

PURCHASING CARD

Policy



INTRODUCTION

Plymouth City Council have introduced a process for purchases under £500. This can be used by Officers where appropriate; as an alternative to the procurement process. This will facilitate effective processing and management of low value, low risk purchases.

To facilitate this process a Purchasing Card can be utilised to simplify the purchasing of goods and services below £500, but must be used in line with the Purchasing Card Working Instructions.

<https://documentlibrary.plymcc.local/documents/PS0006.v1%20-%20Purchasing%20Card%20Work%20Instruction.pdf>

For all Purchases above £500 Officers are required to follow and adhere to the Council's Contract Standing Orders. <https://documentlibrary.plymcc.local/documents/PS0009.v1%20-%20Contract%20Standing%20Orders%20%28CSOs%29.pdf>

PLEASE NOTE: The issue of Purchasing Cards to **NEW** applicants will not be approved until the e-learning training course has been undertaken by both the Card Holder and the Approver.

All Purchasing Card holders and Approvers will be required to have an individual email address to undertake the training. Generic/shared mailbox email addresses will not be permitted.

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I. What is a Purchasing Card?

- I.1** A Purchasing Card is a Visa Purchasing Card similar to a personal debit/credit card that is issued by the Council's bank to enable low value purchases of Supplies and Services to be made quickly and efficiently. The Purchasing Cards are purposed to eliminate much of the traditional paperwork surrounding the Procurement process; whilst being fully compatible with VAT accounting requirements.
- I.2** The Purchasing Card looks like a normal debit/credit card but it is in fact a charge card. The difference being that the total balance on the cards monthly statement must be settled in full.
- I.3** Embossed on the card will be the following details:-
 - Plymouth City Council
 - Your Name
 - Expiry Date
 - Card Number
- I.4** Purchasing Cards offer flexibility to procurement procedures, whilst reducing the volume of purchase orders and improving the cost effectiveness of processing transactions without comprising the Council's financial controls.
- I.5** Payments to suppliers will be made quickly via the Council's bank by visa once the goods have been despatched and payment claimed. This will enable the Council to meet its Prompt Payment obligations.

PLEASE NOTE:

- Your card is to be used for Council business expenditure **ONLY**.
- If an individual fails to use the Plymouth City Council Purchasing Card in line with this Policy and/or Guidance Documents then the Purchasing Card will be withdrawn.
- If an individual deliberately misuses or uses the Plymouth City Council Purchasing Card in a negligent manner then they may face disciplinary action.
- Personal use of a Purchasing Card by an employee is strictly prohibited.
- If an individual uses a Plymouth City Council Purchasing Card for any personal or unauthorised transaction, then the matter will be formally investigated and the Card Holder and/or Purchasing Card Approver may face disciplinary action and/or prosecution through the criminal justice system.

2. Management of Purchasing Cards

- 2.1** The Procurement Service will be responsible for the authorisation of all applications and governance of this the supporting policy.
- 2.2** The Transaction Centre will be responsible for the issue of your Purchasing Card including liaising with the issuing bank.
- 2.3** The Financial Systems Team will be responsible for the operation of the software and the flow of information between Visa, the Council's Purchasing Card system and the Council's Financial System. They will provide system advice, guidance and technical support.

Contact Details:-

Procurement Service – procurement@plymouth.gov.uk

Financial Systems Team – finansys@plymouth.gov.uk

Transaction Centre – Creditors@plymouth.gov.uk

- 2.4** The Procurement Service will also serve as authority on the approval of any requests that fall outside of the set criteria of the Standard PCC Officer Card (Section 4).
- 2.5** In exceptional circumstances an uplift may be required. For clarity an 'uplift' is defined as a request to:
 - Raise the individual transaction limit
 - Raise the monthly card limit
 - Unblock a blocked category.

Requests must be made to the Procurement Service; who when appropriate will seek approval from the Section 151 officer.

Request should include the following information:

- a. Name of cardholder to be uplifted;
- b. Proposed uplift amount(s) / categories;
- c. Robust justification for why they need the uplift. Including examples of purchases they may need to buy alone is not a valid justification;
- d. Confirmation from card-holder line manager that the request is approved.

3. What are the Benefits?

3.1 The use of a Purchasing Card will deliver the following benefits:-

Plymouth City Council

- Streamlines Procurement Process
- Increased Purchasing Efficiency
- Comprehensive Management Information
- Identification of key spend/suppliers to enable discounted preferred supplier contracts to be let
- Empowers Staff
- Settlement with one monthly direct debit payment
- Assists with the Council's Prompt Payment obligation

The Cardholder

- Reduction in raising purchase requisitions and receipting
- Convenience to place an order via a phone call or online from secure websites
- Faster delivery times
- Empowerment; entrusted as a cardholder
- Procurement available 24/7

Suppliers

- Paid within 3 - 4 working days
- Improves cash flow
- Reduction in credit control

4. Who should have a Purchasing Card?

- 4.1** Purchasing Cards can be issued to appropriate Officers/Employee's that have been nominated by their departments with line management approval to make purchases valued below £500. Only permanent staff are eligible for procurement cards following minimum 6 months employment or Service Director Approval in exceptional circumstances.
- 4.2** The Council has a set of 6 pre-determined cardholder types with the majority of cardholders requiring a Standard PCC Officer or a Standard School Employee card. All other card requests will require approval and justification from the Procurement Service.
- **Standard PCC Officer** – to procure up to the value of £500 in a single transaction with a maximum monthly credit limit of £2,000.

PLEASE NOTE: the following merchant spend groups will be restricted due to internal processes or corporate contracts being in place.

Category 04 – Utilities & Non-Auto Fuel

Category 05 – Telecommunication Services

Category 10 – Staff – Temporary Recruitment

Category 11 – Business Clothing & Footwear

Category 19 – Office Stationery/Equipment/Supplies

Category 20 – Computer Equipment & Services

Category 21 – Print & Advertising

Category 26 – Automotive Fuel

Category 34 – Cash

- **Standard School Employee** – each school will determine their own single transaction and monthly credit limits.
- **PCC Procurement Service** – will be able to procure up to the value of £5,000 in a single transaction with a maximum monthly credit limit of £50,000. However merchant **category 34** (as detailed above) will be restricted.
- **Emergency Response** – these cards are held by nominated officers who are responsible for co-ordinating emergency procurements during a disaster recovery situation. There are no category restrictions for these card holders.
- **Lodge Card** – where high volume orders and payments are made to a single supplier. A card can be lodged with the supplier whereby all purchases/payments will be taken from that card removing the need to provide card details each time a transaction is made.
- **Chief Officers** – to procure up to the value of £10,000 in a single transaction with a maximum monthly credit limit of £50,000.

5. How do I become a Card Holder?

- 5.1 To apply for a Purchasing Card your line manager will have to complete the application form via DASH (Firmstep) ([Purchase Card Application](#))
- 5.2 As the line manager you will need the proposed card holder's full name, nationality, DOB, Personnel No, Start date at PCC, office address and select which card holder type is required as detailed in Section 4.
- The completed application will then be sent to the Procurement Service (procurement@plymouth.gov.uk) for authorisation. If the application is unsuccessful the Procurement Service will provide feedback.
 - Following application approval a declaration will automatically be sent to the applicant and the applicants line manager advising that successful completion of the mandatory e-learning module for both the Card Holder and the Approver is required. The Purchasing card will **NOT** be released until both these have been successfully completed.
 - Once successful completion of the e-learning for **both** the Card Holder and Approver has been received, you will be advised when appropriate that your Purchasing Card is ready for collection from the Transaction Centre.
 - On collection please bring a form of identification with you. Your Employee identification will be deemed as acceptable. Failure to bring satisfactory identification with you will result in the Transaction Centre being unable to release the Purchasing card to you.

PLEASE NOTE: In most cases card holders will either request a Standard PCC Officer or a Standard School Employee Card.

For all Purchasing Card request that are **NOT** Standard PCC or School Employee Cards, please contact Procurement Service at procurement@plymouth.gov.uk to seek further guidance prior to submitting your application form.

6. Controls

- 6.1 Transaction Limit** - This is the total amount you can spend on any **SINGLE** transaction. Purchases **MUST NOT** be split to circumvent this rule and any breach will result in the purchasing card being withdrawn.
- 6.2 Monthly Expenditure Limit** - This is the total amount you can spend on your card each month i.e. the credit limit. This is from the 1st of one month to the 1st of the next.

PLEASE NOTE: Both the Transaction and Monthly Expenditure Limit are inclusive of VAT and delivery charges.

- 6.3 CHIP & PIN** - All cards have a PIN number issued to the Card Holder. This can be changed by the Card Holder if required at any of the service providers ATMs.
- 6.4 Merchant Category Group (MCG) Code Blocking** - Each supplier capable of accepting your Purchasing Card will be classified by a Merchant Category Group code (of which there are 34). In order to ensure that the Council has full control and visibility of transactions there are certain codes which are blocked (see section 4). Limiting purchases from specific suppliers ensures safeguarding compliance with organisational policies. If a cardholder attempts to make a purchase from one of these suppliers, the transaction will be declined.
- 6.5 Transaction Log** - The completion of a Transaction Log is not necessary in all situations. Due to the speed that Purchasing Card transactions appear this form will be unnecessary for many low user cardholders. However, where cardholders are purchasing more frequently; especially on behalf of others then it is acceptable for a Transaction Log to be used. It enables prior coding and the opportunity to monitor the receipt of the goods and documentation. A template can be found at the following link ([Transaction log](#))
- 6.6 Purchasing Card Audits** - Purchases made with a Purchasing Card are subject to audit/review by appropriate council personnel. External auditors may also review Purchasing Card documentation if warranted. For these reasons, it is important that all receipts/invoices are scanned and attached electronically to the purchase record on Purchasing Card system. There is no need to keep the original paper receipt once this action has taken place.

Failure of the card holder to obtain and retain relevant invoices and receipts has VAT implications for the Council (including financial loss and HMRC penalties) and may lead to suspicion/investigation of inappropriate spend and card withdrawal.

7. What should you NOT purchase with a Purchasing Card?

- 7.1** You must **NOT** use your Purchasing Card for any of the following:
- Obtaining cash (from ATM's, or anywhere else)
 - Personal use
 - Entering into a continuous credit arrangement
- 7.2** If you use your Purchasing Card in any of the aforementioned methods; it may result in card withdrawal, disciplinary proceedings **and/or criminal charges.**
- 7.3** If you are uncertain whether to use your Purchasing Card for your purchase, please discuss what you would like to purchase with the Procurement Service or the Transaction Centre.

Contact Details:-

Procurement Service – Procurement@plymouth.gov.uk

Transaction Centre – Creditors@plymouth.gov.uk

8. What responsibilities does a Card Holder have?

8.1 Cardholders are **responsible and accountable** for **ALL** purchases made on their card.

As a cardholder, you **MUST**:

- Complete mandatory e-learning course
- Ensure you have read and understood the Working Instruction guidance and sought advice from appropriate sources if unsure on any points within this Policy and/or its supporting documents.
- Review transactions on a weekly basis **and ensure that;**
 - The transactions are legitimate and correct
 - The relevant supporting receipts / invoices are attached to the record
 - Correct VAT coding has been assigned (if applicable)
 - If VAT has been assigned; that a valid VAT receipt has been attached
- Prevent unauthorised use by keeping your card in a secure place, just as one would a personal credit card. Do not leave it on your desk or in an unlocked drawer. If you put your card in your wallet or purse, make sure that it is away from your own personal credit cards so that it is not used in error.
- If you change your name, office or statement address, transfer to another job/department, you must email the Transaction Centre who will notify the bank and a new card will be issued if necessary.
- If your card is cancelled/reissued you must destroy your card by either shredding it or cutting it into pieces ensuring you cut through the 3 digit security code and the 16 digit card number prior to disposal.
- If you leave employment of the Council; your line manager will request the return of your card as part of the leaver's checklist.
- Within working hours, if the cardholder suspect their card has been lost, stolen, misused or that the PIN number has been compromised; the cardholder must immediately email the Transaction Centre who will notify the Bank and your card will be cancelled and a replacement will be issued.
- If Out of working hours, please contact the Bank direct where you will need to give them all the information that you have pertaining to the loss, theft or misuse.
- Once you have reported the loss, theft or misuse of a card you must not use the card it must be destroyed as previously detailed.

PLEASE NOTE: The mandatory e-learning course must be taken each year by the anniversary of your card issue date. Failure to do so within 28 days of this date will result in your card limit will be reduced to £0 until the training is completed.

9. What responsibilities does a Card Holder's Approver have?

9.1 As an Approver of a cardholder, you **MUST:**

- Complete mandatory e-learning course
- Ensure you have read and understood the Working Instruction guidance and sought advice from appropriate sources if unsure on any points within this Policy and/or its supporting documents.
- Approve transaction on a weekly basis, where you have completed the relevant checks to ensure that;
 - The transaction is legitimate and correct
 - The relevant supporting receipts / invoices are attached to the record prior to authorising any transaction
 - Correct VAT coding has been assigned (if applicable)
 - If VAT has been assigned; check that a valid VAT receipt has been attached
- Ensure that your cardholders adhere to the guidance and instructions within the Policy and supporting documents.
- Any transaction that is approved without the correct process being followed may result in the 'Authorising Officer' facing the removal of authorisation rights and/or disciplinary action.
- If a Card Holder leaves the Council you must collect their card as required within the leavers checklist, notify the Transaction Centre and destroy it by either shredding it or cutting it into pieces. Please ensure you cut through the 3 digit security code and the 16 digit card number prior to disposal.

10. How do I cancel a Purchasing Card?

10.1 To cancel a Purchasing Card please contact the Transaction Centre (This can be done by the cardholder or approver) providing the following details:

- Full name of the Card Holder
- The last 4 digits of the card number (The 16digit long number on the front of the card)
- Confirm that the card has been destroyed by making a cut through the 3 digit security code, the 16 digit card number and the signature strip on the back of the card. Carefully dispose of the pieces in appropriate separate waste bins.

11. Policy Governance

11.1 In applying the Purchasing Card Policy due regards must be taken to complying with:

- All relevant national law and EU procurement law;
- The Constitution, including the Contract Standing Orders as part of Section H of the Financial Regulations.
- Terms and Conditions of use contained within this Policy.

11.2 Negligent misuse of the Purchasing Card may result in the withdrawal of the card and disciplinary action. Where the misuse is suspected of being criminal in nature, a referral will be made to the Counter Fraud Services Team within Devon Audit Partnership, who will investigate fully. Plymouth City Council has a zero tolerance approach to fraudulent activity in line with its [Anti-Fraud, Bribery and Corruption Policy](#) and [Strategy and Response Plan](#), therefore should any investigation conclude there is sufficient evidence to warrant prosecution, Plymouth City Council may choose to prosecute any potential offender. Regular updates will be provided to the Section 151 Officer.

11.3 The mandatory e-learning course must be taken each year by the anniversary of your card issue date. Failure to do so within 28 days of this date will result in your card limit will be reduced to £0 until the training is completed.

11.4 Transactions made using the Purchasing card must be reviewed and approved; following the guidance within the Reviewer / Approver guides. If this is not done within 28 days of the transaction(s) the Purchasing card spend limit will be reduced to zero until the outstanding transaction(s) have been approved and processed. Persistent non compliance may result in your card being suspended.

12. Terms and Conditions of use

The Terms & Condition of use as set out below are issued to all card holders of Purchasing Cards within Plymouth City Council.

12.1 **Signing the Card** - Sign the back of the card as soon as you receive it. By signing the Purchasing Card you are also acknowledging and accepting the respective Terms & Conditions of use as set out below; compliance is mandatory to continue to use your card.

PLEASE NOTE: If you **do not accept** the Terms & Conditions of use, please cancel your Purchasing Card as set out in section 10.

12.2 **Use of the Purchasing Card** - The Card is issued to you for the purposes of assisting you in the purchase of goods and services which are necessary to be procured in the course of your duties as an officer or employee of Plymouth City Council. The cardholder must follow the established procedures in the use of the Purchasing Card and use the Purchasing Card only for purchases which are:

- Purchases made on behalf of Plymouth City Council, and/or
- Have been duly authorised or are within your authority to make.

12.3 The Purchasing Card **cannot** be used for any other purpose. Any use of the Purchasing Card for your private purposes is unauthorised and could result in disciplinary or even criminal proceedings.

12.4 The cardholder must use the Purchasing Card **only** within the expenditure and usage limits as set out by the Cardholder Type (Section 4).

12.5 The cardholder **must not** use the Purchasing Card in a manner that is prohibited by law.

- 12.6** The cardholder **must not** use the Purchasing Card before the commencement date or after the expiry date printed on the face of the Purchasing Card.
- 12.7** In using the Purchasing Card; the cardholder must comply with such verification and security procedures as are from time to time notified to you by the Procurement Service/Transaction Centre and/or the Bank.
- 12.8** The Purchasing Card may not in any circumstances be used to guarantee payment of any cheque to a third party or as evidence of identification to support the encashment of a cheque or to obtain cash.
- 12.9** The cardholder may be held responsible for and be required to pay for any transaction made using the Purchasing Card that is in breach of or arises out of a breach of these Terms & Conditions of Use.
- 12.10** Use of the Purchasing Card as a form of payment does not affect the applicability of relevant procurement legislation or Plymouth City Council Contract Standing Orders.
- 12.11** The Terms & Condition of Use and all matters arising out of the issue or use of the Purchasing Card are subject to the Laws of England.
- 12.12** These Terms & Condition of Use may be amended at any time by agreement between Plymouth City Council and the contracted service provider.

13. Care of the Purchasing Card and Security

- 13.1** The cardholder will be responsible for taking proper care of the Purchasing Card and will not allow any other person possession of the Purchasing Card; or to use the Purchasing Card; or to use the information on the Purchasing Card for the purpose of purchasing goods.
- 13.2** The cardholder must follow the appropriate guidance within Section 8, if you become aware, or suspect that the Purchasing Card has been lost, stolen or damaged or is being used, or the information on the Purchasing Card is being used by someone else.
- 13.3** The cardholder must log onto Service Providers Spend Management system weekly even if you have not used your Purchasing Card to ensure that there are no fraudulent transactions. If there are; these need to be reported to your line manager/Approver and the Transaction Centre.
- 13.4** The cardholder will keep all receipts or vouchers and information issued to you on making a transaction using the Purchasing Card and file electronically by attaching to the purchase transaction within the service providers Spend Management System.

14. Property

- 14.1** The Purchasing Card is the property of The Council Bankers. Your right to use the Purchasing Card may be cancelled, suspended or restricted at any time. You will give the Purchasing Card back to the Transaction Centre immediately upon request or follow instructions within Section 10 if instructed to cancel your Purchasing Card.