



North

Yorkshire County Council



Purchase Card User Manual

Schools Version

If you would like this information in another language or format such as braille, large print or audio, please ask us.



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<i>Item</i>	<i>Detail</i>	<i>Page</i>
1.0	INTRODUCTION	3
2.0	MERCHANT CATEGORY GROUPS	4
3.0	HOW TO USE YOUR CARD	6
4.0	RECORDING YOUR PURCHASE	8
5.0	MONTHLY RECONCILIATION	9
6.0	RECORDING OF TRANSACTIONS	12
7.0	CHANGE OF SITUATION OR CIRCUMSTANCES	13
8.0	WHAT TO DO IF THINGS GO WRONG	14
9.0	FREQUENTLY ASKED QUESTIONS	15
10.0	VALUE ADDED TAX (VAT)	16
11.0	CONTACTS	17

1.0 Introduction



What is a Purchase Card?

A North Yorkshire County Council (NYCC) purchase card is a credit card which allows you to purchase goods or services and pay immediately. When using a purchase card you do not need to use an official order or complete a coding block to arrange payment. Payment will be taken automatically by direct debit from the School's bank account.

What does a card look like?

The Purchase card looks like any normal debit/credit card. Your card might not look exactly like the card shown below but it will be similar in design. Any establishment displaying the VISA symbol, in the UK and worldwide, will accept your Purchase card.

Embossed on the card is the following:



- The Authority's Name
- Your Name
- Expiry Date
- Card Number



On the reverse is a card security code which you will need when ordering from the Internet.

Barclaycard currently hold the contract for providing NYCC purchase cards. The contract is renewed every 4 years and the current contract runs from February 2011 to January 2015.

Explanation of terms

Your card has a **maximum monthly credit limit** and **individual transaction limit**. The Monthly Credit Limit is the total amount you can spend on your card each month. The Transaction Limit is the total amount you can spend on any single purchase.

LMS Financial Regulations do not permit schools to use debit or credit cards to make payments from the delegated budget. However, provided that use is made of the Purchase Card Scheme arranged by the LEA this requirement is waived.

Purchase cards must never be used to circumvent proper purchasing practice and contractual arrangements.

For all NYCC purchase cards the total balance on your monthly statement must be settled in full.

2.0 Merchant Category Groups



What is a Merchant Category Group?

Merchant Category Group

Each supplier able to accept your VISA Purchase card is classified by a Merchant Category Group code. A table of these categories is shown on the next page.

These categories can be “allowed” and open for use (unblocked) or “not allowed” and not available for use (blocked) this is to ensure compliance with NYCC policies and to mirror each cardholder’s buying profile.

The categories shown as “Allowed” are automatically available for you to use.

If you wish to use a category shown as “Not allowed” then there must be a business case for this change and an application can be made by a member of staff with appropriate authority (eg the Headteacher) by telephoning Company Barclaycard on 08448 222150.

The category for each supplier is determined by the main function of the business even if they have a wide variety of different supplies. Company Barclaycard can advise which category a business is classed under, if there is a problem

For example:

- A restaurant which also sells books will be classed under category 30 restaurant and bars. Therefore you will not be able to make a purchase with your card as this category is not allowed.
- You would not be able to use your card to pay for a conference if a financial organisation classed under category 16 was marketing it, as this category is not allowed.
- You would be able to buy books and meals from a restaurant if it was in a hotel and was covered by Hotels and Accommodation under category 29 as this category is allowed.

Company Barclaycard - Merchant Category Groupings					
2	Building Materials	Allowed	1	Building Services	Not allowed
5	Telecommunication Services	Allowed	3	Estate and Garden Services	Not allowed
6	Catering and Catering Supplies	Allowed	4	Utilities and Non-Automotive Fuel	Not allowed
7	Cleaning Services and Supplies	Allowed	10	Staff - Temporary Recruitment	Not allowed
8	Training and Educational	Allowed	13	Personal Services	Not allowed
9	Medical Supplies and Services	Allowed	15	Professional Services	Not allowed
11	Business Clothing and Footwear	Allowed	16	Financial Services	Not allowed
12	Mail Order / Direct Selling	Allowed	28	Auto Rental	Not allowed
14	Freight and Storage	Allowed	30	Restaurants and Bars	Not allowed
17	Clubs / Associations / Organisations	Allowed	34	Cash, Foreign Currency, Traveller's Cheques etc	Not allowed
18	Statutory Bodies	Allowed			
19	Office Stationery, Equipment and Supplies	Allowed			
20	Computer Equipment and Services	Allowed			
21	Print and Advertising	Allowed			
22	Books and Publications	Allowed			
23	Mail and Courier Services	Allowed			
24	Miscellaneous Industrial / Commercial Supplies	Allowed			
25	Vehicle Servicing and Spares	Allowed			
26	Automotive Fuel	Allowed			
27	Travel - Air/Rail/Road	Allowed			
29	Hotels and Accommodation	Allowed			
31	General Retail and Wholesale	Allowed			
32	Leisure Activities	Allowed			
33	Miscellaneous	Allowed			

3.0 How to use your card



Getting Started – Important Information

- Cards must only be used to procure goods and services on behalf of the school. When a need for goods or services is identified the cardholder must ensure sufficient budget is available. You may order goods by telephone, the Internet or in person.
- Cards **must not** be used to obtain cash and **must not** be used for cardholders' personal transactions.
- Cardholders **must not** allow other NYCC Officers to use their card. If an emergency situation arises and the cardholder is not available, please contact your CYP Finance Representative immediately for advice.
- You should request the supplier to provide a VAT invoice / receipt; they are legally obliged to do so if they are VAT registered and VAT is included in the purchase.
- Rules regarding Quotations and Tenders are exactly the same for purchase cards as for all other purchases. Please refer to the Schools Finance Manual for current limits.
- Where the card is used for the booking of accommodation or to pay for subsistence the NYCC maximum must not be breached.
- Each card has its own individual credit limit and transaction limit. You must make yourself aware of these limits and they cannot be exceeded without prior approval.
- You can use your purchase card for any small value purchase, usually up to £500 in accordance with your limits. Purchases above this limit will have to be agreed with your Line Manager.

Any abuse of the card will be treated as GROSS MISCONDUCT.

3.0 How to use your card (continued)



Good Practice when using card

Examples of good practice when using a purchase card

Ordering from the Internet

- Purchase Cards give security when purchasing goods from the Internet as the Authority is not liable for any unauthorised transactions. This is conditional upon the Officer complying with the “Best Practice Purchasing over the Internet”, issued by Company Barclaycard and is available on the Intranet or from your CYP Finance Representative; details available in section 10 of this manual.

Activities away from offices / establishments

- Activities which involve taking pupils away from schools, such as taking young people on School trips
- Purchase Cards are a good alternative to carrying cash.

Emergency Situations

- They are good in an emergency situation when immediate payment is required.

Paying suppliers where an alternative payment is not acceptable

- Payment of purchases over the Internet

4.0 Recording your purchase



Now you have used your card, what should you do next?

Once goods or services have been ordered the details should be recorded on the purchase log. A sample of this log is attached at Appendix 2.1 and an example of a completed version is shown at Appendix 2.2

The cardholder should record, for every transaction:-

- the Cash Accounts subjective code(s) for the transaction
- the gross amount
- the total VAT involved where known
- the net amount of the purchase
- a brief description of the goods or services
- the supplier

Where the supplier has not supplied details of the VAT involved, only the gross amount should be completed at this stage.

Please note that the cardholders' credit limits relate to the **Gross** amount of Transactions, including **VAT**.

When goods are received they should be checked to the Purchase Log to ensure that they comply with the order.

Invoices or VAT receipts received from the supplier should be checked to the Purchase Log and retained. Where the amount of VAT was not known at the time of order the net amount and VAT fields should be completed.

5.0 Monthly Reconciliation



What is required from you on a monthly basis?

At the end of the calendar month each cardholder will receive a monthly statement from Company Barclaycard and a composite statement will be sent to the Organisation contact.

- This statement should be checked to the Purchase Log on receipt and any differences queried with suppliers. If any transaction appears on the statement that was not initiated by the cardholder, it should be queried with Company Barclaycard and reported to your CYP Finance Representative, who in turn will notify Internal Audit Service.
- Orders made late in the month may not appear on the expected statement and may need to be transferred to the following month's Purchase Log.
- Once the cardholder is happy that the Purchase Log reconciles to the statement they must print a copy of the log and attach it to the statement together with all the VAT invoices and receipts. This must be done within 14 days of receiving the statement. The log must be filed and kept for 6 years for VAT and audit purposes. They should be readily available for examination by Internal Audit and HM Revenue & Customs (HMRC). This is to comply with the County Council's "Document Retention" policy which in turn complies with the requirements of HMRC's money laundering regulations.

5.0 Monthly Reconciliation (continued)



What checks are required by the Line Manager?

Checks to be carried out by Line Managers

The checks performed by the managers are key controls in the purchase card process. They should be carried out rigorously. Failure to carry out these checks may result in disciplinary procedures being involved.

The Line Manager should perform the following checks on the purchase card logs prior to authorising them.

- ensure that items purchased are appropriate for the School use and that no personal items have been purchased;
- ensure that, where the card has been used for hotel accommodation or subsistence, the approved limits on these types of expenditure have not been exceeded, and that the expenditure has not also been claimed on monthly travel claims;

In addition, the Line Manager should ensure that cardholders are retaining copy statements and invoices to support each transaction and review them at least on an annual basis (as a minimum).

If the Line Manager is uncertain about the use of the card they should in the first instance query it with the cardholder. If there appears to be an improper use of the card the matter should be raised immediately with the Audit & Information Assurance Manager on extension 2284 and use of the card withdrawn.

When the Line Manager is satisfied that the log is in order they should authorise it and pass it to the Bursar.

5.0 Monthly Reconciliation (continued)



What checks are required by the school bursar?

Checks to be carried out by the school bursar

The bursar should perform the following checks on the Log received from the cardholder's Line Manager –

- ensure that the total shown on the card log equals that shown on the statement received from Company Barclaycard.
- ensure that the purchase log has been authorised by the cardholder's Line Manager.

If the Bursar is uncertain about the use of the card they should in the first instance query it with the cardholder or their Line Manager. If there appears to be an improper use of the card the matter should be raised immediately with the Audit & Information Assurance Manager on extension 2284 and use of the card withdrawn.

6.0 Recording your transactions



How to record your transactions

Bank Reconciliation Arrangements

Each month Company Barclaycard debit the school's bank account with the total balance on the cardholder's statement. This direct debit is actioned seven days after the statement date and the card transaction details should be entered onto the school financial system immediately as this is essential for bank reconciliation purposes.

When the bursar has received the Log from the cardholder's Line manager and checked that the total on the log equals that shown on the statement they should enter the transactions on the school's financial system.

Where goods or services have been purchased using the card on behalf of the School Fund, for example theatre tickets, payment **must** be made from the School Fund into the BAFS account no later than the date of the Direct Debit. Goods may not be purchased using the card for any other fund or for the benefit of an individual.

Document Retention Arrangements

All cardholders' logs, together with associated statements, receipts and invoices, should be retained by the Bursar for a minimum of six years. They should be readily available for examination by Internal Audit and Customs and Excise.

7.0 Change of situation or circumstances



What to do when circumstances change

Change in Cardholder Limits

Cardholders transaction and credit limits can be varied at short notice on telephoning Company Barclaycard on 08448 222150. Such applications should only be made by a member of staff with appropriate authorised administration responsibilities. (eg the Headteacher)

In some instances a potential supplier might be registered within a merchant category which is not normally permitted, e.g. overnight accommodation at premises registered as a restaurant. If you require a temporary change like this please follow the instructions in Section 2 for opening a category.

What to do if a cardholder leaves the authority or no longer requires the card

Where a cardholder leaves the employment of the County Council or no longer requires a Purchase Card to perform their job it is essential that the card is cancelled as quickly as possible.



The card should be cut in two and returned to the Bursar. Company Barclaycard should be notified on 08448 222150 Email HMG@barclaycard.co.uk and the CYP Finance Representative should also be notified.

What to do if you change your name or address

If any of your personal details change you need to contact Company Barclaycard on 08448 222150 immediately, you should also let your CYP Finance Representative and the Bursar have the amended information.

What to do if one or both authorised signatories on the account change

Contact your CYP Finance Representative who will forward the necessary form to you for completing and signing. The form should then be returned to the CYP Finance Representative who will then forward the form to Barclaycard for processing.

8.0 What to do if things go wrong



We are here to help if things go wrong so don't worry.

To avoid the risk of fraud your card should be kept secure at all times. Do not allow it to be copied, give its details to, or allow it to be seen by any unauthorised person. Read Barclaycard's Best Practice Guide which is available on the Intranet or from your CYP Finance Representative.

- If your card goes missing telephone Company Barclaycard on 08448 222150 straight away, they are open 24 hours a day. You must then inform the CYP Finance Representative (next working day) -details available in section 10 of this manual.
- If you then find your card it will **not** be valid for use as it will have been cancelled.

If a supplier, who is VAT registered does not supply a VAT invoice or till receipt detailing the VAT, pursue the matter with the supplier and inform the County Council's Vat Officer on extension 2683.

If the transaction is refused by Barclaycard it will be for one of three reasons:

- the transaction exceeds the limit for your card;
- the transaction will take you over your monthly limit, or
- the merchant category into which the supplier falls is not allowed on your card. Note it is not the type of goods which is refused it is how the Supplier is categorised.

If any of the above occurs and you are unable to identify the reason yourself ring Company Barclaycard on 08448 222150 quoting your card number and they will be able to explain what has caused the refusal (this may not be until the following day).

Please note that they, Company Barclaycard, do not retain records on-line for very long and therefore queries should be made immediately problems occur. If you then require a change to your card either temporarily or permanently, please contact your authorised administrator.

9.0 Frequently asked questions



Answers to 10 of the most asked questions

Question 1 - My card has been declined by a Supplier, what do I do?
Answer - See Section 8 'What to do if things go wrong'.

Question 2 - I want to increase my credit limit on the card for a specific purchase, how do I do this?
Answer - See Section 7 'Change of situation or circumstances'.

Question 3 - I am consistently nearing my credit limit each month and wish to increase the limit. What should I do?
Answer - See Section 7 'Change of situation or circumstances'.

Question 4 - I am taking a group of pupils on a trip and will need to take them out for a meal so I will need category 30 opening. What should I do?
Answer - See Section 2 Merchant category groups

Question 5 - There is a fraudulent transaction on my statement, what should I do?
Answer - See Section 5 'Monthly Reconciliation'

Question 6 - I have lost my card, what should I do?
Answer - See Section 8 'What to do if things go wrong'

Question 7 - I have changed my name, what do I do?
Answer - See Section 7 'Change of situation or circumstances'

Question 8 - I am going on Maternity Leave what shall I do with my card?
Answer - If you are more than likely going to return to your job, then give the card to your Manager for safe keeping until your return.

Question 9 - I am having a problem getting VAT receipts, what should I do?
Answer - See Section 10 Value Added Tax (VAT)

Question 10 - I am unsure whether the Company that I used was VAT registered, how do I find out?
Answer - Ring the Company in the first instance and ask if they are registered then ask for their VAT number and a VAT receipt.

10.0 Value Added Tax (VAT)



VAT is a tax on almost everything we purchase

This section is **not** a VAT Guide. A detailed VAT Guide is shown in Section 16 of the School Finance Manual which is available on the Learning Net. **Finance and Central Services within the section called Related Links.**

Please find below the most commonly used VAT categories:

- Standard Rate - 20%
- Lower Rate - 5%
Examples: child car seats, BBQ fuel and Sanitary products,
- Zero Rate – 0%
Examples: books, transport and essential foods
- Exempt – 0%
Examples: Childcare, some rent of rooms

Most of the goods you purchase will have VAT included in the cost. It is essential that you request VAT receipts for any purchases that you make using your purchase card. VAT registered companies are obliged by Law to provide a VAT receipt when asked to do so.

If the transaction is under £250 and you know VAT has been charged, a till receipt with the name of the Company & the VAT number printed on it will suffice.

Some Suppliers will not be VAT registered because their turnover is less than the current limit. If they are not VAT registered they cannot charge you VAT.

Supermarkets usually indicate in some way on the till receipt items that have VAT included and a Cashier or Supervisor in the store should be able to advise you accordingly.

Where a receipt has items of mixed supplies some which have VAT and some have not, then the transactions will have to be totalled separately on the purchase card log and entered on separate lines on the Log.

If you have any queries regarding VAT or require further training please contact the VAT Officer on extension 2683.

11.0 Contacts



Who to call if you have a query

If you have any queries with the operation of the card, contact your **CYP Finance Representative** of the Purchasing Card Working Group:-

Children and Young People	Anne Banks	01609 535887
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Other Contacts

Barclaycard 08448 222150
Email HMG@barclaycard.co.uk

Vat Officer - Denyse Stringer - Extension 2683
Audit & Information Assurance Manager - Extension 2284