



Central Bedfordshire Council

Purchasing Card Guidance for Schools

OWNER: Head of Financial Control

January 2016

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1. Introduction

The Scheme for Financing Schools (paragraph 3.6) explicitly prohibits schools from entering into external borrowing arrangements such as using credit cards and overdrafts. However, the use of purchasing cards by schools is permitted as monthly statements detailing the charges made during the previous month are treated as if they were a supplier's invoice, and the balance is settled through a monthly payment by direct debit.

Central Bedfordshire Council recognises the benefits of using purchasing cards as a complementary method of ordering goods and services. The advantages include less paperwork, reduced administration time and lower costs. Purchasing cards are suitable for one-off purchases of low-value, low-volume, low-risk goods and services. Purchasing cards are a more effective and cheaper option for schools than providing manual cheques.

2. Application Process

Schools wishing to use purchasing cards should ensure that approval is sought from their governing body before completing an application form for each cardholder

The LA recommends that schools should have a maximum of **ONE** purchasing card. The Governing Body shall agree who will be the cardholder. The Chair of Governors and the Headteacher should complete the **Declaration of Intent for the School to apply for a Purchasing Card**, Appendix A. This should be kept securely within the School's financial records.

Following the completion of the **Declaration of Intent for the School to apply for a Purchasing Card** the Headteacher should contact the bank requesting an application form. (See Contact List page 12)

The completed and authorised Purchasing Card form and a copy of the **Declaration of Intent for the School to apply for a Purchasing Card** should be sent to the Schools' Finance Manager at Central Bedfordshire Council for validation. The Schools' Finance Manager will check and validate the form before sending it to the bank for processing.

Schools that have not complied with the Scheme for Financing Schools paragraph 2.16 – Schools Financial Value Standard (SFVS) and/or have been rated as RED on the Local Authority's risk register will not be permitted to apply for a Purchasing Card.

In the event of the application form not being completed correctly in accordance with this guidance, the Schools' Finance Manager will decline the application and inform the school immediately.

The cardholder should be a permanent employee who has the responsibility for ordering the goods and who is not a budget holder. Employees who are involved in the reconciliation of the bank account should not be cardholders.

Schools are responsible for the administration and co-ordination of the purchasing cards such as: card issue, card re-issue (on expiry); returned cards and retention of appropriate documentation.

The school's Finance Manual should include detailed instructions and relevant phone numbers to be used in the event of the card being lost, stolen or misused. The school's Finance Manual should also include detailed instructions on the procedures to be followed when a cardholder leaves the school (including safe return of the card and the process of removal of authorised signatories).

All financial documentation relating to the purchasing card including invoices, receipts, forms (attached in this guidance) etc. should be retained securely at the School for 6 years plus current financial year

3. Card usage

Records must be kept of the total charges expected each month via a full breakdown of anticipated expenditure, and the Governing Body should satisfy themselves that adequate controls are in place to mitigate the risks of using purchasing cards.

3.1 What can the card be used for?

The card should only be used when no other method of payment is available.

Purchasing cards must only be used for legitimate business purposes and all expenditure incurred must be in accordance with Scheme for Financing Schools and Central Bedfordshire Council's Financial and Procurement Policies and Procedures. Cardholders are required to adhere to Merchant Categories (paragraph 3.3) and Transaction and monthly limits (paragraph 3.4). Private use of the card is strictly prohibited. Cardholders will be required to reimburse the School with the amounts of any unauthorised transactions. If the regulations are breached, then the card may be withdrawn and disciplinary action may also be taken.

3.2 What can the card NOT be used for?

Purchasing cards should not be used to order goods and services that are high-value, available on a current contract or ordered frequently. These goods and services are to be procured using competitive tenders, framework agreements or other arrangements that maximise the school's spending power and manage the risks of procurement.

Specifically, purchasing cards **should not be used for:**

- Withdrawal of cash
- Personal items
- Personal gain (including store reward points)
- Barred merchant categories
- Private use of the card is strictly prohibited

3.3 Merchant categories

Card usage is restricted to certain merchant categories. For example, all cards are automatically blocked for purchases of utilities, telecoms, personal services and the withdrawal of cash. Cardholders will automatically be granted the standard set of **Merchant Category Groups**, please see Appendix C for details.

Cardholders cannot have access to those which are marked 'B' as they are barred.

The Headteacher and Chair of Governors should ensure that Appendix C is followed at all times when authorising the purchasing card application.

3.4 Transaction and monthly limits

On application for a card, the individual monthly spending limit will be agreed with the potential cardholder. An individual transaction limit is also set on the card. The monthly spending limit should reflect the school's operational requirement for one-off purchases of low-value, low-volume, low-risk goods and services. The following limits should be applied when completing the Purchasing Card application. :

Cardholder	Single transaction	Monthly limit
Upper School	£1,000	£5,000
Lower, Middle, Nurseries, Special,	£500	£2,500

Cardholders shall not be able to exceed these limits. Suppliers must not be asked to "split" a transaction to circumvent these limits. These limits will be reviewed regularly by the LA and schools will be notified of any changes.

3.5 What if the card is declined?

If a transaction is declined this should be referred to the NatWest immediately (Contact list page 12). Some potential causes are exceeding monthly or transaction limits or using a supplier that is within a blocked merchant category.

3.6 What if goods are rejected or incorrect?

If you reject the goods ensure that you tell the supplier directly as it is they who will arrange a credit to your purchasing card account. The credit will appear on your monthly statement and therefore should be entered on your daily log to aid reconciliation. There is no need to await receipt of the purchasing card statement before raising the issue with the supplier.

4. Operational Principles

4.1 The principle of separation of duties must be adhered to throughout. Sound internal controls are required to ensure the reliability and accuracy of schools' financial transactions and compliance with internal controls advised by the Chief Finance Officer as described in the Financial Regulations for Schools, paragraphs 75 and 76.

4.2 The ‘**Authorisation to Pay by Purchasing Card**’ form, Appendix B, should be completed by the individual requesting the goods/services and counter signed by an authorised signatory. The form must provide clear evidence of authorisation and division of duties for each purchase.

4.3 The cardholder should complete the **Purchasing Card Daily Transaction Log** (Appendix G) to record all transactions associated with the use of a purchasing card.

4.4 Transaction log

All purchases must be entered onto your transaction log provided by the school finance officer (an example of this is shown in Appendix G). The cardholder must attach all VISA slips and VAT receipts to the statement, ensuring that every transaction is supported by both. An appropriate VAT receipt must be supplied with all purchases in order for the school to claim a refund of VAT.

4.5 Receipts/VAT invoices

A receipt or proof of purchase must be obtained for all transactions regardless of how the order has been placed and a VAT receipt or invoice requested. Cardholders must be able to provide an explanation for any transactions

5. Monthly purchasing card statement

At the end of the month a statement for each cardholder is sent to the school. The statements have a dual purpose: firstly they will be used to verify the direct debit taken by NatWest and secondly, they will be used by the School’s finance staff to reconcile the purchase receipts to the statement. The cardholder will then complete the expenditure log form which is used by the School’s finance staff to update local expenditure accounts following the reconciliation of the log form to the card statement.

The user must pass the log form (a copy to be retained by the user if they so wish), the monthly statement and all supporting VISA slips and VAT receipts to the school’s finance staff within 3 working days of receipt of the statement.

6. What to do if?

6.1 Billed but goods not received

If you are billed for something that has not been received contact the supplier to ensure that the goods have been despatched. It is a VISA regulation that the transaction is not processed until the goods are despatched. Inform the NatWest Purchasing Card section immediately if this regulation has been breached.

6.2 Missing transactions

Any purchases made just prior to the statement date will show up on the following month’s cardholder statement. If any transactions are not delivered as anticipated it is possible that the supplier has forgotten to enter the purchase into the VISA system. In these circumstances contact the NatWest Purchasing Card section before taking any action.

6.3 Incorrect amount billed

When checking your monthly statement against your transaction log you may identify a transaction that you are not happy with. In these circumstances contact the relevant supplier immediately to seek explanation/adjustment. In the event that the discrepancy remains unresolved contact the NatWest Purchasing Card section for further instructions.

7. Card misuse

The following actions may result in disciplinary action being taken using the existing disciplinary procedures.

- Failure to comply with these policy and guidelines
- Withdrawing or attempting to withdraw cash with the card
- Using the card to make private purchases or for personal gain

8. Security

There is a range of security checks that all schools should have in place that cardholders should follow:

- Requests for the issue of applications must be in writing from the Head Teacher and the Chair of Governors, if the Headteacher is a recipient of the card another authorised signatory should complete/issue the application
- The applicant must receive training on the use of the purchasing card.
- The card limits are set in paragraph 3.4 and these limits should not be exceeded. There is a standard set of Merchant Category Groups assigned to all cardholders, (Appendix C).
- There is a set of instructions issued with the card by NatWest Bank.
- Ensure that the card is only used by the person whose name is on the card.
- The recipient of the purchasing card should sign the card immediately on receipt and keep the card secure.
- Do not reveal the PIN to anyone else. This must not be written down, nor stored with the card itself under any circumstances.
- Be aware that all transactions for each card are the cardholder's responsibility
- The relevant school's budget holder countersigns expenditure log forms, completed by the cardholder.

9. Lost or stolen card

It is the cardholder's responsibility to ensure the card is kept safe and the PIN is not revealed to anyone else. The cardholder must immediately report if the card is lost or stolen to NatWest and to the Headteacher as soon as possible thereafter.

10. Cardholder procedures

The card must be used in accordance with the instructions for cardholders as issued by Central Bedfordshire Council. Cardholders should sign the declaration of receipt for a new/replacement card – **Purchase Card**

Employee Undertaking, Appendix D. A copy should be held securely within the schools financial records.

The operational procedure for cardholders is as follows:

- Each card is for the exclusive use of the cardholder, who must ensure that it is kept safe at all times.
- The cardholder should not have budget responsibilities, i.e. should not be a budget holder.
- The card is signed by the cardholder who is given a welcome pack, including a copy of procedures for use of the card, at the point of issue from the bank.
- Monthly purchasing limits and single transaction limits are prescribed.
- Cardholders are restricted to a standard set of Merchant Category Groups which will give schools control over purchases made by staff.
- The cardholder shall not make any purchase with the purchasing card without prior authorisation. The **Authorisation to Pay by Purchasing Card** form, Appendix (B), should be completed by the individuals requesting the goods/services and countersigned by the budget holder and/or Headteacher/other authorised signatory.
- Cards can only be used in accordance with these guidelines
- Receipts and VAT receipts must be obtained for all transactions
- The cardholder must report to NatWest Bank and the Headteacher at once of loss, theft or misuse of the card.

The card number can be quoted over the telephone to pay for goods and services authorised by the school. Neither the number nor the card can be given to anyone else to use.

On receipt of the monthly statement (issued on the 20th of each month) the cardholder must check all payments against the statement and contact the supplier within 5 working days if there are any discrepancies.

The cardholder must attach all VISA slips and VAT receipts to the statement, ensuring that every transaction is supported by both. An appropriate VAT receipt must be supplied with all purchases in order for the school to claim refund of VAT.

Private use of the card is strictly prohibited. Cardholders will be required to reimburse the school with the amounts of any unauthorised transactions and the card may be withdrawn should this occur. Disciplinary action may also be taken.

11. Leavers and cancellation

- Upon knowledge the cardholder is aware they are to leave the school, they should inform the Headteacher/Authorised Signatory if the Headteacher is the cardholder.
- The balance of the card must be cleared in full immediately upon receipt of the next statement, and prior to leave date.

- **Purchasing Card Cancellation of Employee Undertaking** Appendix E – form must be completed and actioned in full, ensuring the NatWest bank is notified.
- The fully completed and authorised **Purchasing Card Cancellation of Employee Undertaking** form should be sent immediately to the bank for process (bank contact details provided on the Appendix E). A copy of the *Purchasing Card Cancellation of Employee Undertaking* form and a copy of **Nil** balance statement once received should be retained securely as per normal practices.
- Any closing school must also ensure that the Purchasing Card is cancelled as per the above guidelines, no later than 6 weeks prior to date of closure.

12. Chair of Governors' and the Headteachers' responsibilities

- Before requesting an application form, full Governing Body approval of using the Purchasing Card, must be given and clearly minuted.
- Governors should agree and document prior to application:
 - The authorised users of the cards
 - The individual cardholder's transaction and monthly limits
- The Chair of Governors and the Headteacher should complete the *Declaration of Intent to apply for a Purchasing Card*, (Appendix A). This should be kept securely within School's financial records.
- Approve card application
- Governors should be advised with regards to the security arrangements for the card(s), and ensuring all card holders have completed and signed the *Purchasing Card Employee Undertaking* form (Appendix D) with a copy held securely within the School's financial records
- Headteacher and Chair of Governors should ensure that *Purchasing Card – LA return* form, (Appendix E) is submitted in time as required by the Bank Account Scheme for Schools.
- Ensure cardholder is trained
- Complete card request and card cancellation form
- Monitor processes supporting use of the card
- Monitor and review monthly statement reports
- Initiate disciplinary action if necessary

13. School's finance office procedures

On receipt in the finance office the Headteacher (or other authorised signatory of the local school bank account, this must not be the Headteacher in cases of their own claim) must countersign the log form as authorisation to the purchases made and posting of the transactions to the local school accounting system.

The direct debit charge will be made to the local school bank account on the 7th day after the statement date. The finance officer must check the direct debit charge matches the statement total.

Each transaction for the purchasing card payments should be checked with the individual '*Authorisation to Pay by Purchasing Card*' form. The '*Purchasing Card Statement*' should be checked to the '*Authorisation to Pay by Purchasing Card*' forms and '*Purchasing Card Transaction Log*'. These checks should take place on a monthly basis, recorded and reviewed regularly by the Headteacher and Chair of Governors.

Any discrepancies must be notified to NatWest bank and remedial action should be taken immediately.

Once the direct debit is agreed the charge must be posted to the school's local accounting system. The individual transactions should be entered onto the school's accounting system using details included on the '*Authorisation to Pay by Purchasing Card*' forms.

When completing the bank reconciliation schools must ensure that the correct amount has been charged to the bank statement.

All paperwork must be retained for 6 years plus current financial year in a clearly marked folder giving an audit trail to the entries posted on the school's accounting system.

14. Monitoring by the Local Authority

Schools will be required to complete monthly/quarterly returns as required by the Bank Account Scheme for Schools. Data for all card holders will be required, although must not contain PIN numbers and full 16 digit card numbers as part of any submitted returns.

All schools will be required to complete the **Purchasing Card – LA return** form, Appendix F and return to the Schools' Finance Team, (even where a nil return this should be submitted). This return should be submitted to the Schools' Finance team on a monthly/quarterly basis as required by the Bank Account Scheme for Schools.. This return shall be included in the year end pack and all schools are required to submit at the year end, within the year end time table advised by LA.

Detailed monitoring of schools records may be undertaken by the Schools' Finance Team on an ad-hoc/sample selection process each year, and may include a review of the following items, although this list is not exhaustive, and further documentation may be requested if required:

- Purchasing Card Employee Undertaking forms
- Authorisation to Pay by Purchasing Card forms
- Transaction Logs
- Purchasing Card Statement
- Bank Reconciliation
- School's local system print

In addition, it would be the expectation that the Headteacher, and/or Finance Committee undertake regular internal checks on the process, and ensuring accurate and up to date records are maintained at all times. Any internal checks adopted should be documented, and held securely, as they may also be required for submission as part of any LA monitoring

Contact List

<p>Lost, stolen or suspected misuse:</p> <p>Report immediately</p>	<p>Nat West (24 hrs, 7 days a week)</p> <p>Tel: 0370 6000 459</p> <p>Write to: Nat West, Card Loss Centre PO Box 5747 Southend –on-Sea, SS1 9AJ</p>
<p>General enquiries:</p>	<p>(Mon to Fri: 8.00am to 6.00pm, Saturdays: 9.00am to 1.00pm) Tel: 0370 010 1152</p> <p>Write to: Nat West, Card Loss Centre PO Box 5747 Southend –on-Sea, SS1 9AJ</p>
<p>Card Cancellation:</p>	<p>Andrew Miles, Corporate Manager, Commercial and Private Banking Email: andrew.miles@rbs.co.uk Tel: 01908 244971, Fax: 01908 244966</p> <p>Or post to: Royal Bank of Scotland First Floor Silbury House 300 Silbury Boulevard Milton Keynes, MK9 2AZ</p>
<p>Schools Finance Team:</p>	<p>Finance Manager – Gezim Leka</p> <p>Senior Financial Advisor – Christine Mushonga</p> <p>Tel: 0300 300 8024 Email: Schools.Finance@centralbedfordshire.gov.uk</p>

Appendix (A)

Chair of Governors and the Headteacher Declaration of Intent for the School to apply for a Purchasing Card

SCHOOL NAME	
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Have you been made aware of the risks associated with the use of Purchasing Cards?	YES / NO
How many cards is the school permitted to have? (The LA recommend maximum ONE card)	
Are you satisfied the security procedures the school proposes are robust with regards to the use of Purchasing Cards?	YES / NO
Has full Governing Body approval been given?	YES / NO
Date of Meeting of the full Governing Body when approval was given	

Who is the card holder and what are their transaction and monthly limits?

Name	Position	Transaction Limit	Monthly Limit

Signed Chair of Governors	
Date	
Signed by Headteacher/Authorised Signatory (if the Headteacher is the card holder)	
Date	

Authorisation to Pay by Purchasing Card

Authorisation number: (school to allocate sequentially)	
Requestor's name	
Item Requested	
Merchant Category	
Total cost	
CFR & GL Code	

To be completed by School's Finance personnel (who should not be the cardholder):

Does this purchase represent Best Value and is this in line with school's spending priorities?	YES / NO
Budget holder's signature	
Requestor's signature	
Authorised by (Name)	
Authorised by (Signature)	

Invoice number	
Agrees to costs provided above	YES / NO
Total cost (£)	
NET cost (£)	
VAT (£)	
Invoice agreed to card statement	YES / NO
Reconciled on school's accounting system	YES / NO
Date reconciled on school's accounting system	
Checks undertaken By:	Signature: Date:

Merchant Category Groups – Schools

	Description	Status
1	Building Services	S
2	Building Materials	S
3	Estate and Garden Services	O
4	Utilities and Non Automatic Fuel	B
5	Telecommunication Services	B
6	Catering and Catering Supplies	S
7	Cleaning Services and Supplies	O
8	Training and Educational	S
9	Medical Supplies and Services	O
10	Staff - Temporary Recruitment	O
11	Business Clothing and Footwear	S
12	Mail Order/Direct Selling	O
13	Personal Services	B
14	Freight and Storage	B
15	Professional Services	S
16	Financial Services	B
17	Clubs/Associations/Organisations	S
18	Statutory Bodies	S
19	Office Stationery	S
20	Computer Equipment/Consumables	S
21	Print and Advertising	S
22	Books and Periodicals	S
23	Mail and Courier Services	S
24	Miscellaneous Industrial/	S
25	Vehicles, Servicing Spares	S
26	Automotive Fuel	S
27	Travel - Air/Rail/Road	S
28	Auto Rental	B
29	Hotels and Accommodation	O
30	Restaurants and Bars	O
31	General Retail and Wholesale	S
32	Leisure Activities	O
33	Miscellaneous	B
34	Cash (ATM/Branch)	B

Status: S - Standard
B - Barred
O - Optional

Purchasing Card – Employee Undertaking

Schools' Name:

New / Replacement Cards (delete as appropriate)

Last Name:	
First Name(s):	
Post:	
Telephone Number:	
e-mail Contact:	

I declare that:

- I have received my Purchasing Card and associated PIN, signed the back of the card as instructed and will keep it in a safe place at all times while agreeing not to lend my card to anyone else;
- I have received a copy of the LA's Purchasing Card Guidance for Schools about the use of Purchasing Cards;
- I have read the Purchasing Card Guidance for Schools and agree to comply with its requirements. Failure to comply with these requirements will result in the card being withdrawn and disciplinary action may be taken;
- I accept responsibility for the security, safe-keeping and confidentiality of the Purchasing Card issued to me;
- I undertake to use the Purchasing Card solely for (Enter School Name):
- This Employee Undertaking will be applied in conjunction with the Employer's:
 - Code of Conduct
 - Disciplinary Procedure
 - Financial Regulations.

Signed:	
Dated:	

Purchasing Card Cancellation of Employee Undertaking

Schools' Name:

Cardholders' Last Name:	
Cardholders' First Name(s):	
Post:	
Purchasing Card No:	
Date Cancellation Effective	

I declare that I no longer require the use of the Purchasing Card issued to me as above because:

I am changing job

I am leaving the School

Other (please specify)

On the last day of use, I will cut my card in half / through the smartcard chip and return it to Headteacher (Authorised Signatory if the Headteacher is the cardholder), who will destroy securely and give advance notification to NatWest of the date of cancellation.

Signed (Cardholder):	
Dated:	
Signed Headteacher/Authorised Signatory (if the Headteacher is the cardholder)	
Print Name:	
Date:	
Bank notified by:	
Date Bank notified:	

The complete form should be scanned and emailed to:

Andrew Miles, Corporate Manager, Commercial and Private Banking

Email: andrew.miles@rbs.co.uk

Tel: 01908 244971, Fax: 01908 244966

Or post to:

Royal Bank of Scotland

First Floor

Silbury House

300 Silbury Boulevard

Milton Keynes, MK9 2AZ

Purchasing Card – LA return

SCHOOL NAME	
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Month/Quarter (see note)	Amount Spent on Purchasing Card

Amount reconciled on school's accounting system	YES / NO
Amount reconciled to Purchasing Card Daily Transaction Log	YES / NO
Amount reconciled agreed to purchasing card statement(s)	YES / NO
Payments authorised prior to use of Purchasing Card	YES / NO
All transactions are in line with approved limits and categories of expenditure	YES / NO

Signed Chair of Governors	
Dated	
Signed Headteacher	
Dated	

Note:

- Schools sending monthly financial returns should submit this to Schools' Finance Team by 10th of each subsequent month.
- Schools sending quarterly financial returns should submit this to Schools' Finance Team by 10th of July, October, January and April.
- All Schools should submit this to Schools' Finance Team at the year end with year end returns, within the year end time table notified by the LA each year.

APPENDIX G

Purchasing Card Daily Transaction Log

NAME _____
 START _____
 FINISH _____

Date _____

REF NO	Authorisation number:	ORDER DATE	SUPPLIER NAME	DESCRIPTION OF GOODS / SERVICES	Merchant Identifier	SUPPLIER REFERENCE NUMBER	DATE REC'D	NET INVOICE AMOUNT	VAT RATE	VAT AMOUNT	GROSS INVOICE AMOUNT
1											
2											
3											
4											
5											
6											
7											
8											
9											
10											
11											
12											
							TOTAL				

Authorising Signature:

Signature:

Date:

Reviewed by:

Headteacher: **Date:**.....

Chair of Governors:..... **Date:**.....