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Title: Use of King County Purchasing Card for Purchases of Goods and Services

Affected Agencies: All King County Executive Departments, Offices, and Agencies

Authorities: WAC 236-48-250, WAC 236-48-251, CON 7-1-2, CON 7-5-2, CON 7-2-3, FIN 10-1-1, PER 17-1-13, King County P-Card Manual, King County Travel Manual

Keywords: Administrative Policies and Procedures, Procurement, Payables, Purchasing Card, P-Card

Sponsoring Agency: DES/FBOD/Procurement and Payables Section

Executive signature: _____

Date signed and effective: _____



King County

I. Purpose

This policy establishes guidelines for the P-Card Program to ensure the use of P-Cards complies with the applicable procurement and contracting requirements and all applicable state/federal laws and regulations. This policy also outlines the roles and responsibilities of personnel involved with the P-Cards.

II. Applicability and Audience

This policy applies to all King County Executive Departments, Offices, and Agencies

III. Definitions

"Approver" (Approving Official) is the individual designated by a Department or Division Director (or designee) responsible for reviewing and approving payment for purchases and monitoring the use of assigned P-Cards. Approvers must be someone other than the transaction preparer and shall be in a position of authority relative to the Cardholder or not directly supervised by the Cardholder.

"Cardholder" is a King County employee who has received authorization by his/her Department or Division Director (or designee) to use the P-Card and has been delegated authority to make purchases on behalf of King County in compliance with the P-Card Policies and Procedures.

"Card Provider" is the official contract vendor who maintains the King County P-Card account, issues P-Cards to King County employees, provides electronic transaction authorizations to suppliers, and bills King County for all purchases made on the P-Cards.

"Contract Purchases" means purchases or payments made in accordance with an established King County agreement or contract.

"Department Coordinator" means an individual assigned as the focal point at the designated department or division level that is responsible for assisting the Program Manager in monitoring the appropriate use and timely payment of Cardholder transactions within their area of oversight. The Department Coordinator authorizes Card issuance and is responsible for establishing department procedures for records retention.

"Department/Division Director (or designee)" herein referred to as "Director" means an individual who manages a King County department, division, office or agency and has supervisory authority, via the department or agency chain of command, over Cardholders and Approvers. The Department/Division Director (or designee) authorizes P-Card issuance, Cardholder transaction limits, and delegates purchasing authority to

Cardholders. He/she will assign internal department Approvers and Coordinators.

"iExpense" means the Oracle EBS module used to process P-Card transactions.

"Merchant Category Code (MCC)" means four digit numbers assigned to a business' credit card terminal by a credit card company. These codes are used to classify a business by the type of goods or services provided.

"POETA" means the financial transaction coding used for expenditure transactions consisting of Project number, Organization, Expenditure type, Task number, and Award Number.

"Purchase Card" (P-Card) means a type of physical charge card issued to make authorized purchases on behalf of King County agencies to expedite and streamline business processes. Central Accounts Payable pays balances on P-Cards in full at the end of each billing cycle.

"P-Card Program Manager" means the individual who serves as the official point of contact responsible for all aspects in the management of the King County P-Card Program. The P-Card Program Manager acts as a designee of the Director of Finance and Business Operations Division. The P-Card Program Manager also serves as a coordinator in communication with the Card Provider.

"Single Purchase" means a one-time purchase of goods and services, or an annual aggregate of like purchases not to exceed \$10,000, for which King County does not have an existing purchase agreement or contract established. This is in accordance with CON.7-2-3 (AEP) Exemptions to the Procurement Requirements.

IV. Policy

1. **Cardholder Eligibility:** Only a full-time regular, part-time regular, provisional, probationary, Term Limited Temporary (TLT), or appointed employee of King County, as designated by the Director, may be issued a P-Card. Each Cardholder must sign a Cardholder Agreement and receive training before receiving a P-Card. The King County P-Card will bear the Cardholder's name and will not be transferable between individuals, county employees or departments.
2. **Purchase Limits:** The standard Cardholder per transaction limit is set at \$10,000; the monthly standard limit is \$20,000. A Director/Manager or designee may impose a higher or lower limit on a temporary or permanent basis as deemed necessary for a Cardholder's ongoing business needs. Examples of purchases that should be made by P-Card where it is accepted are:
 - a. Single purchases totaling less than \$10,000.
 - b. Purchases of a nature that do not lend themselves to a competitive procurement process or issuances of a purchase order/contract in accordance with CON 7-2-3 (AEP) Exemptions to the Procurement Requirements.
 - c. Payments for established contract purchases. This may exceed \$10,000 when within transaction limits for each P-card holder. It is the Cardholder's responsibility to verify contract pricing.

- d. P-Card per transaction and monthly credit limits for acquisition of goods and services for emergency response and recovery operations will be set by agencies and may be adjusted only by the King County Finance and Business Operations Division, Procurement and Payables Section as determined by agency request or demonstrated need.
3. Cardholder Liability: P-Cards are for authorized purchases on behalf of King County within stated guidelines of the P-Card Manual as well as King County Procurement Policies and Procedures. P-Cards must not be used in any manner listed below:
 - a. Splitting purchases to circumvent the daily or monthly purchase limits on a card or to avoid competitive bidding limits or purchasing authority limits
 - b. Cash Advances or ATM Withdrawals
 - c. Purchases from any merchant, product, or service that is normally considered an inappropriate use of King County funds, such as:
 1. Items for personal use
 2. Materials or services from any member of the Cardholder's immediate family
 3. Alcoholic beverages
 - d. Required Documentation & Record Retention: The Cardholder is responsible for obtaining original receipts, order confirmations, or any other supporting documentation for any purchase made with a P-Card. Documentation must refer back to corresponding iExpense Reports generated through Oracle EBS. Records remain with the Department. There is a six-year retention schedule for P-Card transaction related documents.
 - e. Audit: All P-Card transactions and program paperwork are subject to review by the Director of Finance and Business Operations Division, the P-Card Program Manager, as well as internal and external auditors for compliance with P-Card Policies and Procedures, King County Procurement Policies and Procedures and any applicable laws and regulations pertaining to the P-Card Program. The P-Card Program Manager will be responsible for periodic desk audits of Cardholder transactions for appropriateness, accuracy, timely processing, and proper record retention.
4. Procedures
 - a. P-Card Set Up, Maintenance and Closure: To obtain a P-Card, a King County employee shall complete a P-Card Application Form and submit it to his/her Director for completion and approval. The Department/Division Director will determine which employees require a P-Card and designate Approver(s) and a P-Card Coordinator(s). The approved application will be sent to the P-Card Program Manager who will review the application for appropriateness and completeness. To be processed, the request must include all required information and approval signatures. Prior to receiving a P-Card, a Cardholder will be required to complete training and sign a Cardholder Agreement stating agreement with the terms of the P-Card Program.

1. All contact with the Card Provider for P-Card set up, maintenance and closure (except for reporting lost or stolen cards) will be administered by the P-Card Program Manager (or his/her designee) who is the King County's primary point of contact with the Card Provider.
 2. Cardholders must immediately report lost or stolen cards to the Card Provider. Cardholders must also notify their P-Card Coordinator and the P-Card Program Manager who will follow up with the Card Provider to ensure the account has been closed.
- b. Transaction Controls: Default controls prevent transactions that are not compliant with King County procurement regulations and P-Card policies and procedures. These controls will cause a decline on a P-Card if the Cardholder attempts to complete a transaction which:
1. Exceeds the Cardholder's set per transaction limit
 2. Exceeds the Cardholder's credit limit per billing cycle
 3. Exceeds the Cardholder's velocity limits per day or per month
 4. Is a blocked Merchant Category Code
 5. Is a cash advance or ATM withdrawal
- c. P-Card Security: Cardholders will not lend or share their P-Card, will keep their card secure, and will keep the card number confidential. Cardholders are required to report lost or stolen cards in accordance with the P-Card Manual. All P-Cards are the property of the Finance and Business Operations Division and must be surrendered immediately upon request by the P-Card Program Manager and/or the Cardholder's supervisor.
- d. Card Cancellation and Physical Inventory: The P-Card Coordinators will immediately notify the P-Card Program Manager by phone or e-mail of the termination (including retirement) or transfer of any Cardholder. A request for closing the Cardholder account will be submitted to the Card Provider by the P-Card Program Manager within two days of receiving the notification. Deactivated P-Cards can be destroyed on site. The P-Card Program Manager will notify the Card Provider immediately of all revoked and closed P-Card accounts.
1. P-Card Program Manager will have authority to cancel all inactive cards.
- e. General Requirements for P-Card Use
1. Using the Card: The King County P-Card may be used for over-the-counter, telephone and internet purchases. All items procured over-the-counter must be immediately available.
 2. When using the card, the Cardholder will ensure that:
 - a. Firm Fixed Prices are used.
 - b. All shipping charges shall be included in the purchase price, or listed separately, if applicable.

- c. Any applicable taxes and handling fees are itemized.
 - d. Proper authorization is provided to the merchant from the Card Provider.
 - e. For point of sale purchases, obtain a customer copy of the receipt.
3. When placing telephone or internet orders, the Cardholder will ensure that:
 - a. All charges will be made only upon shipment or service performance.
 - b. A written order confirmation is sent to be retained with customer copies of sales receipts and other documentation.
 - c. The shipping document or packing slip have all required data including: Cardholder's name and contact information, item description, quantity and part number, full delivery address, and vendor's contact information.
 4. Food purchases are generally restricted on standard P-Cards, however restrictions can be lifted on a temporary or permanent basis with a memo signed by the Division Director or Designee. Food purchases must be in line with King County Code 3.24 and PER 17-1-3 (AEP) Authorized Travel, Meal and Expense Reimbursement for County Employees.
 5. Continued incidents of missing documentation may subject a Cardholder to corrective action, up to and including termination and/or revocation of P-Card privileges.
 6. Returns, Credits and Disputed Items: Should a problem arise with a purchased item, service or charges, the Cardholder shall first contact the supplier and attempt to resolve the problem directly. In the event that the vendor will not resolve the issue the dispute process may be entered via the Card Provider's online banking system. Credits and charges will both appear in iExpense and must be applied to the same POETA in order to replenish the charged fund.
 - a. If the an unrecognized or duplicate charge is not resolved with the supplier directly, the Cardholder must dispute the transaction in the Card Provider's online banking system within 60 days of the first statement on which the error or disputable charge appears. The Cardholder shall also notify the P-Card Coordinator and Program Manager. If the charge is suspected to be fraudulent, the card will be immediately blocked and an investigation of the charge will continue. A new card may be issued to the Cardholder, if appropriate.
 - b. The Cardholder is responsible for ensuring credits for returns, disputes, or fraudulent charges are properly reflected in Oracle iExpense. Under no circumstances shall a Cardholder accept cash or a refund check in lieu of a credit to the P-Card account.
 7. P-Card Statement Reconciliation: Cardholders must review transactions and create weekly Expense Reports for payment to the Card Provider. Cardholders must verify the item/service purchase price, and taxes paid. The Cardholders must provide a clear description of the purchased item or

service, any applicable contract numbers, and the exact amount of sales tax paid within the justification. A work order number can be added, if applicable. The Cardholder (or delegate) will assign POETA to each transaction line item. Once reviewed and submitted by the Cardholder, the transactions will be reviewed by the Approvers for completeness and appropriateness and will either be approved or returned to the Cardholder for more information or necessary changes.

8. At the close of the monthly billing cycle, the Card Provider will mail via U.S. Mail and provide online:
 - a. Monthly Memo Statement of Account to each individual Cardholder.
 - b. Monthly Managing Account billing statement to the Finance Department. The billing statement will list all King County transactions processed during the previous billing cycle.

5. Responsibilities

- a. Card Provider: The Card Provider will maintain King County P-Card account and issue P-Cards to designated King County employees. The Card Provider's responsibilities will include:
 1. Providing electronic transaction authorizations and billing King County for all purchases made on the cards.
 2. Providing monthly statements to Cardholders and Approvers.
 3. Sending consolidated invoice to King County Accounts Payable at the end of monthly billing cycle.
 4. Paying vendors in a timely manner.
- b. Cardholder: The Cardholder must use the P-Card for legitimate business purposes ONLY and in compliance with King County rules and regulations, and the P-Card Policies and Procedures. The Cardholder shall:
 1. Ensure that the P-Card is used for legitimate business purposes only.
 - a. Adhere to the purchase limits and restrictions of the P-Card and ensure the total transaction amount does not exceed the authorized limits.
 - b. Use the P-Card in compliance with King County Procurement Rules and Regulations.
 - c. Maintain the P-Card in a secure location at all times and not allow other individuals, including other employees, to use their P-Card.
 - d. Process weekly Expense Reports and obtain, retain and reconcile all sales slips, register receipts and order confirmations.
 - e. Ensure accuracy of the receipt of goods ordered on a P-Card, retain receipt and include notations verifying quantities received for appropriateness.

- f. Deal with the vendors directly to resolve disputes or billing errors and notify the Card Provider if the dispute or billing error is not satisfactorily resolved in accordance with the Card Provider's dispute resolution procedures.
 - g. Ensure that an appropriate credit for the reported disputed item or billing error appears in iExpense for processing.
 - h. Immediately report a lost or stolen card to the Card Provider (24 hours a day, 7 days a week) following the procedure described in the P-Card Manual and immediately notify the P-Card Program Manager of a lost or stolen card at the first opportunity during normal business hours.
 - i. Notify the Department Coordinator upon terminating employment with King County or changing departments within King County.
- c. Approver: Each Director must designate one or more Approving Officials (Approvers) for his/her department. Approvers are linked to the organization within the POETA. P-Card Approvers are responsible for reviewing transactions in iExpense to ensure that charges are authorized and allocated to appropriate POETA. The Approver will have authority to request the P-Card Program Manager to instruct the Card Provider to cancel a card at any time. Approvers shall:
1. Review and approve all Cardholder transactions in iExpense on a weekly basis.
 2. Review vendor invoices and receipts, approve and certify Cardholder transactions for payment to the Card Provider weekly.
 3. Ensure that the Cardholder transactions are in compliance with King County Procurement Rules and Regulations.
 4. Monitor use of card within the assigned Department/Division and notify the P-Card Program Manager of any changes or updates.
- d. Department Coordinator: Each Director will designate one or more Coordinators for his/her department as a focal point at a Department/Division level that is responsible for overseeing the department day-to-day P-Card activity and assisting the P-Card Program Manager with card administration duties, Cardholder training and related duties. The Coordinator's responsibilities include:
1. Monitoring all transaction records for compliance with King County record retention standards.
 2. The Department Coordinator authorizes Card issuance and is responsible for establishing department procedures for records retention.
 3. Serving as a primary point of contact and a coordinator for internal and external audit-related matters.

4. Requesting P-Card Program Manager to cancel cards of terminated employees as well as employees transferred to other departments, or those who lost P-Card privileges as approved by the Director.
 5. Ensuring Cardholders within their oversight process transactions in iExpense within 10 days of posting.
 6. Ensuring that all cancelled cards are destroyed.
- e. P-Card Program Manager: The P-Card Program Manager is located in the King County Finance and Business Operations Division, Procurement and Payables Section. The P-Card Program Manager is responsible for the overall P-Card Program implementation and serves as an official point of contact for the King County P-Card related matters. The P-Card Program Manager is responsible for periodic on-site and desk audits of card use and charges for appropriateness. Areas to be monitored will include, but will not be limited to, compliance with P-Card Policies and Procedures, compliance with King County Procurement Rules and Regulations and sales and use tax charges. The P-Card Program Manager's responsibilities include:
1. Acting as a liaison with the Card Provider and an administrator of the Card Provider's on-line reporting P-Card system.
 2. Reviewing Cardholder applications approved by Directors for completeness of required information.
 3. Requesting new P-Cards from the Card Provider.
 4. Training department Coordinators and Cardholders before releasing P-Cards and providing regular refresher training.
 5. Reviewing usage of P-Cards for appropriateness and compliance with the P-Card Policies.
 6. Handling disputed charges and/or discrepancies which are not resolved by Cardholder or Coordinator.
 7. Securing revoked P-Cards and submitting information to the Card Provider.
 8. Reviewing the Card Provider's monthly statement and notifying Cardholders and Approvers of cut-off date for approvals.
 9. Ensuring that lost or stolen cards have been blocked by the Card Provider.
 10. Monitoring the use of P-Cards, conducting audits, physical inventory, and records.
 11. Reviewing business practices to promote the efficient and appropriate use of P-Cards, meeting with customers to ensure their satisfaction, and developing metrics to demonstrate how P-Cards are meeting county goals for procure-to-pay practices.

12. Acting as the designee of the Director of the Finance and Business Operations Division for introducing new business practices, audits, reporting inappropriate uses, responding to customer concerns or complaints, and placing or lifting restrictions on card privileges.

V. Implementation Plan

- A. This policy becomes effective for all King County Executive Departments, Offices, and Agencies on the date that it is signed by the Executive. The Department of Executive Services is responsible for implementation of this policy.
- B. DES/FBOD/Procurement and Payables Section is responsible for communicating this policy to the management structure within their respective agencies and other appropriate parties.

VI. Maintenance

- A. This policy will be maintained by the DES/FBOD/Procurement and Payables Section or its successor agency.
- B. This policy will automatically expire five (5) years after its effective date. A new, revised, or renewed policy will be initiated by Procurement and Payables, or its successor agency prior to the expiration date.

VII. Consequences for Noncompliance

Affected Agencies in noncompliance with this policy shall submit a letter of justification and remediation plan signed by the Department Director or designee to the Chief Procurement Officer for review and action.

Continuing noncompliance may subject the King County employee violating the policy to the disciplinary process set forth in the King County Personnel Guidelines section 16 and the provisions of King County Code 3.12.270.

Appendices: None