

East Sussex County Council Purchasing Card Policy

Adopted by Laughton Community Primary School – July 2018



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1. Introduction

East Sussex County Council recognises the benefits of using Purchasing Cards (P-Cards) as an alternative means of ordering goods and services. The benefits include reduced paperwork, reduced time in administration, improved service delivery and reduced costs.

The County Council has adopted the Government Purchasing Card (GPC) supplied to us by RBS and in partnership RBS have implemented their online data handling system SDOL (Smart Data On Line) to allow staff to process their P-Card transactions before loading into SAP.

P-Cards do not replace the current process of raising Purchase Orders via SAP however they provide an alternative purchasing facility where it is more cost effective to purchase via a P-Card or where SAP cannot meet specific strategic business needs.

P-Cards are a tool to help Council employees to do their job. They are to be used in accordance with the Council's Contract Standing Orders and Financial Regulations and these, together with the P-Card procedures and this policy, must be followed by Cardholders at all times. P-Cards are **not** a means to avoid the Council's published Financial Procedures.

Failure to follow the correct processes may result in the Cardholder having their P-Card cancelled or the recovery from salary of losses due to improper use. This could ultimately result in the Cardholder and/or their Reviewer being subject to disciplinary action.

2. Who may use a P-Card

P-Cards are available to be used by any permanent member of staff¹ who can demonstrate the need to make purchases of goods and services as a normal part of their job. The application for a P-Card must be made using the ESCC P-Card Application Form by the prospective Cardholder, approved by their Departmental Lead AD and submitted via their Departmental P-Card representative.

¹ The staff involved in the administration of the Purchasing Cards and the SDOL system are excluded from having a card
As a minimum 'permanent' is defined as having a contract of employment with the Council of 6 months or more.

3. Training/Briefing

A pre-condition for use of the P-Card is that the Cardholder and Reviewer will attend a briefing session which will cover the Cardholder's responsibilities, the P-Card process including transaction reconciliation and VAT, use of the P-Card and the SDOL software.

4. Use of P-Cards

4.1. What P-Cards can be used for

P-Cards should only be used to purchase goods and services that are in line with Council business. P-Cards can be used with any supplier that accepts MasterCard and can be used over the phone, via the internet or in person. In all cases Cardholders are advised to ensure that their manager is in agreement with the type of purchasing taking place before going ahead with the purchase.

Cardholders who are requested to make a purchase on behalf of a colleague should only accept a written request. This request should be stored for presentation if required. As Cardholders are personally responsible for all purchases made using their P-Card they have the right to refuse a request to make a purchase on behalf of another member of staff. This would normally be where they have concerns that the purchase may breach the Council's Contract Standing Orders and Financial Regulations or does not comply with ESCC purchasing best practice. In these circumstances the Cardholder should contact P-Card Admin or the Corporate Procurement Team for guidance.

The Cardholder must ensure that where the service or product being purchased is available through existing contractual arrangements that these arrangements are used. Monitoring of P-Card purchasing will be carried out by Corporate Procurement to ensure compliance with existing contractual arrangements is adhered to.

The Cardholder must remain conscious of the need to ensure value for money for the authority with all purchases and to be able to demonstrate this if requested.

If the Cardholder is intending to make a purchase from a non-UK supplier they should first contact both the ESCC VAT Manager and the Corporate Procurement Team for advice.

4.2. What P-Cards may not be used for

- Withdrawal of cash
- Purchase of personal items or services
- Payment of personal expenses or debts
- Personal gain – collecting store reward points etc
- Utilities
- Vehicle fuel - petrol/diesel

P-Cards do not replace the current process of raising Purchase Orders via SAP for the following categories :

Categories of expenditure	How to procure?	Contact
<ul style="list-style-type: none">• Agency staff• IT Equipment	Via Comensura Dept E-Business Manager	PAT Corporate IT
<ul style="list-style-type: none">• Printing Services• Utilities	Via Print Services Via SAP Framework Orders	Print Services Corporate Procurement Team

4.3. Using the P-Card on line

Purchases may be made over the internet, using an ESCC PC or a PC accessing the internet via the ESCC Gateway, where there is no other method of purchasing or where it is the best way of achieving value for money for the Council. Purchases should only be made via websites that have a secure payments area which is activated before the P-Card details are entered.

Cardholders **must** retain printed evidence of the purchase; this will normally be an on-line invoice.

4.4. VAT

VAT receipts, or proof of purchase, must be obtained for **every** purchase made using the P-Card. This is to enable the Cardholder to enter the correct VAT amount in the reconciliation software against the P-Card transaction and to allow any VAT incurred to be claimed back by the Council².

As part of the P-Card transaction reconciliation process the Cardholder is responsible for updating the VAT value from the retained VAT receipt.

For Level 2 and 3 suppliers VAT will be automatically calculated and entered into the VAT field in the transaction via the software. The VAT displayed should be checked against the retained receipt.

² Ref the ESCC Purchase Card VAT Procedure

For Level 1 merchants VAT is not calculated. VAT will only be shown on the receipt as a total amount. Some suppliers show which items are subject to VAT by a letter or star next to the item.

4.5 Embedded Cards

Embedded cards are 'virtual' cards (no plastic is issued to the purchaser) which are used as a preferred method of payment with certain suppliers where a specific business need has been identified. They create a seamless purchasing system that keeps the number of issued cards to a minimum. The card number is 'lodged' with the supplier and can only be used to make purchases with that supplier.

This is a specialized purchasing solution that can only be implemented with the agreement of Corporate Procurement.

4.6 Merchant Service Charge

The Merchant Service Charge (MSC) is a charge applied by the supplier's card issuing bank. In return, the supplier receives payment within 2 to 4 working days of the transaction being processed. In addition to this significant cash flow advantage suppliers can also reduce credit control costs thereby reducing the need to chase for payment or re-issue invoices.

The supplier pays the MSC to the bank as a percentage of the transaction value (usually 2.5% to 3%).

A small number of suppliers will refuse to accept the P-Card on the basis of this charge or will levy a 'handling fee' to the total cost of the transaction to cover the costs of the charge

Cardholders are requested to consider the following when encountering this as an issue :

- Where practical consider moving to another supplier.
- Given the benefit of using the P-Card pay the fee rather than incur the (£30) cost of raising a Purchase Order, creating a Goods Receipt and posting an Invoice.
- Raise a Purchase Order in SAP.

5. Suppliers

The P-Card can be used with any supplier who accepts MasterCard for payment. Suppliers that accept the P-Card fall into three categories or data levels :

Level 1 - Suppliers that accept MasterCard. The transaction will appear within SDOL but no VAT data is included so an element of manual intervention is required in order to reclaim VAT from HMRC on the transaction.

Level 2 - Suppliers with equipment capable of providing level 2 data will provide the same data as level 1 plus they will provide the total amount of VAT that has been paid on each transaction. Level 2 data has been approved by HMRC as sufficient evidence for VAT reclaim for all transactions under £5000

Level 3 - Suppliers who are MasterCard Purchasing Card capable (special electronic equipment must be installed by the suppliers to have this facility). Using the P-Card with suppliers that are MasterCard Purchasing Card capable means that the supplier can capture the transaction's VAT details – which then appear within the software.

6. Controls

P-Card Application - Each application for a Purchasing Card must be supported by a Line Manager/Budget Manager and approved by the Departmental Lead AD³. Lead AD P-Card applications must be approved by Director Corporate Resources.

Training/Briefing - The applicant must attend a formal briefing session on the use of the Purchasing Card prior to the card being issued

Restrictions to Use - P-Card use may be restricted to certain categories of commodity or service

Compliance with Procedures - Cardholders must comply with the RBS Cardholder Terms and Conditions, the ESCC Terms and Conditions as detailed in the Cardholder Application process, with ESCC Financial Regulations and Procedures and this policy.

Spend limits - Spend limits are suggested for each Cardholder by the budget/cost centre manager. Two spend limits are set for each P-Card

- A single transaction limit. The default is £250 but an increase can be agreed with the approval of the Departmental Lead AD where a business need is identified.
- A monthly limit. The default is £1000 but an increase can be agreed with the approval of the Departmental Lead AD where a business need is identified.

An application to change the spend limits must be made by the Cardholder on the ESCC Amendment Request Form, submitted via the Departmental P-card representative and approved by the Departmental Lead AD.

Default Cost Assignment - A default Cost Centre and default GL Code as defined in the ESCC P-Card Application Form will automatically be assigned to all P-Card transactions.

³ Ref ESCC Purchase Card Application Process

7. Processing P-Card transactions

Cardholders must reconcile all their transactions for accuracy and adjust the VAT amount, the VAT rate and cost codes (if different from the default) where appropriate.

Where the Cardholder is **not** in receipt of a valid VAT invoice they must enter zero VAT even where they know VAT was charged.

If the VAT receipt arrives after the closing date for reconciliation zero VAT must be entered but the VAT reclaim process followed.⁴

Full details of each transaction must be recorded on a Transaction Log. A paper record of each transaction (invoice/receipt) must be retained as evidence in order to provide an audit trail. On completion of the monthly reconciliation, the paper records and transaction log should be passed to the Cardholder's nominated reviewer.

Once the transactions are reconciled by the Cardholder they should be assessed by the nominated reviewer. The reviewer should check the transactions using the paper records as supplied by the Cardholder and in accordance with the guide for reviewing managers. On completion the Receipts/Invoices should be stored.⁵

The consequence of the Cardholder and their reviewer not reconciling their transactions on SDOL by the due date each month is that the transactions and VAT **WILL** be posted against the default codes provided above. Persistent failures will result in the P-Card being withdrawn.

Reminders will be sent to Cardholders/authorisers that have not reconciled/approved transactions.

8. Monthly Timetable

The transaction billing period is from the 4th day of any month to the 3rd of the following month. The online statement will be available for download by P-Card Admin on the 4th.

Cardholders and Budget Holders/Line Managers must ensure that all transactions are correctly coded for cost centre, GL codes and VAT by the 8th of the month. Any transactions not reconciled by then will automatically be loaded into SAP and the Department will have to accept any discrepancy within its own budget.

The transactions will be loaded into SAP on the 10th.

⁴ Refer to P-Card VAT Procedure Appendix 2

⁵ Refer to P-Card Guide for Reviewers

A single payment will be made to RBS on or before the 17th.

9. Security

The P-Card is issued to an individual Cardholder in the name of the Council and it is the Cardholder's responsibility to keep the P-Card and the PIN (Personal Identification Number) secure. The Cardholder can change the PIN at any bank ATM displaying the MasterCard sign. The PIN should be memorised and **never** written down and any documentation displaying P-Card information should be confidentially disposed of. Failure to comply with these security processes may lead to disciplinary action.

As with personal credit cards the authorised Cardholder must be the only user of the Council's P-Card. The P-Card must never be used by anyone other than the Cardholder. If the authorised Cardholder allows his/her P-Card to be used by another person including their line manager, this will be regarded as a disciplinary offence. All transactions for each P-Card are the Cardholder's responsibility. In circumstances where inappropriate transactions have been made, the Cardholder will be required to reimburse East Sussex County Council and the amounts involved will be deducted from salary.

The Cardholder will receive a PIN (Personal Identification Number) to use with the card. This must be memorised and the notification destroyed. The Cardholder can change the PIN at any bank ATM with the MasterCard sign. The Cardholder must not disclose the PIN to anyone. Failure to comply with these security processes may lead to disciplinary action.

If the P-Card is used to purchase items using the Internet the Cardholder must use an ESCC PC or a PC accessing the internet via the ESCC Gateway and ensure that the websites used have a secure payments area which is activated before the P-Card details are entered. This is indicated by ensuring there is a padlock sign on the screen and the site address has changed from one starting with 'http' to one starting with 'https'.

10. Cardholder P-Card administration

The process for dealing with Lost/Stolen P-Cards, Leaving Employment etc is detailed in the Cardholder User Guide.

11. Responsibilities

Cardholders

- Sign up to the Terms and Conditions as set out on the P-Card Application Form
- Attend Cardholder training session
- Use the P-Card as set out in the Guidance
- Acquire and retain receipts for all transactions
- Retain emailed purchase requests when purchasing on behalf of a colleague
- Reconcile SDOL transactions at least once a month but by the due date ensuring that the VAT, cost codes and amounts are correct
- Record details of each item purchased against each transaction in a Transaction Log
- Keep the P-Card safe
- Keep the PIN safe
- Not share the PIN with anyone or record it anywhere.
- Not allow anyone else to use the P-Card
- Alert RBS immediately of any theft or loss of the P-Card
- Investigate any unusual or unexpected transactions and notify RBS Operations Centre
- Refuse a purchase request if unsure whether the purchase complies with Contract Standing orders or Financial Regs

Line Managers/Budget Manager/Cost Centre Manager

- Request the limits and default cost codes required for each P-Card
- Approve P-Card Application form
- Ensure that the Cardholder has attended the formal training session
- Attend Reviewing Manager training session
- Review transactions by the due date
- Ensure all P-Card transactions are supported by documentary evidence
- Monitor and review P-Card transactions -
 - ensure VAT is processed correctly
 - question personal use
 - challenge maverick spend
- Initiate Disciplinary Action where necessary
- Nominate a deputy Reviewer who will act on as the Reviewer during periods of leave and absence.

Departmental P-Card Representatives

- Review and submit Cardholder Application Form for approval
- Review and submit ESCC Amendment Request Form for approval
- Act as liaison between Department and P-Card Admin and Corporate Procurement

Departmental Lead Ads

- Review and Approve Cardholder Application Form
- Review and Approve ESCC Amendment Request Form

Authorised Bank Signatories

- Review and approve Cardholder Application Form and ESCC Amendment Request Form

Administrators

- Process requests for P-Cards
- Set up users on SDOL system
- Maintain SDOL hierarchy and cost code structure
- Assist with user queries
- Ensure transaction data is successfully loaded into SAP
- Monitor and review transactions
- Advise managers and audit of any identified problems
- Cancel and suspend P-Cards where necessary
- Liaise with RBS regarding continued support and development of SDOL

Associated Documents

Purchasing Card Guide for Cardholders

Purchasing Card Guide for Reviewing Managers

Purchasing Card VAT Procedure

Purchasing Card Application Process

Purchasing Card Amendment Request Process

Purchasing Card Transaction Interface and Financial Reconciliation Process

These documents, further information and the associated forms are all available in the E-Procurement section of the intranet.