



TITLE: Procurement Card (P-Card) Policy		POLICY: FIN-006-2024
EFFECTIVE DATE: 6/26/2024	SUPERSEDES: PUR-004-2021	PAGES: 3
MAYOR: <small>DocuSigned by:</small> Christine Frizzell <i>Christine Frizzell</i>	DEPARTMENT DIRECTOR: <small>DocuSigned by:</small> Michelle Meyer <i>Michelle Meyer</i>	Administrative Policy

APPLICABLE TO: All City Departments, regular part-time and full-time employees, seasonal/temporary, and elected officials.

POLICY STATEMENT:

The policy of the City of Lynnwood is that a Purchasing Credit Card Program (P-Card) is an efficient and effective method of making purchases and payments.

RCW 43.09.2855 authorizes local governments to use credit cards for official government purchases and acquisitions. It requires that the legislative body adopts a system to manage card and associated transactions and prohibits cash advances on the cards.

LMC 2.92.110 authorizes the establishment of a credit card program for use by the City.

PURPOSE:

The purpose of this policy is to establish the guidelines for the operation of the P-Card program, identify the roles and responsibilities of personnel involved in the management of P-Cards, protect against, and reduce risk of fraud, and ensure that the use of P-Cards is in compliance with the City’s procurement and contracting requirements, state, and federal laws and regulations.

DEFINITIONS:

“Approver” is the individual designated by a Department Director, Manager, or Supervisor responsible for reviewing, pre-approving the purchase of goods and services, 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 and not directly supervised by the Cardholder.

“Cardholder” is a City of Lynnwood employee who has received authorization by their Department Director, Manager, or Supervisor to use the P-Card and has been delegated authority to make purchases on behalf of City of Lynnwood in compliance with the P-Card and Procurement Policies and Procedures.

“Contract Purchases” means purchases or payments made in accordance with an established City of Lynnwood agreement or contract.

“P-Card Administrator” means an individual assigned as the point of contact in the Finance Department who is responsible for monitoring the appropriate use, timely reconciliation, and approval of Cardholder transactions.

“Purchasing Card” (P-Card) means a type of physical charge card issued to make authorized purchases on behalf of City of Lynnwood to expedite and streamline business processes. Accounts Payable pays balances on P-Cards in full at the earliest on a weekly basis and no later than one month of a billing cycle.

RESPONSIBILITIES:

The Mayor designates authority to the Finance Director who may delegate to the Finance Manager overseeing Procurement (Manager) to establish the rules and procedures of the P-Card program, issue credit cards, manage user compliance with rules and procedures, and terminate credit cards due to employee separation or when there is a violation of code, policy, or procedure. The Manager has the authority to delegate administration of the program to the P-Card Administrator and staff as needed to ensure program security and compliance is met. Only the Manager or designee is authorized to approve and establish credit card accounts for the City of Lynnwood.

POLICIES:

A P-Card may be issued upon appropriate approvals to any regular part-time or full-time employees, seasonal/temporary, and elected officials. Prior to the issuance of a P-Card, all new card holders are to accept and agree to all terms, conditions, and cardholder responsibilities within the P-Card Agreement and application. The Manager has the authority to reject any P-Card application.

The default total monthly credit limit and single transaction limit will be \$3,000 per individual per card. Card holders requiring an increase to the default credit limit and single transaction limit for purchases exceeding the default credit limit are required to provide an email approval from their Department Director, Manager or Supervisor to the P-Card Administrator.

The use of the P-Card is limited to authorized purchases on behalf of the City of Lynnwood. All purchases must follow City of Lynnwood Purchasing Policies, the Lynnwood Municipal Code, state and federal laws. All purchases must be authorized by the card holder's Department Director, Manager, or Supervisor. All items purchased for delivery on City of Lynnwood P-Cards must be delivered to valid City of Lynnwood addresses; deliveries to personal addresses of employees is prohibited.

Card holders are required to provide original receipts, order confirmation, event agendas, travel pre-authorizations, and any other supporting documentation for each purchase made with a P-Card within the deadlines established by the P-Card Administrator. The documentation must include details of what was purchased along with the date and cost. All meal and other food purchases must be in accordance with administrative policies and City of Lynnwood Municipal Code. Only specific Card holders with supervisor approval will be authorized to purchase food for each department. Card holders are required to provide approval documentation for all food purchases made with their P-Card. Failure to provide appropriate backup documentation within the required time frame may result in card suspension or permanent revocation.

P-Cards must not be used in any manner below. Violations of misuse of City P-Cards will be subject to disciplinary measures up to and including card suspension, permanent revocation of the P-Card, termination, and/or legal action, and card holders will be required to reimburse the City of Lynnwood.

- Splitting purchases to circumvent the daily or monthly purchase limits on a card or to avoid competitive bidding thresholds.
- Cash advances or ATM withdrawals.
- Meal purchases during City-approved travel or otherwise outside of City policies for the purchase of food or meals.
- Goods and services for personal use.
- Alcoholic beverages.

The P-Card is considered City of Lynnwood property and cardholders are responsible for safeguarding their P-Card and account numbers. Any fraudulent use of the P-Card by others must be reported immediately to the P-Card Administrator, Manager or designee and disputed immediately when discovered. All P-Card transactions and receipts are subject to compliance review by the Manager, P-Card Administrator, their designees, as well as internal and external auditors. Periodic reviews or audits may be performed to protect against and reduce the risk of fraud.