Administrative Policy No: 13.18

Subject: Purchase Cards – Obtaining and Safeguarding

Contact: Chief, Office of Administrative Resources (OAR)
MS 45800, (360) 664-6101

Authorizing Source: DES Enterprise Services Policy FP.03.01 Use of Credit Cards to Make Purchases of Goods and Services

Resources: RCW 42.52, Ethics in public service
WAC 292-110-010, Use of state resources
Department of Enterprise Services Western States Contracting Alliance (WSCA) contract 00612
OFM State Administration & Accounting Manual (SAAM): 20.24 Control Activities
DSHS Administrative Policy (AP):
13.19, Purchase Cards – Purchases, Payments, and Disputes
13.20, Purchase and Travel Card Rebates
18.62, Allegations of Employee Criminal Activity
13.08, Purchased Goods and Services
16.10, Reporting Known or Suspected Loss of Public Funds
5.04, Records Retention
Forms:
17-185, Purchase Card Use Log
06-157, Purchase or Travel Card Application
06-161, Update/Change Request for Purchase or Travel Card
17-169, Loss of Public Funds, Assets, or Illegal Activity Report

Program Information and Updates:
DSHS Purchase Card Program Website

Effective Date: September 1, 2005

Revised: January 16, 2015

Approved By: Official signed by Dana Phelps
Senior Director, Policy & External Relations

Purpose

This policy establishes the requirements for obtaining and safeguarding assigned Purchase Cards used by DSHS. This policy supplements state purchase card policies outlined in the DES Enterprise Services Policy F.03.01, as permitted by section 6.d.

Scope
This policy applies to all DSHS employees who use, monitor, or manage Purchase Cards.

This policy does not apply to the use of fuel cards.

Definitions

Access Online means the website the Card Company provides DSHS employee to track card use, payment status, file disputes, and perform other accounting and reporting activities.

Account Manager is the individual the Assistant Secretary (or designee) assigns the responsibility for monitoring the appropriate use and timely payment of the Purchase Card Managing Account.

Card Company is the vendor(s) Department of Enterprise Services (DES) authorizes to issue purchase or travel cards to DSHS.

Card Custodian is the individual the Account Manager assigns the responsibility for safeguarding the purchase card(s) and account number(s).

Card User Agreement means the Approval/Authority section on the Purchase or Travel Card Application (form DSHS 06-157).

Contractor is any person, business, non-profit, or government entity who provides services to DSHS under a contractual agreement and not as an employee of DSHS.

CPU P-Card Administrator means the DSHS Purchase Card Program Administrator within the Headquarters Central Purchasing Unit. This person is responsible for providing training, advice, direction, consultation and assistance related to Purchase Cards.

Credit Limit is the maximum amount of outstanding charges allowed for a Purchase Card.

Designated Card User is a DSHS employee who presents a written request for the purchase of travel, or goods, and for payment for services rendered, approved by the applicable approval authority, where use of the Purchase Card is appropriate and allowable. DSHS uses a variety of written requests, depending on the program, including TRACKS Purchase Orders or PCARD Orders, travel authorization forms, institutional local fund requests, and authorizations for client purchases.

Fiscal Analyst is the employee responsible for processing payments to the Card Company, overseeing the accuracy of the account coding, preparing financial reports, or reconciling Purchase Card accounts.

Ghost Card is a Purchase Card account that does not have a plastic credit card associated with it. The Card Company issues a letter with the account information instead of an actual card.

Managing Account means a parent account that contains a group of one or more Purchase Cards. Managing accounts accept payments, but cannot accept charges for purchases.
Merchant Category Classification (MCC) Codes are four-digit numbers assigned to a merchant’s credit card terminal when the merchant registers to accept Visa. These codes are used to classify a business by the type of goods or services provided.

MCC Templates are preset restrictions to prevent Purchase Cards from unauthorized or unallowable use by blocking certain merchant types. For example, cash advances and wire transfer MCCs are restricted on all DSHS purchase cards.

Purchase Card is a credit card issued to make authorized purchases on behalf of DSHS. The card may be a plastic credit card or a ghost card. Purchase cards are a tool to streamline purchasing and accounts payable functions by offering an alternative to cash, vouchers, and open purchase orders. Purchase cards are also a cost effective way to pay for small purchases where the transaction costs exceed the value of the purchase. Purchase cards are also called P-Cards.

Single Purchase Limit is the maximum amount per transaction allowed for a Purchase Card.

Policy

A. As the Program Administrator, the DSHS Office of Administrative Resources, Central Purchasing Unit (CPU), must provide centralized development, implementation, and monitoring of the DSHS Purchase Card program.

B. The CPU P-Card Administrator must ensure Card Custodians, Account Managers and Fiscal Analysts have received necessary training and relevant guidance to fulfill their roles and responsibilities related to the Purchase Card program.

C. The State of Washington does not allow the use of any credit cards other than those obtained through the Card Company. These include open credit accounts, store credit cards, and stored value cards, except as permitted by SAAM 40.30.30 and DSHS Administrative Policy 19.40.30 Gift Cards.

D. DSHS employees will employ adequate controls to safeguard Purchase Cards and Purchase Card account numbers against loss and unauthorized use, specifically:
   1. Secure the Purchase Card (or Ghost Card letter) in a safe, locked cabinet, or locked drawer, when not in use.
   2. Limit access to the location where the Purchase Card (or Ghost Card letter) is stored, to the Card Custodian and designated back-up(s).
   3. Do not share or write down purchase card account numbers.
   4. Do not release Purchase Cards and Purchase Card account numbers to volunteers, contractors, or DSHS clients.
   5. Store Purchase Card statements, and other documents bearing the full account number, in a secure location, such as a locked file cabinet.
      a. Offices using the Management Operations Document Imaging System (MODIS) for document storage are exempt from this requirement, but may choose to redact cardholder account numbers from statements and other supporting documentation if determined to be cost effective.
   6. Full 16-digit cardholder account numbers must not be stored in payment or case management systems, including but not limited to:
b. Agency Financial Reporting System (AFRS) Account Number field
c. Social Service Payment System (SSPS) Provider Files
d. Case management systems including FamLink, STARS, and CARE

E. DSHS employees must document when Purchase Cards change hands, as described in Roles and Responsibilities, section D.
   1. The primary purpose of this log is to establish a chain of custody for the purchase card, and the secondary purpose is to facilitate account reconciliations.

F. DSHS Administrations must ensure all changes to Purchase Card and Managing Account assignments, credit limits, and MCC Templates are approved as described in Roles and Responsibilities, sections B and C.

G. DSHS Administrations must perform an inventory count of assigned Purchase Cards at least monthly. Refer to Roles and Responsibilities section B.

H. DSHS Administrations may develop supplemental Purchase Card policies and procedures that meet the unique needs of their programs and requirements. Policies and procedures developed by the Administrations must comply with DES, SAAM and DSHS Administrative Policy.

I. DSHS Administrations and offices that use purchase cards must ensure key purchase card duties are adequately segregated among employees. At a minimum,
   1. Assign the functions of Card Custodian, Account Manager and Assistant Secretary Designee to different DSHS employees.
   2. Do not assign responsibility for reconciling the account to the Card Custodian or Designated Card Users.
      a. Card Custodians may compile payment documentation for submission to a Fiscal Analyst or Account Manager for reconciliation.
   3. Do not assign responsibility for performing monthly inventories of the purchase card to Card Custodians or Designated Card users.

J. DSHS Administrations must ensure all Card Custodians, Account Managers, and Fiscal Analysts have an active Access Online profile for monitoring activity and balances on their assigned Purchase Card(s). Refer to Roles and Responsibilities section B.

K. DSHS Administrations must report changes in job duties, agency transfers, or employee terminations to the CPU P-Card Administrator within five business days. Refer to Roles and Responsibilities, sections B and C.

L. DSHS employees are subject to discipline, as allowed by RCW, agency policy, or collective bargaining agreement, based on any actions that violate DSHS policy, supervisory work directive, and/or suspected or proven criminal activity.

M. DSHS Administrations and programs that are unable to comply with specific requirements in this policy must contact Internal Audit and Consultation for assistance with developing compensating controls. The CPU P-Card Administrator must provide written authorization for any exceptions.
Roles and Responsibilities

A. Card Applicants

1. Obtain Purchase Cards by sending a completed and signed *Purchase or Travel Card Application (Form 06-157)* to their Account Manager and then to their Assistant Secretary or designee for approval.
   a. Applications must include all requested information for processing.
   b. Applicants must read and understand all applicable Purchase Card policies prior to signing the application.

B. Account Managers

1. Review and approve or deny requests for new Purchase Cards. Send approved requests to the Assistant Secretary or designee.
   a. The approved Purchase or Travel Card Application (Form 06-157) serves as a written delegation of authority for the Card Custodian to issue Purchase Cards and Ghost Card account numbers to authorized individuals.

2. Notify the Program Administrator in writing when there is a change in Card Custodian by completing an *Update/Change Request for Purchase or Travel Card (Form 06-161)*.

3. Inventory the assigned Purchase Cards monthly and evaluate whether all are accounted for.
   a. Observe the Purchase Cards in the possession of the Card Custodian.
   b. For any Purchase Cards that are checked out, review the Purchase Card Use Log (17-185) and verify there is a corresponding entry.
   c. Document the inventory in writing, including the date and signature of the individual performing the inventory.
   d. Account Managers who are located separately from Card Custodians, may choose to perform less frequent, surprise inventories OR to designate an employee at the Card Custodian’s home office to verify the Purchase Card is present. Account Managers must document surprise inventory procedures or delegations in writing.

4. Approve access to the Card Company’s website via *US Bank Access Online User Set Up (Form 17-195)* for individuals other than the Card Custodian (Fiscal Analyst, back-up coverage, etc.).
   a. The CPU P-Card Administrator will create an Access Online profile for each Card Custodian, with access to their assigned Purchase Card(s).
   b. Regional Business Centers (RBCs) and Consolidated Institutional Business Services (CIBS) Account Managers may approve staff access cards managed by DSHS programs, if required by staff to perform job duties.

5. Approve temporary changes to single purchase limits and credit limits in writing by sending an email to the CPU P-Card Administrator.
6. Approve permanent or temporary changes to MCC templates in writing by sending an email to the CPU P-Card Administrator.

C. Assistant Secretaries or designees

1. Review and approve or deny requests for Purchase Cards held by their Administration. Send approved Purchase or Travel Card Application (Form 06-157) to the CPU P-Card Administrator.

2. Review and approve or deny permanent changes to Credit Limits, Single Purchase Limits, or Account Managers for cards held by their Administration. Send approved Update/Change Request for Purchase or Travel Card (Form 06-161) to the CPU P-Card Administrator.

3. Retain written documentation of approval authority, if delegated by the Assistant Secretary.

D. Card Custodians

1. Safeguard the Purchase Cards and account numbers in a locked location to protect against loss, theft, and unauthorized use.

2. Keep physical possession of the Purchase Card and/or Ghost Card letters. Only release the card to Designated Card Users.

3. Document when and to whom the card was released and when the card was returned using the Purchase Card Use Log (Form 17-185) or similar internally developed form.

4. Report lost or stolen cards and unauthorized transactions immediately by contacting the CPU P-Card Administrator and the Account Manager in writing (this step is intended to limit DSHS’ liability for unauthorized purchases).

5. Report lost or stolen cards and unauthorized transactions to Internal Audit and Consultation immediately using a Loss of Public Funds, Assets, or Illegal Activity Report (Form 17-169).

E. Designated Card Users

1. Adhere to relevant purchasing guidelines when making purchases (i.e. state contracts are utilized, delegated purchase limits are not exceeded). See DSHS Administrative Policy 13.08 & 13.19.

2. Safeguard the card from potential loss, theft, or unauthorized use.

3. Promptly return the card and store receipts (or other back-up documentation) to the Card Custodian after the authorized purchase is completed.
4. Immediately report lost cards to the Card Custodian.

F. Fiscal Analysts

1. Reconcile purchase card statements to supporting documentation (requisitions, purchase orders, receipts, invoices, packing slips, etc.) to ensure purchases are valid.
   a. Perform reconciliations at least monthly.
   b. Immediately report any unsupported or questionable purchases to the Account Manager.

G. CPU P-Card Administrator

1. Provide training and consultation on:
   a. Purchase Card internal controls and compliance
   b. Using the Access Online website
   c. Purchase Card program structure (naming conventions, hierarchies, etc.)

2. Oversee creation and update of the agency’s policies, forms and general procedures regarding the control and usage of Purchase Cards.

3. Review requests for Purchase Cards for completeness, accuracy and proper approval. If approved, submit new requests to the Card Company.

4. Verify in writing, at least annually, the list of Purchase Cards, Card Custodians and Managing Account Coordinators for accuracy.

5. Maintain documentation for all DSHS Purchase Cards, including:
   a. Approved Purchase or Travel Card Application forms
   b. Approved Update/Change Request for Purchase or Travel Card forms
   c. Approved US Bank Access Online User Set Up forms
   d. Assistant Secretary written delegation of authority
   e. Account Manager approvals of temporary increases and MCC template changes

6. Act as the Department liaison between:
   a. DSHS Administrations and the Card Company to reach a final resolution regarding discrepancies and disputes.
      i. The CPU P-Card Administrator does not have decision-making authority in disputes between DSHS and a specific vendor, contractor, or merchant.
      ii. The CPU P-Card Administrator can only resolve disputes between DSHS and the Card Company. If additional dispute resolution is necessary, each program must resolve disputes directly with the vendor, contractor, or merchant.
   b. DSHS and the Department of Enterprise Services (DES) regarding changes to statewide purchase card contract(s.)
• Remove links to repealed WACs and rescinded policies – SAAM Chapter 45, AP 13.22
• Add link to new DES purchase card policy
• Fix broken links to forms, bank contract
• Add new alternate version of p-card log for ghost travel cards
• Remove references to individual travel cards