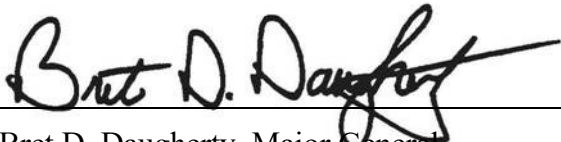




## Department Policy No. FIN-105-02

<b>Title:</b>	<b>State Purchase Cards</b>
<b>Former Number:</b>	02-003-02
<b>Authorizing Source:</b>	RCW 39.26 Procurement of Goods and Services RCW 42.52 Ethics in Public Service RCW 43.09.185 Loss of public funds—Illegal activity—Report to state auditor’s office RCW 43.88.160 Fiscal management—Powers and duties of officers and agencies State Administrative and Accounting Manual (SAAM), Chapter 20 Internal Controls SAAM Chapter 40.30.40 Purchase Cards DES Policy FO-03.01, Use of Credit Cards to Make Purchases of Goods and Services DES-125-03, Direct Buy Purchases and Procurements Commercial Card Solutions Contact # 00612
<b>Information Contact:</b>	Regan Hesse, CFO Building #1 (253) 512-8115
<b>Effective Date:</b>	October 7, 2002
<b>Revised:</b>	April 1, 2020
<b>Mandatory Review Date:</b>	April 1, 2024
<b>Approved By:</b>	 Bret D. Daugherty, Major General The Adjutant General Washington Military Department Director

### Purpose

To establish the Washington Military Department’s (WMD) policy for use, control, tracking, and authorized purchases for Purchase Cards (Credit Cards).

## Scope

This policy applies to all state employees of the WMD, including Washington Army and Air National Guard members on State Active Duty (SAD), and any federal employee of the WMD who is issued or uses a state purchase card.

## Policy

1. **Overview:** The WMD's Purchase Card Program provides a secure, efficient, convenient, and traceable method for paying for goods and services. Employees who use a state purchase card are responsible for ensuring all purchases are in accordance with state procurement and ethics laws and with DES and WMD policies.
2. **Misuse of the Purchase Card** may include revocation of division or individual Purchasing Card privileges and may result in corrective or disciplinary action up to and including dismissal from the agency. Any known or suspected loss of public funds or assets or other illegal activity regarding purchase card use will be reported to the State Auditor's Office.
3. **The following items may not be purchased using a state purchase card:**
  - a. Cash advances.
  - b. Items purchased for personal use.
  - c. Purchase of materials or services from any family member of the Designated Card User or Card Custodian.
  - d. Purchasing of any good or service from an alternate vendor (direct buy) when the item is available on a state master contract; the state master contract or convenience contract must be used whenever one is available.
  - e. Purchase of airfare or rental car.
  - f. Gifts or donations of a personal nature. (Does not preclude the purchase of business-related gifts within legal limits.)
  - g. Purchases in excess of limits authorized for the card.
  - h. Purchases that exceed the state's direct buy spending limits, including splitting purchases to circumvent the daily or monthly purchase limits on a card, or to avoid competitive bidding limits or purchase authority limits.
  - i. Purchase of alcoholic beverages or tobacco products.
  - j. Purchase from any merchant for goods or services considered inappropriate use of state funds, i.e. casinos, adult entertainment centers, etc.

## 4. Procurement Limits

Card users are responsible for determining the appropriate type of procurement and ensuring that all purchases comply with applicable state and federal laws, including state

procurement laws, state ethics laws, Department of Enterprise Services (DES) procurement policy, WMD procurement policy and procedures, and the State Administrative and Accounting Manual (SAAM). Specific types of legal procurements are further defined in WMD and DES policy, and include:

- a. Competitive procurements
- b. Procurements using a master contract
- c. Direct buy procurements
- d. Sole source procurements
- e. Emergency procurements

Sales tax must be paid on all applicable purchases, including for SAD purchases.

## **5. Security**

- a. Each Card Custodian and Designated Card User is responsible for the security of the Purchase Card(s). Card Custodians and Designated Card Users should ensure that the Purchase Card, when not in use, is in a secure location. Purchase Card account numbers must also be safeguarded.
- b. Purchase Card Abuse: If misuse or fraudulent activity occurs, the Approving Manager will report questionable charges or suspected fraudulent use to the Agency Credit Card Administrator. The Agency Credit Card Administrator, in consultation with the CFO and Human Resources Director, is responsible for ensuring appropriate corrective action is taken and that the corrective action is consistent with applicable personnel policies.
- c. Suspected and Known Fraudulent Misuse: Per State Law (RCW 43.09.185) the agency is required to immediately report to the State Auditor's Office any known or suspected losses of public funds or assets or other illegal activity regarding purchase card use even if the credit card company reverses the fraudulent charges. Reporting shall be conducted by the Chief Financial Officer.
- d. Lost/Stolen Cards: Card Custodians must report lost or stolen cards to the Agency Credit Card Administrator within 24 hours or the next duty day upon discovery of the loss. The Agency Credit Card Administrator will notify the card provider's customer service center (1-800-344-5696).
- e. Disputed Items: If the Accounts Payable accountant (after consultation with the Card Custodian) determines a charge on the monthly statement is unauthorized or incorrect, they will contact the purchase card provider or merchant, as appropriate, and place the item(s) in dispute. Disputed items will be documented in writing, investigated, and resolved within 60 days, or as soon as possible, from discovery of the charge or from the first statement on which the disputed charge appears. Documentation on any disputed items must be submitted to Accounts Payable with the monthly reconciliation.

## Procedures

1. **How to Make a Purchase:** Employee must be familiar with all Department and State procurement policies and ensure the purchase is allowable. If unsure, contact the Agency Credit Card Administrator or the Contracts and Procurement Administrator for guidance. Items purchased online must be completed through a secure website only. Secure websites are identified as those starting with https://.

Employee identifies need for goods or services and selects a legal method of procurement. If the good or service is to be paid for using a credit card, the Designated Card User requests the Purchase Card from the Card Custodian, and completes the State Purchase Card Log.

The Designated Card User or Card Custodian may then use the purchase card to pay for the goods or services. Upon completion of the transaction, the Designated Card User returns the card to the Card Custodian. The Card Custodian is responsible for ensuring the purchaser provides the receipt with line item detail and any other backup documentation as required into a monthly transaction file.

2. **Online Transaction Log:** The online transaction log can be found at the issuing bank's website and is used to document each purchase and specify the accounting information that is pertinent to each transaction. This log must be completed and turned in to Accounts Payable each calendar month.
3. **State Purchase Card Log:** The State Purchase Card Log must be maintained by the Card Custodian. Each time the card is issued to a Designated Card User, all required information must be entered into the State Purchase Card Log ([WMD Form 1001-10](#)). This log must be completed and turned in to Accounts Payable with the online transaction log each month.
4. **During State Active Duty (SAD) Activation:** All purchases supporting a SAD activation must be preapproved by the Joint Operations Center (JOC). The purchases are logged and given an authorization number. At the end of the SAD activation the JOC is responsible for turning in all logs, supporting documentation and original receipts to Finance.

Any purchase from an individual vendor for more than \$10,000 (excluding sales tax) must be reported to the Contracts and Procurement Administrator immediately for reporting to the Department of Enterprise Services (DES) within three days to comply with the state's emergency purchase requirements.

5. **Monthly Reconciliation:** On a monthly basis, the Card Custodian must submit a copy of the State Purchase Card Log, the online transaction log, and all original receipts to the Accounts Payable department no later than the 21st of the month. Failure to send required documentation in a timely manner may lead to revocation of the card.

Accounts Payable will review the documentation and ensure that all documentation has been submitted. If discrepancies are found, Accounts Payable will contact the Card Custodian for additional information. If resolution has not occurred within five (5) working days, Accounts Payable will contact the Deputy CFO for follow up on the issue.

Any missing or lost receipt will require a missing receipt affidavit.

## **6. How to Request a Purchase Card**

- a. Contact the Agency Credit Card Administrator in writing to request a purchase card.
- b. The Agency Credit Card Administrator will consult with the requester to determine the right kind of credit card (purchase card or travel card), determine an appropriate credit limit, and identify an appropriate Card Custodian and Approving Manager. The Agency Credit Card Administrator will verify that the card requester has completed the required online training, obtain the Adjutant General's written designation of the user as an "agent of the state" if the user is a federal employee, and approve or deny the request and notify the Accounts Payable Accountant of the request in writing.
- c. The Accounts Payable Accountant will contact the agency's bank to order the purchase card.
- d. Once the card is received, the Agency Credit Card Administrator will confirm the requestor is aware of the requirements for proper use of the purchase card as explained in this policy and in state law, and obtain signed copies of the required forms ([Attachments A through D](#)). The Agency Credit Card Administrator will add the card number, card custodian, and approving manager to the credit card log, and give the card to the card custodian.
- e. The Accounts Payable Accountant will provide or update the employee access to the account information through the bank website.

## **7. Required Procurement Training**

Approving Managers, Card Custodians and Designated Card Users must complete the following courses:

- a. WA State Small Purchases
- b. WA State Purchasing and Procurement Ethics

## **8. Meals with Meetings/ Coffee and Light Refreshments**

Meals and refreshments may be purchased with a purchase card for the following reasons:

- a. Meals with Meetings or Coffee and Light Refreshments. Meals or refreshments must be approved in advance in accordance with WMD Policy FIN-109-13, "Coffee

and Light Refreshments and Meals with Meetings”. A pre-approved [WMD Form 1008-13](#) Coffee and Light Refreshments or Meals with Meetings must accompany the credit card receipt and log.

- b. Activations of the State Emergency Operations Center (SEOC). The Emergency Management Division Logistics section may purchase meals for personnel supporting the SEOC in accordance with EMD Policy 15-02-01, “Authority to provide meals to staff during a Partial or Full State EOC Activation.” Per diem rules must be followed.

## **Responsibilities**

- A. **The Adjutant General** will provide an authorization letter to each federal employee who is a Card Custodian or Designated Card User appointing them as an “Officer of the State.”
- B. **The Chief Financial Officer** is responsible for general oversight of all expenditures on behalf of the agency.
  1. Designates an Agency Credit Card Administrator within the State Finance Division and oversees agency compliance with this policy.
  2. Reports any known or suspected loss of public funds or assets or other illegal activity regarding purchase card use to the State Auditor’s Office.
- C. **The Agency Credit Card Administrator** administers the purchase card program including:
  1. Recommends policy and procedures to department management.
  2. Determines the appropriate type of card, credit limit, Card Custodian and Approving Manager for each card, and approves the ordering of new credit cards on behalf of the agency.
  3. Ensures Approving Managers, Card Custodians, and Designated Card Users have been properly trained. Verifies and maintains training records for Approving Managers, Card Custodians, and Designated Users.
  4. Maintains a list of authorized Card Custodians and Approving Managers.
  5. Collects and maintains a WMD Card Custodian Agreement Form ([WMD Form 1003-10](#)), WMD Designation of Purchase Card Approving Manager ([WMD Form 1002-10](#)), and an “Officer of the State” authorization if required for each card user.
  6. Reviews purchase card program annually to ensure proper procedures are followed.
  7. Reports lost or stolen credit cards immediately to the issuing bank.
  8. Reports any known or suspected loss of public funds or assets or other illegal activity regarding purchase card use to the Chief Financial Officer.

**D. Accounts Payable Accountant** is an employee in the State Finance division responsible for the day-to-day administration of the state credit card program and is responsible for the following:

1. Orders purchase cards and travel cards at the request of the Agency Credit Card Administrator.
2. Verifies that online transaction logs submitted to State Finance contain all accompanying receipts and documentation required and have been signed by the credit card custodian and approving manager.
3. Pays the monthly purchase card bills on behalf of the WMD.
4. Provides purchase card customer service support to Card Custodians and Designated Card Users, including enabling and disabling Merchant Category Codes (MCCs).
5. Notifies the Agency Credit Card Administrator, CFO, and the State Auditor's Office of known or suspected fraudulent credit card activity, even if no financial loss has occurred.

**E. Approving Manager** is a state employee of the WMD that is responsible for the following:

1. Completes training as required by DES Policy:
  - a. WA State Purchasing and Procurement Ethics
  - b. WA State Small Purchases
2. Signs [WMD Form 1002-10](#), Designation of Purchase Card Approving Manager.
3. Establishes controls for Card Custodians, within the guidelines of this policy, including limits on types of purchases.
4. Delegates spending authority to Card Custodians.
5. Establishes procedures for security of the purchase cards.
6. Reviews online transaction report, State Purchase Card Log ([WMD Form 1001-10](#)), and receipts monthly. Confirms all purchases have accompanying receipts, that purchases were appropriate and in accordance with this policy, and designates a charge code for each transaction. Signs and submits online transaction report, State Purchase Card Log, and receipts to State Finance – Accounts Payable Accountant.
7. Reports to the Agency Credit Card Administrator any known or suspected inappropriate use of the purchase card.

**F. Card Custodian** is an individual designated by the Agency Credit Card Administrator and Approving Manager to maintain custody of and make purchases with an assigned Purchase Card. They are responsible for the following:

1. Completes training as required by DES Policy:

- a. WA State Purchasing and Procurement Ethics
- b. WA State Small Purchases
2. Signs [WMD Form 1003-10](#), Card Custodian Agreement Form.
3. Maintains security and control of the Purchase Card.
4. Uses the agency Purchase Card to make purchases on behalf of the WMD in accordance with state procurement and ethics laws and policies, and ensures that all purchases made by Designated Card Users comply with state procurement and ethics laws and policies.
5. Enters information in the State Purchase Card Log ([WMD Form 1001-10](#)) each time the card is issued to a Designated Card User.
6. Maintains records of Designated Card Users they authorize to use their purchase card. This includes:
  - a. Confirming the Designated Card User has completed the required training.
  - b. Collects and maintains a WMD Designated Card User Agreement Form ([WMD Form 1004-10](#)) for each card user the Card Custodian authorizes to use the card. These documents should be readily available upon request.
7. Maintains and reconciles the online transaction report for all purchases.
8. Collects all original receipts with line item detail for each transaction to ensure that expenses are allowable.
9. Reports to the Approving Manager any known or suspected inappropriate use of the Purchase Card immediately upon discovery.
10. Reports lost or stolen cards immediately to the Agency Credit Card Administrator.
11. Any federal employee who is a Card Custodian for a state purchase card must receive an authorization letter from TAG designating them as an “Officer of the State”.

**G. Designated Card User** is a WMD employee authorized by the Card Custodian to make purchases on behalf of the agency. The Designated Card User is responsible for the following:

1. Completes training as required by DES Policy:
  - a. WA State Purchasing and Procurement Ethics
  - b. WA State Small Purchases
2. Reviews this policy and procedure before using the Purchase Card.
3. Signs [WMD Form 1004-10](#), Card User Agreement Form.
4. Uses the agency Purchase Card to make purchases on behalf of the WMD in accordance with state procurement and ethics laws and policies.



5. Maintains security and control of the purchase card while it is in their possession.
6. Gives all receipts with line item detail and required documentation to the Card Custodian after completing the purchase.
7. Returns the card as quickly as possible after making the purchase.
8. Reports lost or stolen cards immediately to the Card Custodian.
9. Any federal employee who is a Designated Card User for a state purchase card must receive an authorization letter from TAG designating them as an “Officer of the State”.



### WMD State Purchase Card Log

Name of Division/Section: \_\_\_\_\_

Last 4 Digits: \_\_\_\_\_

Month/Year \_\_\_\_\_

Date Issued	Date Returned	Designated Card User	Receipt/ Invoice Received Y/N	Vendor	Program Index	Description of Items Purchased	Amount of Purchase	Purpose of Items Purchased	Date Received

My signature below indicates that all purchases have been reviewed and comply with WMD Policy FIN-105-02 (State Purchase Card Policy), DES Purchasing Policies, and applicable WACs and RCWs.

Card Custodian Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Approving Manager Signature: \_\_\_\_\_ Date: \_\_\_\_\_



STATE OF WASHINGTON  
**MILITARY DEPARTMENT**  
*Camp Murray, Washington 98430-5000*

**WMD State Purchase Card Approving Manager Agreement**

As Approving Manager, I \_\_\_\_\_ delegate authority to use  
Purchase Card Account No. \_\_\_\_\_ (last six digits only) to the Card Custodian:  
\_\_\_\_\_.

1. I agree to establish written authorization controls for the Card Custodian.
2. I agree to establish procedures for maintaining security of the Purchase Cards.
3. I agree to report to the Agency Credit Card Administrator any known or suspected inappropriate use or fraudulent use of the purchase card.
4. I agree to have all purchases reconciled monthly with the Online Transaction Log and the State Purchase Card Log (WMD Form 1001-10). I agree to review and submit original receipts to the WMD Accounts Payable Department monthly.
5. When appropriate, I agree to sign and have all State Purchase Card Logs signed by the Card Custodian and submit all original receipts to the Accounts Payable Department along with the signed State Purchase Card Log.
6. I agree to report lost or stolen cards immediately to the Agency Credit Card Administrator.
7. I agree to adhere to WMD Policy FIN-105-02, State Purchase Cards.
8. I understand that violations of this agreement, or agency established policies and procedures governing the use of this card may result in cancellation of division purchase card privileges.

Card Custodian Name: \_\_\_\_\_

Card Custodian Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Approving Manager Name: \_\_\_\_\_

Approving Manager Signature: \_\_\_\_\_ Date: \_\_\_\_\_



STATE OF WASHINGTON  
**MILITARY DEPARTMENT**  
*Camp Murray, Washington 98430-5000*

**WMD State Purchase Card Custodian Agreement**

I hereby acknowledge responsibility for custody of the State Purchase Card, Account No. \_\_\_\_\_.

As the Card Custodian, I agree to the following statements and will contact the Agency Credit Card Administrator if I am unclear as to the policies and procedures for use of the card. I agree to adhere to WMD Policy FIN-105-02, State Purchase Cards. I agree to reconcile all purchases monthly with the State Purchase Card Log (WMD Form 1001-10) and the bank's Online Transaction Log, and to submit all receipts to the WMD Accounts Payable Department along with a signed copy of the State Purchase Card Log.

I understand that the card will not be used for the following:

1. Cash advances.
2. Items purchased for personal use.
3. Purchase of materials or services from any family member of the Designated Card User or Card Custodian.
4. Purchasing of any good or service from an alternate vendor (direct buy) when the item is available on a state master contract; the state master contract or convenience contract must be used whenever one is available.
5. Purchase of airfare or rental car.
6. Gifts or donations of a personal nature. (Does not preclude the purchase of business-related gifts within legal limits.)
7. Purchases in excess of limits authorized for the card.
8. Purchases that exceed the state's direct buy spending limits, including splitting purchases to circumvent the daily or monthly purchase limits on a card, or to avoid competitive bidding limits or purchase authority limits.
9. Purchase of alcoholic beverages or tobacco products.
10. Purchase from any merchant for goods or services considered inappropriate use of state funds, i.e. casinos, adult entertainment centers, etc.

I understand that violations of this agreement, or agency established policies and procedures governing the use of this card may result in cancellation of division purchase card privileges and may result in corrective or disciplinary action.

Card Custodian Name: \_\_\_\_\_

Card Custodian Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Approving Manager Name: \_\_\_\_\_

Approving Manager Signature: \_\_\_\_\_ Date: \_\_\_\_\_



STATE OF WASHINGTON  
**MILITARY DEPARTMENT**  
*Camp Murray, Washington 98430-5000*

**WMD Designated Card User Agreement**

As a Designated Card User, I agree to adhere to WMD Policy FIN-105-02.

I agree to contact the Agency Credit Card Administrator if I am unclear as to the policies and procedures for use of the card. I agree to have all purchases reconciled monthly with the State Purchase Card Log (WMD Form 1001-10). I agree to maintain security of the purchase card at all times. I agree to submit all original receipts promptly to the Card Custodian. Additionally, the card will not be used for:

1. Cash advances.
2. Items purchased for personal use.
3. Purchase of materials or services from any family member of the Designated Card User or Card Custodian.
4. Purchasing of any good or service from an alternate vendor (direct buy) when the item is available on a state master contract; the state master contract or convenience contract must be used whenever one is available.
5. Purchase of airfare or rental car.
6. Gifts or donations of a personal nature. (Does not preclude the purchase of business-related gifts within legal limits.)
7. Purchases in excess of limits authorized for the card.
8. Purchases that exceed the state's direct buy spending limits, including splitting purchases to circumvent the daily or monthly purchase limits on a card, or to avoid competitive bidding limits or purchase authority limits.
9. Purchase of alcoholic beverages or tobacco products.
10. Purchase from any merchant for goods or services considered inappropriate use of state funds, i.e. casinos, adult entertainment centers, etc.

I understand that violations of this agreement, or agency established policies and procedures governing the use of this card may result in cancellation of division purchase card privileges and may result in corrective or disciplinary action.

Name: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_