



PURCHASE CARD RULES AND PROCEDURES

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Authorisation of Guidance and Procedures

Foreword from Hugh Dunn, Treasurer

“Purchase Cards offer a convenient means of buying and paying for goods and services, but with that comes personal responsibility and accountability. As an employee of a public body, you should always be mindful of our statutory duty to secure Best Value. This guidance sets out the rules around the use of Purchase Cards for all card holders and approvers and reflects best practice. It is vital that these are complied with.”

Signed: Hugh Dunn

Position: Treasurer

Date: 2nd December 2016

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Glossary of terms

Glossary term	Glossary definition
Service Area	The Service Area is a single or multiple service areas to which purchase card expenditure is charged. For the purposes of this Policy, the Service Area is all of the South East of Scotland Transport Partnership (SEStran).
Cost Centre	This is a unique Cost Centre to which purchase card expenditure will be charged for that particular purchase card.
Budget Holder	Individual within the Service Area that has overall responsibility for the budget. Has overall responsibility for ensuring compliant use of Purchase Cards within their service area. For the purposes of this Policy, the Budget Holder is the Partnership Director of the South East of Scotland Transport Partnership (SEStran).
Cardholder	The person who is named on the Purchase Card and is the responsible officer.
Card Supervisor / Authoriser	The person who the cardholder “reports to” in relation to the use of the Purchase Card. This may or may not be the cardholder’s line manager. Responsible for reviewing transactions in the Purchase Card system for cardholders they are responsible for.
Card Administrator	The first point of contact in relation to general programme administration and control. For the purposes of this Policy, the Card Administrator is the Payments Team of the City of Edinburgh Council.
Card Provider	The Card Provider is the bank who issues Cards and provides statements. This is currently the Royal Bank of Scotland.
Smartdata Online (SDOL)	Smartdata is an online management tool supplied by the Card Provider which provides the Service Area, Card Administrators and Card Holders with the ability to review card transactions online.

Section 1: Context & Rules

1. Introduction

1.1 Purpose of this document

This document details the rules and procedures governing the purchase card scheme for the South East of Scotland Transport Partnership (SEStran) (Section 1) and the roles and responsibilities of the key stakeholders (Section 2).

All prospective cardholders and card supervisors must read this document prior to applying for a card. This document must be read in conjunction with the SDOL user guides for card holders and card authorisers.

All staff must follow the rules and procedures detail in this document and related guides.

1.2 Purchase Card Governance and Assurance

The City of Edinburgh Council operates the Purchase Card Scheme on behalf of SEStran. Governance is part of the overall SEStran financial control environment including the Contract Standing Orders of SEStran.

The main controls include, but are not limited to:

- Segregation of duties (there must always be a separation of duties between the Card Holder, Card Supervisor and Card Administrator);
- Full audit trail, including recording of key information in SDOL and storing of receipts;
- Management reports to Senior Managers; and
- Compliance checks.

1.3 Purchase Card overview

The Purchase Card is intended to complement the current purchasing and payment systems, not to replace them. The Cards are intended for low value and one-off purchases where a contract does not exist. Where a contract exists, the purchase must be made by raising a purchase order.

Purchase Card holders must only use the purchase card for official SEStran business purposes. Personal use is absolutely prohibited and misuse of the purchase card may result in disciplinary action and/or criminal proceedings.

The Purchase Card Administrator will report any major concerns to the City of Edinburgh Council Chief Internal Audit Manager.

1.4 Purchase Card Transactions - Transparency

All Purchase Card transactions will be reported to the SEStran Senior Management Team on a monthly basis for their information. The City of Edinburgh Council and SEStran may also be requested, though the Freedom of Information (Scotland) Act, to publish details of expenditure.

Card holders should be aware of this and consider this when deciding whether a purchase is an appropriate use of public funds.

2. Regulations and restrictions

2.1 Administration and authorisation

Wherever possible, the Card Supervisor/Authoriser should be the Card Holder's line manager, but in all cases must be a more senior member of staff, unless an alternative arrangement has been approved by the Partnership Director and Treasurer.

A Card Supervisor can act in the supervisory role for one or more Card Holders.

All new Card Holder requests must be approved by the Partnership Director and signed by an approved Bank Signatory prior to being actioned by the Card Administrator.

All requests for change, such as a change in card limit, must be approved by the Partnership Director prior to being submitted by the Card Administrator.

2.2 Delegated Financial Authority

It is the responsibility of the Partnership Director to ensure Card Holders have the appropriate delegated authority. By authorising a staff member to be a Card Holder, the Partnership Director is delegating authority for purchasing (up to the card limits) to the Card Holder.

It is recommended that Card Holders obtain prior approval from the Card Supervisor prior to making each transaction, although this may not be practical in every case.

Each Card will be set up with a cost centre where all purchases will be charged to unless the cardholder enters an alternative cost centre in SDOL.

2.3 Purchase Card Limits

Each Purchase Card has two limits for control purposes, these are:

- 'Single transaction limit', this is the maximum value that can be purchased for each individual transaction; and
- 'Monthly credit limit', this is the total amount that can be purchased within each monthly cycle.

When a new card is requested, the Card Supervisor must indicate, and justify, the single transaction and monthly limits required. It is recommended that limits are kept as low as possible to reduce risk.

2.4 Purchase Card purchasing rules

The following rules apply for Card Holders making purchases with their Purchase Card:

- The cards are intended for low-value one off type expenditure where a contracted supplier does not exist. The Card Holder must ensure value for money is being secured for every purchase;
- The Card Holder is the only person who is authorised to use the card;
- Card Holders must never arrange with suppliers to split a single purchase over more than one payment in order to avoid exceeding their single transaction limit;
- When using a Purchase Card, Card Holders must never personally benefit by gaining points on store loyalty cards, accepting sales vouchers or by any other means;
- The Card Holder must always obtain a receipt at the time of purchase. If ordering by phone, this should be emailed or sent to the Card Holder's work address;
- Where VAT is included, a VAT receipt must be obtained in order to reclaim the VAT. If no VAT receipt is supplied, the total gross cost (including VAT) will be charged to the cost centre;
- When an incorrect amount has been charged, the Card Holder must approach the supplier to resolve the problem within 2 working days of becoming aware of the problem.

Purchase Cards must not be used for:

- Cash withdrawals;
- Paying supplier invoices;
- Direct debits;
- Purchases where a contracted supplier exists;
- Making payments that fall under the Construction Industry Scheme (CIS);
- Making payments to individuals /self employed;
- Purchase of alcohol.

If in any doubt about any of the above exclusions please contact the City of Edinburgh Council's Payments Team Leader, Payment Operations on 0131 469 4365.

It is the responsibility of the Partnership Director to ensure appropriate use of the Purchase Cards by the Partnership.

2.5 Delivery of goods purchased with a Purchase Card

It is Purchase Card policy that all orders must be delivered to an official SEStran address. Exceptions may be made to this with prior approval from the Partnership Director. Ideally orders should be delivered to the Card Holder, wherever possible.

Note: where the supplier agrees to credit returned goods or failed service, they must apply the credit to the purchase card from which the original purchase was made.

3. Records management

Good records management is essential to the success of the Purchase Card scheme.

Receipts are required to be scanned, or photographed, then attached to each transaction on the card system (currently, Smart Data on Line SDOL).

The Card Holder must ensure that card statements and receipts are retained in accordance with the Council's and SEStran's Records Retention Policy and be available for inspection upon request. It is recommended that these are retained in a folder by person by month in a central location in each site.

All documents should be kept in a secure location and be available for audit as required. Records can be destroyed after 6 years.

4. Risk Management and Controls

The potential for fraud, irregularity and misuse is a key risk in the use of the Purchase Cards. A number of key controls have been built into the system to prevent, detect and deal with this, as follows.

Key risks include:

- Transactions are not pre-authorised resulting in a risk that unauthorised and inappropriate or fraudulent purchases can be made;
- There is the risk that Card Holders will purchase from non contracted suppliers when a contract does exist (increasing off contract/ maverick spend);
- There is a risk that sufficient records and receipts are not kept resulting in incomplete records and increased risk of fraud;
- There is a risk that CIS Tax will not be properly deducted or accounted for;
- There is a risk that VAT may not be fully reclaimed by SEStran resulting in higher costs to SEStran.

In order to mitigate these risks, tight controls and compliance with procedures must be in place. Such controls include:

- Clear guidance for card holders and card supervisors, accompanied by training;
- Low value transaction and weekly limits;
- Payments falling under the CIS Tax scheme are not permitted;
- Transparency – reporting of transactions to Partnership Director (and possibly publish online);
- Consequences – cards removed and possible disciplinary procedure for inappropriate use.

It is the responsibility of the Partnership Director to ensure appropriate use of the Purchase Cards in their area. It is recommended that the Partnership Director carries out spot checks on Purchase Card transactions for cardholders in their areas on a regular basis.

Any known, or suspected, misuse, fraud, irregularities or potential breaches of propriety with regard to purchase cards must be reported to the Partnership Director and also the Purchase Card Administrator immediately.

When in use the Card Holder must retain the card on their person at all times and must never leave the card unattended. When not in use, the card must be retained in a secure place, ideally in a safe.

The cardholder must not write down the full card number, CSV code and PIN number wherever possible for security reasons. This includes emailing or faxing the card details. If the cardholder is making a payment by phone (MOTO payment) then the cardholder should be comfortable that they are dealing with the legitimate provider of the service they are procuring.

Cardholders are expected to take reasonable care to avoid inadvertent disclosure of their card number, and to be aware of their surroundings and those present when using the purchase card. In particular, they should take care when using the card in public areas and should not let the card be taken away out with their sight or over the telephone.

The Card Holder should never disclose their PIN or CSV code to any other staff member in any situation. If this happens accidentally (or the Cardholder suspects it has happened), Card Holders should contact the Purchase Card Administrator to request a new PIN, or Purchase Card. Never write the PIN or security code down.

When making purchases online Card Holders must ensure that the site is secure by checking that the site is "https", not just "http".

When a Card Holder leaves SEStran, the card must be cut up and returned to the Purchase Card Administrator immediately. This is the responsibility of the Card Supervisor.

Section 2: Roles and responsibilities

This section briefly defines the roles and responsibilities involved in the Purchase Card scheme.

1. The Card Holder

1.1 Card Holder Role

The Card Holder must be a SEStran employee. The cardholder is nominated by the Partnership Director and has been assigned the appropriate level of delegated financial authority to purchase goods and services via a purchase card in accordance with this document and associated guides.

1.2 Card Holder responsibilities

The Card Holder is responsible for ensuring compliant use of their Purchase Card as set out in this document, including:

Ensuring that they comply with the purchasing rules
Completing records in SDOL in a complete, accurate and timeous way
Scanning and uploading receipts for every transaction
Ensuring the security of their Purchase Card, CSV and PIN number
Dealing with any overcharges/erroneous transactions with the supplier
Updating the Purchase Card Administrator with any changes of details

2. The Card Authoriser / Supervisor

2.1 Card Authoriser Role

The Card Authoriser must be a SEStran employee. The Card Authoriser supervises the use of Purchase Cards by Card Holders who “report” to them.

2.2 Card Authoriser Responsibilities

The Card Authoriser is responsible for the following:

Ensuring that the Cardholder undertakes their responsibilities according to this document
Ensuring that Purchase Card transaction descriptions recorded in SDOL are useful and suitable for disclosure under FOI(S)A.
Ensuring that descriptions are entered in accordance with the timescales required
Reviewing all transactions in SDOL for cardholders which they are responsible for
Undertaking sample checks of receipts on a regular basis
Alerting the Partnership Director and Payments Manager of any actual or suspected misuse, fraud or irregularities regarding purchase cards
Authorising any changes required to cost centres
Ensuring that when a Card Holder leaves or a card is being removed from them, that the card is cut into pieces and sent to the Purchase Card Administrator

3. The Budget Holder

3.1 Budget Holder

The Budget Holder is defined as an individual that has overall responsibility for the governance and compliant use of the Purchase Cards within their Service Area.

3.2 Budget Holder Responsibilities

The Budget Holder is responsible for the following:

Approving staff members to be Card Holders and Card Supervisors
Delegating financial authority to Cardholders
Authorising changes to card limits
Ensuring adequate record keeping for all Purchase Cards in the Service Area
Ensuring that Purchase Card Supervisors undertake their review processes properly and timeously
Ensuring that Purchase Cards in their service area are properly utilised in accordance with this document
Alerting the City of Edinburgh Council's Payments Manager of any actual or suspected misuse, fraud or irregularities regarding purchase cards
Dealing with any allegations or suspicion of potential misconduct in accordance with the Council's disciplinary procedure and reporting the matter to Police Scotland where appropriate

4 The Purchase Card Administrator

4.1 Purchase Card Administrator Role

The Purchase Card Administrator is the first point of contact for Cardholders, Card Supervisors and Budget Holders.

4.2 Purchase Card Administrator Responsibilities

The Purchase Card Administrator is responsible for the following:

Dealing with requests for new cards and PINS (for new and existing cardholders)
Ensuring there is a clear business justification for a purchase card prior to approval
Single point of contact for the card provider (bank)
Setting up, and maintaining, records on SDOL as required
Dealing with queries from cardholders, supervisors, and service area representatives e.g. relating to SDOL; unblocking cards; password resets; cost centre changes
Dealing with requests to increase or decrease card limits
Communicating with cardholders, supervisors, and service area representatives as required
Day to day systems administration in relation to SDOL
Posting of expenditure accurately and timeously to the main financial system
Alerting the City of Edinburgh Council's Payment Manager and/or Chief Internal Audit Manager, as required of any actual or suspected misuse, fraud or irregularity with regard to Purchase Cards

5 Financial Services

5.1 Financial Service's Role

The role of Financial Services is as authorised signatories for the Bank. The application for a new Purchase Card requires to be signed by an authorised signatory.

5.2 Financial Service's Responsibilities

Checking that the applicant is an employee of the SEStran
Ensuring that a SEStran email address has been provided
Checking that the card transaction and monthly limits applied for are appropriate and acceptable
Checking that the proposed use of the Purchase Card is justifiable and in accordance with the rules for use
Checking that the person authorising the application is suitable

Section 3: Purchase Card Procedures

1. Obtaining and activating a Purchase Card

1.1 Nominating the Cardholder and Card Supervisor

The Partnership Director will decide on when it is appropriate for specific staff members to hold a Purchase Card. They will complete a Purchase Card Application Form and send this to the Purchase Card Administrator, indicating who the Card Supervisor will be.

1.2 Checking of Card Application

The Card Administrator must check and verify the Cardholder's application form and validate its contents including the default cost centre, ensuring that it is appropriately approved. The form will be sent to Financial Services for signature.

Note that personal phone numbers and/or email addresses will not be accepted. Applications require the personal, residential address of the applicant to comply with Money Laundering Regulations.

The Purchase Card Administrator will forward the application to the Card Provider within five working days of it being received, subject to there being no problems with the application. The Purchase Card Administrator will retain a copy of the application form, including the date sent to the Provider, for record keeping purposes.

1.3 Purchase Card Distribution

All new purchase cards and PINS will be sent directly to the Card Holder (separately). The Cardholder must memorise and destroy the PIN in confidential waste, immediately on receipt. Please note that the PIN can be changed at an ATM machine by the Cardholder.

The Council's Payments Team expect cards to be issued within 5-7 working days from the day that it is received by the Card Provider. If the card has not been received within 10 working days cardholders can alert the Purchase Card Administrator.

1.4 Cardholder Training

All new Cardholders must undertake training to ensure that they understand their role and responsibilities.

1.5 Card activation

Once cardholder training has been undertaken, the Purchase Card Administrator will activate the Purchase Card, within 3 working days of notification of completion of the training. This acts as a control to ensure that the appropriate training is undertaken prior to use of the card.

2. Making a Purchase

Purchases can be made in one of the following ways:

- By telephone;
- Online, via a secure site (https);
- In person, using CHIP & PIN.

For security, a supplier may request the billing address of a card. For all cards, this is the Cardholder's business address.

Cardholders should ensure that purchases comply with the purchasing rules detailed in paragraph 2.4 above.

3. Completing the Purchase Card Transaction Log in SDOL

The purchase card transactions will be uploaded monthly to the SDOL system. Cardholders will receive an email alert advising them that transactions have been uploaded and are available for review.

The Cardholder must then complete the transaction record in SDOL for each transaction by the deadline for that month. This will involve:

- Entering the VAT to be recovered (see separate guidance re VAT recovery);
- Description of the transaction (most meaningful information at the beginning of the description);
- Add/amend cost centre or coding for each transaction (amending the defaults if required);
- Scan and upload a receipt for each and every transaction. Only where scanning facilities are not available can receipts be submitted in paper form.

Once the Cardholder has completed their duties, the card supervisor can review the transactions, satisfying themselves that the transactions are fully compliant with the Purchase Card rules and procedures.

Please note that if the above actions are not undertaken by the deadline, the transactions will be coded to the default codes and VAT will not be recovered. This will be logged as non compliant and a report will be sent to the Service Area Representative. If a Cardholder or Supervisor repeatedly fails to complete the required actions by the deadline, the card will be disabled and the Supervisor will be removed.

4. Dealing with disputed transactions

Cardholders may from time to time want to query a transaction on their statement. This can be for a number of reasons such as:

- The card statement lists a transaction that the Cardholder does not recognise;
- An incorrect amount has been charged;
- The goods or services purchased have not been supplied;
- The wrong goods or services have been supplied;
- Refunds have not been received as expected.

The Cardholder should contact the supplier in the first instance, retaining copies of all correspondence. If a resolution is not forthcoming this is treated as a disputed transaction.

Should the Cardholder require the Card Provider to intervene, they must contact them by email by contacting City of Edinburgh Council Payments Team, initially, attaching a completed Declaration Form. Once they have receipt of this, the Card Provider will perform a thorough investigation with the supplier in question, and will endeavour to get the disputed amount credited back to the Cardholder's purchase card account.

Note: All queries must be raised with the Card Provider within 30 days from the statement date; otherwise the Card Provider is not obliged to deal with it.

5. Changes of information

For all of the various changes listed below, a “Purchase Card Change Form” must be completed and forwarded to the Purchase Card Administrator. All changes must be advised promptly to reduce risk of fraudulent activity.

- Changes to Cardholder details. If the change is a change of name, then a new card will be issued, within 10 working days;
- Changes to Credit limits. The Service Area Purchase Card Representative can approve temporary or permanent adjustments to transaction or monthly limits. They must assess the requirements for each card carefully in order to set the limits at an appropriate level. The limits should be high enough to enable the Cardholder to make the purchases expected of them, whilst low enough to act as a control;
- Changes to default Cost Centre.

6. What to do if a card is lost or stolen, or declined

6.1 What to do if a card is lost or stolen

If a card has been lost, stolen or damaged, the Cardholder must notify the Card Provider immediately using the 24-hour customer service line.

The Card Provider will cancel the card, ensuring that no further transactions can be made. They will then make the necessary arrangements for a new card to be issued to the Cardholder.

6.2 What to do if a card is declined

If a purchase card or transaction is declined the Cardholder must:

- first check with the supplier that all the details they have are correct;
- ensure they have sufficient credit on their purchase card; if not, the Cardholder must either wait for renewal of the credit limit or seek a temporary increase in the monthly limit from their Service Area Representative;
- ensure they are not making purchases listed in the Purchase Card prohibited purchases list (see Section 1, paragraph 2.4 above).

If the Cardholder has sufficient credit, and is sure the supplier has all correct details, they need to contact the Card Provider. If the Card Provider is unable to resolve the cardholder must contact the Purchase Card Administrator.

7. Reporting and Management Information

7.1 Monthly Reporting to Senior Management

Monthly transaction reports for all purchase card transactions will be produced by the Purchase Card Administrator and sent to Senior Managers in Service Areas.

7.2 Requests for Reports or Management Information

Requests for reports must be made using the Management Information Request Form. These will be dealt with within 10 working days, unless there is justification for a quicker turnaround.

7.3 Service Area Management Controls

The Service Area must carry out its own local risk management checks and compliance controls. See Section 1, paragraph 4 re Risk Management and Controls section above.

8. Summary of Service Levels

The following Service Levels apply.

Form	Purchase Card Administrator	Card Provider
Purchase card application form	Up to two working days	Up to ten working days
Acknowledgement of card and PIN receipt form	N/A	N/A
Change of information form	Up to two working days	Up to ten working days
Management Information Request	Reports will be provided at the end of full calendar month	N/A