

PURCHASE CARDS

Key Contacts

Name	Telephone	Email
Lisa Lyttle Purchase Card Manager	0121 675 4643	lisa.lyttle@birmingham.gov.uk
Elaine Smith Purchase Card Assistant	0121 303 5097	elaine.a.smith@birmingham.gov.uk

Postal Address

PO Box 14271
Birmingham
B2 2HQ

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Purchase Cards

1.0 Purpose

- 1.1 The purpose of these guidance notes is to provide schools with advice on the appropriate implementation and use of Purchase Cards
- 1.2 The Local Authority has a responsibility to implement effective arrangements for the control and proper use of public funds appropriate to locally managed schools, and to monitor and intervene where necessary.

2.0 What are Purchase Cards?

- 2.1 Purchase cards are 'charge cards' which operate in a similar way to credit and debit cards and can be used to purchase goods and services.
- 2.2 Goods and services can be purchased using the Purchase Card on a face to face basis, by telephone or fax and over the Internet

3.0 Types of Purchase Card

- Individual Purchase Card
- Virtual Purchase Card

3.1. Individual Purchase Card

This card is issued for the sole usage of the person named as the Card Holder. The Card Holder can place orders for goods and services using the Purchase Card in person, by telephone, fax or over the Internet

3.2 Virtual Purchase Card

A Virtual Card is a card number account that is allocated to a school for internet and/or telephone purchases and can be used by a number of nominated staff within a school.

4.0 Approval for Use of a Purchase Card

- 4.1 Prior to applying for a Purchase Card, schools must obtain the approval of the Governing Body and this approval must be clearly shown in the minutes of the relevant governing body meeting.
- 4.2 The designated Card Holder(s) for the Purchase Card, together with their Line Manager/Authorizing Officer, will be required to undertake training on the use of and regulations surrounding the Purchase Card, prior to the card being issued.
- 4.3 Card Holders and Line Managers/Authorizing Officers will also be required to sign a statement to confirm that they understand the procedures and

regulations for the use of the Purchase Card and that compliance with them will be upheld.

- 4.4 Purchase Cards will only be issued to school employees i.e. those that are on the payroll, and not to school governors (who are not directly employed by the school) or other staff either from the Local Authority or external providers associated with the provision of financial services to the school.

5.0 Use and Management of Purchase Cards

Schools are required to develop a suitable policy regarding the use and management of the Purchase Card within the school environment and this should include the following:

- 5.1 The ATM (Hole in the Wall), generally, should only be used to change the PIN number of the card. Schools must not attempt to withdraw cash unless a business case for this facility to be opened has been completed by the school and approved by the Local Authority. Please contact purchase.cards@birmingham.gov.uk for further information.
- 5.2 Purchase Cards are **not** for personal use. If a Purchase Card is used in error for private use the card holder must immediately write a cheque to cover the reimbursement to the school and inform the Head Teacher, in writing, of their actions, with a copy being sent to the Purchase Card Team purchase.cards@birmingham.gov.uk.
- 5.3 A card holder must have the nominated budget holders approval before goods and services can be purchased using the Purchase Card
- 5.4 Card holders should try to plan ahead. Check to see if establishments do accept Purchase Cards, this may avoid having to use personal money. As Purchase Cards are Visa Credit Cards they can, therefore, be used with any supplier or outlet where the Visa sign is shown
- 5.5 Card holders must retain all receipts/delivery notes for all transactions made whether in person or via the internet, and attach them to the Transaction Log
- 5.6 Any gift vouchers and gift items that are purchased using the Purchase Card must be supported by additional authority from the Head Teacher and Chair of Governors. See '**Gifts and Hospitality**' chapter
- 5.7 The Virtual Card must be stored securely in the school safe when not in use and details of the card number should be kept secure at all times.
- 5.8 The Purchase Card must not be shared with other staff
- 5.9 The Purchase Card Policy must indicate the consequences of misuse i.e. disciplinary action

6.0 Conditions on the Use of Purchase Cards

- 6.1 Only the Card Holder may use the Purchase Card
- 6.2 A monthly card limit will be set at the time of application for the card. This is usually £2,000. Dependent upon the schools requirements this amount can be changed by the Card Holder's line manager and approval should be sought prior to requesting an increase in the monthly limit
- 6.3 A single transaction limit will be set at the time of the application for the card. This is usually £500. Dependent upon the schools requirements this amount can change either on a permanent basis or if there is a requirement for a one off purchase the limit can be increased on a temporary basis by the Card Holder's line manager. Approval should be sought prior to requesting a permanent increase to the single transaction limit
- 6.4 Some merchant category groups will be blocked at the time of the application of the card and all cards will be blocked for cash transactions. If there is a business case for this facility to be opened please contact purchase.cards@birmingham.gov.uk
- 6.5 Card Holders should treat the Purchase Card with the same caution as if it were their own personal card and keep it secure at all times
- 6.6 If the card is lost or stolen the Card Holder should contact the Bank immediately (24/7 Telephone Number: 0870-6000-459 or +44-1423-700545 from outside the UK). The card will be cancelled by the Bank and the Purchase Card Administrator should be informed
- 6.7 Card Holders must never give card details over the telephone to anyone other than bona fide companies. No person or organization will contact a Card Holder asking for card details but there are fraudsters who may try to obtain details in this way
- 6.8 Whilst the Purchase Card is embossed with the Card Holder's name, the account, and therefore the liability, rests with the Local Authority. Consequently there is no impact on the Card Holder's personal credit status.
- 6.9 Card Holders must contact the Card Administrator with any changes in circumstances that will impact on the use of the Purchase Card. If the Card Holder is leaving, the card must be given to the Line Manager to cut up. The Line Manager should also email Lisa Lyttle or Elaine Smith confirming the last 8 digits of the card number, the details of the person leaving, a request for the card to be cancelled at the bank and confirmation that the card pieces will be sent in the post.
- 6.10 If any of the goods purchased on the card are faulty or the wrong goods ordered, Card Holders should contact the supplier to arrange a credit or an

exchange. Card Holders should record credits on the Transaction Log in the same way as the original purchase.

- 6.11 If transactions appear on the Statement but goods have not been received Card Holders should contact the supplier to obtain proof of delivery.

7.0 How to Purchase Goods and Services Using a Purchase Card

7.1 Buying Goods and Service in Person from the Supplier

- 7.1.1 The Card is a Visa credit card and therefore acceptable for use where the Visa sign is shown
- 7.1.2 When paying for goods the Card Holder should use the PIN and Chip facility wherever possible
- 7.1.3 Card Holders should check that the amount being charged is correct
- 7.1.4 When entering the PIN number Card Holders must ensure that this is carried out as securely as possible
- 7.1.5 Card Holders must obtain a receipt from the supplier, including a VAT receipt, where applicable
- 7.1.6 Card holders must never give the PIN number to a supplier and must never write it down. PIN numbers can be changed at ATM machines and it is advisable not to use the same numbers as for personal cards

7.2 Buying Goods and Services over the Telephone or Internet

- 7.2.1 When buying over the telephone or internet Card Holders may need to quote the Company details as follows:

If you have a Purchase Card:

Card Name : This should read exactly as it is on the card
Company Name: Birmingham City Council
Company Address: 10, Woodcock Street, Aston, Birmingham, B7 4BL
The schools own address will be the delivery address

If you have a Virtual Card

Card Name:: This should be the name of the school
Company Name: Birmingham City Council
Company Address: This will be the Schools Address

The schools own address will be the delivery address.

- 7.2.2 The Card Holder will have to quote the name as displayed on the card together with the 16 digit card number, the 4 digit expiry date and the 3 digit security number on the reverse of the card.

7.2.3 Give a clear description of the goods and services required

7.2.4 Agree the price – net amount, gross amount and VAT amount. Check delivery or carriage charges

7.2.5 Obtain a delivery date and agree a delivery location

8.0 Internet Ordering

8.1 A formal request to use internet ordering should be made to the Governing Body for their approval. The request should explain why the school wishes to use this method of ordering rather than the usual method

8.2 Read the 'Internet Use Policy' and remember that internet use is monitored as part of the 'Internet Monitoring Standard'.

8.3 It is recommended that internet orders are placed only with reputable companies, ideally those with whom the school has dealt with in the past.

8.4 Where goods or services are to be purchased via the internet it is recommended that schools check supplier details before an order is placed, for example:

- The internet website should make reference to the suppliers name and address. A 'UK' internet address does not always mean that the supplier is UK based. A suppliers website will include information relating to the company's term and conditions of trading and this information should be checked by the school before placing an order
- **https** at the beginning of the web address signifies that the site is secure
- It is recommended that transactions take place under UK jurisdiction where normal forms of redress are available to solve problems or disputes regarding faulty goods or non delivery of goods
- A full description of the goods or services that are to be purchased is made available
- The prices include relevant taxes
- Delivery costs and arrangements are made clear
- How long the price will stay valid
- How to make the payment
- The rights and procedures for cancelling orders

- If it is a service that is being procured, how long is the school committed for
- That the contract in law is between the school/authority and the supplier and not between an individual and the supplier

Once schools are happy with the details and the terms and conditions of the supplier then an order can be placed via the internet

- 8.5 The authorized member of staff placing orders using the internet should be aware of the relevant guidelines and certify their understanding of them and agreement to abide by them.
- 8.6 Whilst it is recognised good practice to raise an official confirmation order at the time of placing an internet order it is accepted that this can create significant administrative difficulties. Therefore, to reduce the burden on schools there is no requirement to raise a confirmation order where the item being purchased is valued at £100 or less. However, if an order is made up of a number of different items, (for instance a multi-order via Amazon), if any item are individually valued over £100 then a confirmation order will be required for these items only.
- 8.7 It remains the responsibility of the budget holder to ensure that there are sufficient resources available within the relevant cost centres to cover the costs of **all** orders placed. An appropriate system must be established to enable the budget holder to monitor all outstanding commitments against the cost centre.
- 8.8 Where an internet order is placed a copy of the order should be printed off and retained by the school. This should be signed by an authorized officer independent of the ordering raising process
- 8.9 The internet order and the official confirmation order should be cross referenced appropriately
- 8.10 A copy of the internet order should be printed off and attached to the official confirmation order raised on the schools financial management system
- 8.11 The conditions of purchase should be notified to the supplier for all orders placed
- 8.12 Internet orders must not be placed for personal use
- 9.0 Purchase Cards and VAT**
- 9.1 Card Holders must always ask for a VAT receipt or invoice and check that the VAT element can be clearly identified. This is because the Local Authority can recover all VAT on the purchases made providing it satisfies the requirements of Her Majesty's Revenue and Customs (including specific inclusions for VA

Schools) **Appendix D** gives examples of VAT liability to expect for some common purchases.

- 9.2 If a VAT receipt/invoice cannot be obtained schools will not be able to recover any of the VAT incurred. Card Holders must bear in mind that even if something appears to be good value, if the VAT cannot be recovered it may prove to be more expensive.
- 9.3 When purchasing over the internet an email is often sent to confirm the purchase. This is generally not a VAT receipt or invoice. When purchasing goods over the internet, in addition to a confirmation email, Card Holders must request a VAT receipt or invoice in order to comply with HMRC VAT rules and regulations
- 9.4 A company has to be VAT registered in the UK if it has exceeded the VAT registration threshold. For UK based businesses the threshold is currently £85,000 (this generally increases in April each year).
- 9.5 Card Holders must ensure that VAT invoices obtained as a result of a purchase card transaction are not sent into the Accounts Payable Team as this significantly increases the potential for the supplier being paid twice

10.0 Purchase Card Records

- 10.1 Card Holders must obtain a receipt for all purchases
- 10.2 Delivery notes should be obtained where possible
- 10.3 All documents should be kept safe and should be attached to the Transaction Log

11.0 Purchase Card Transaction Log

- 11.1 A monthly transaction log must be kept of all transactions carried out with the Purchase Card. **Appendix C** is a template for the Transaction Log
- 11.2 The Transaction Log should be updated with relevant information as purchases are made with the Purchase Card and reviewed throughout the month
- 11.3 Nil returns should be shown on the Transaction Log every month where no transactions have been made using the Purchase Card
- 11.4 A Purchase Card Statement is produced on a monthly basis and can be downloaded from the online banking system (See Section 12). Schools must check all transactions on the Statement against those shown on the Transaction Log

- 11.5 Card Holders are advised to retain any receipts which do not appear on the Statement as they are likely to appear on the next Statement. Purchases can take up to 5 working days to appear on the Statement
- 11.6 Card Holders should query any transactions showing on the Statement for which there is no record, receipt or recollection
- 11.7 Card Holders should complete the Transaction Log, and sign and date to confirm that it has been checked and agreed to the Statement.
- 11.8 Card Holders should pass the Statement, original receipts and the Transaction Log to their Line Manager who must check that all of the receipts agree to the Statement and that all items purchased are for the benefit of the school. Having approved the authenticity and accuracy of the purchases, the Line Manager must also sign and date the Transaction Log to evidence their approval
- 11.9 If the Head Teacher is the designated card holder then the line manager for the Head's purchase card transactions should be either the Chair of Governors or the Chair of Finance. Should a school choose a member of the Senior Management Team to undertake the supervision of the Head's purchase card transactions, then either the Chair of Governors or the Chair of Finance should undertake a periodic check of the relevant purchase card records to ensure that the expenditure incurred is appropriate. The individual undertaking these periodic checks should sign and date the relevant records to demonstrate that the checks have taken place. In any event, all expenditure incurred by the Head Teacher as the card holder should be reported to the Finance Committee on a termly basis so that they can review items purchased and question any areas of concern.
- 11.10 Schools must retain all Statements, original receipts and Transaction Logs for a minimum of 6 years
- 11.11 Statements, original receipts and Transaction Log records may be subject to inspection at any time and must be provided, upon request, for inspection by Audit or Accounts Payable

12.0 Purchase Card DCAL (Online Banking System)

- 12.1 The Local Authority uses DCAL which is a web based application linked to the Royal Bank of Scotland Purchasing Scheme. This facility provides Card Holders with the ability to administer their account electronically and to view their transactions and statements online.
- 12.2 A username and password will be given to the Card Holder by the Purchase Card Administrator to allow the Card Holder to use DCAL. The first time that the Card Holder logs in they will be asked to change the password and validate it. The new password must be a combination of upper and lower case, alpha and numeric characters and must be a minimum of 8 characters. If a Card

Holder forgets his/her password the Scorpion Administrator should be contacted with a request to reset. Please note: do not use the Reset Password button within the Dcal system

- 12.3 To log into Dcal, open Internet Explorer and type www.dcalonline.com into the address field. When the Dcal login screen is displayed click Start Login Process. Enter username and password and answer the security question.
- 12.4 It is compulsory for Card Holders to review the Dcal transactions, preferably daily or at least once a week. Card Holders should set weekly calendar reminders to check Dcal transactions. This will ensure that all transactions are correct and possible fraudulent transactions can be identified at the earliest opportunity.
- 12.5 It is a mandatory requirement that Card Holders assign the VAT in Dcal to ALL purchases made from non purchase card capable suppliers regardless of the VAT status. Card Holders should be aware that they are in breach of the Local

Authority's financial regulations when failing to comply with this process.
Persistent failure to comply will result in the cancellation of the card.

- 12.6 It is the Card Holder's responsibility to ensure that the budget codes are correct. Card Holders can change Cost Centres by emailing the Scorpion mail box and advising of the old and new code.
scorpionadministrator@birmingham.gov.uk
- 12.7 The accounting period for checking transactions on Dcal is always the 4th of one month to the 3rd of the next. When the Card Holder has reviewed the transactions within this period the Purchase Card Administrator will download the reviewed purchases from Dcal for exportation into Voyager. Once the purchases are downloaded into Voyager the Card Holder will see the charges on the schools suspense file.

13.0 Failure to Review on DCAL

- 13.1 On the 1st occasion that the Card Holder fails to review Dcal a reminder should be issued from the Head Teacher including a notification that failure to review on a 2nd occasion will result in the Finance Team being informed
- 13.2 On the 2nd occasion that the Card Holder fails to review Dcal the Finance Team receives notification from the Head Teacher, with a copy being sent to the Card Holder, with notification that future failures in following procedures may result in the loss of the Purchase Card. It is suggested at this stage that the Head Teacher and the Card Holder meet to discuss this issue and put in place appropriate remedial action
- 13.3 The 3rd consecutive occasion of non-compliance will result in the removal of the Purchase Card. The Head Teacher must notify the Chair of Governors, the Purchase Card Team and the Finance Team.

- 13.4 Removal of the Purchase Card will result in operational difficulties and should be avoided by the remedial action put in place.
- 13.5 If the Card Holder is the Head Teacher then either the Chair of Governors or the Chair of Finance should carry out the role undertaken by the Head Teacher in the above points
- 13.6 Failure to comply with the official usage procedure or to implement the required controls, and abuse of the actual use of the card, may lead to the card being withdrawn or a notice of concern being issued.

APPENDIX A

Schools are not obligated to use contracted suppliers and therefore they can purchase from whichever supplier they chose to get the best

EXAMPLES OF THE TYPES OF EXPENDITURE ACCEPTED ON THE PURCHASE CARD INCLUDE:

- Taxis, car parking, coach, train and air travel (following BCC procedures)
- Subsistence (if paid by purchase card staff must NOT claim again through payroll). Please see BCC's new guidance on claiming subsistence – 24 hour rule – '**Payroll and Pensions**' chapter)
- Fuel for school minibuses (Please note that the card holder is required to obtain a VAT receipt for all fuel purchases in addition to the transaction receipt)
- Trips to theme parks, cinemas or theatre and works of art
- Stamps, publications, external course fees, books and subscriptions
- Vehicle tax and vehicle maintenance
- Foreign Payments
- TV Licenses

Please note that you are not obliged to use BCCs contracted suppliers

APPENDIX B**ITEMS THAT CAN NOT BE PURCHASED USING THE PURCHASE
CARD**

- Goods and services for the card holder's personal use
- Items from merchant categories that schools are blocked from using.

TRANSACTION LOG

Birmingham City Council Purchase Card Transaction Log

TO BE RETAINED FOR INSPECTION IF REQUIRED

Transaction Log No/Month: _____

School: _____

Card Holder: _____

Card Number: _____ Date: From _____ To: _____

No	Date	Supplier	Description of Goods	Cost Centre	Subjective	3 rd Element	Ref	Net Amount	VAT Amount	Gross Amount
1										
2										
3										
4										
5										
6										
7										
8										
9										
10										
11										
12										
13										
14										
15										
							TOTAL			

PURCHASE CARD RECEIPTS AND VAT RECEIPTS FOR ALL TRANSACTIONS MUST BE ATTACHED
To be completed by Card Holder:

I certify that the expenditure incurred, as detailed above, was properly made in the performance of my official duties and that the amounts claimed were actually and necessarily incurred by me on behalf of _____ School

Signed: _____ Date: _____

To be completed by the Authorising Manager:

I certify that this claim, to the best of my knowledge, relates to expenditure which was necessarily incurred on properly authorised business and that all calculations have been checked.

Name (Block Capitals) _____

Signed: _____ Date: _____

APPENDIX D

TYPICALLY SUBJECT TO VAT	TYPICALLY NOT SUBJECT TO VAT
Petrol	Public Transport
Luxury Foods (confectionary, chocolate biscuits, beverages other than tea/coffee)	Basic food (groceries)
Hot Foods (takeaway, restaurant)	Books and Newspapers
DVS's	Gift Vouchers
Toys and Games	Stamps
Adult Clothing	Children's Clothing
Leisure Activities (theatre, cinema, bowling, theme parks)	Legal Documents (car tax)
Courses provided by the commercial sector	Courses provided by the Public Sector
Fixtures, fittings and equipment	Insurance
Off street car parking	On street car parking
Repairs	

See '**Value Added Tax**' chapte

