.

The card will not be used:

- to obtain cash advances
- for purchases in excess of the limits authorized for the card
- for gifts/donations
- for splitting purchases to circumvent the daily or monthly purchase limits on a card, or to avoid competitive bidding limits or purchasing authority limits
- for payment to another State Agency
- for prepayments unless authorized by statute or rule
- for purchases from any merchant, product or service normally considered to be inappropriate use of state funds, including, but not limited to:
 - 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.