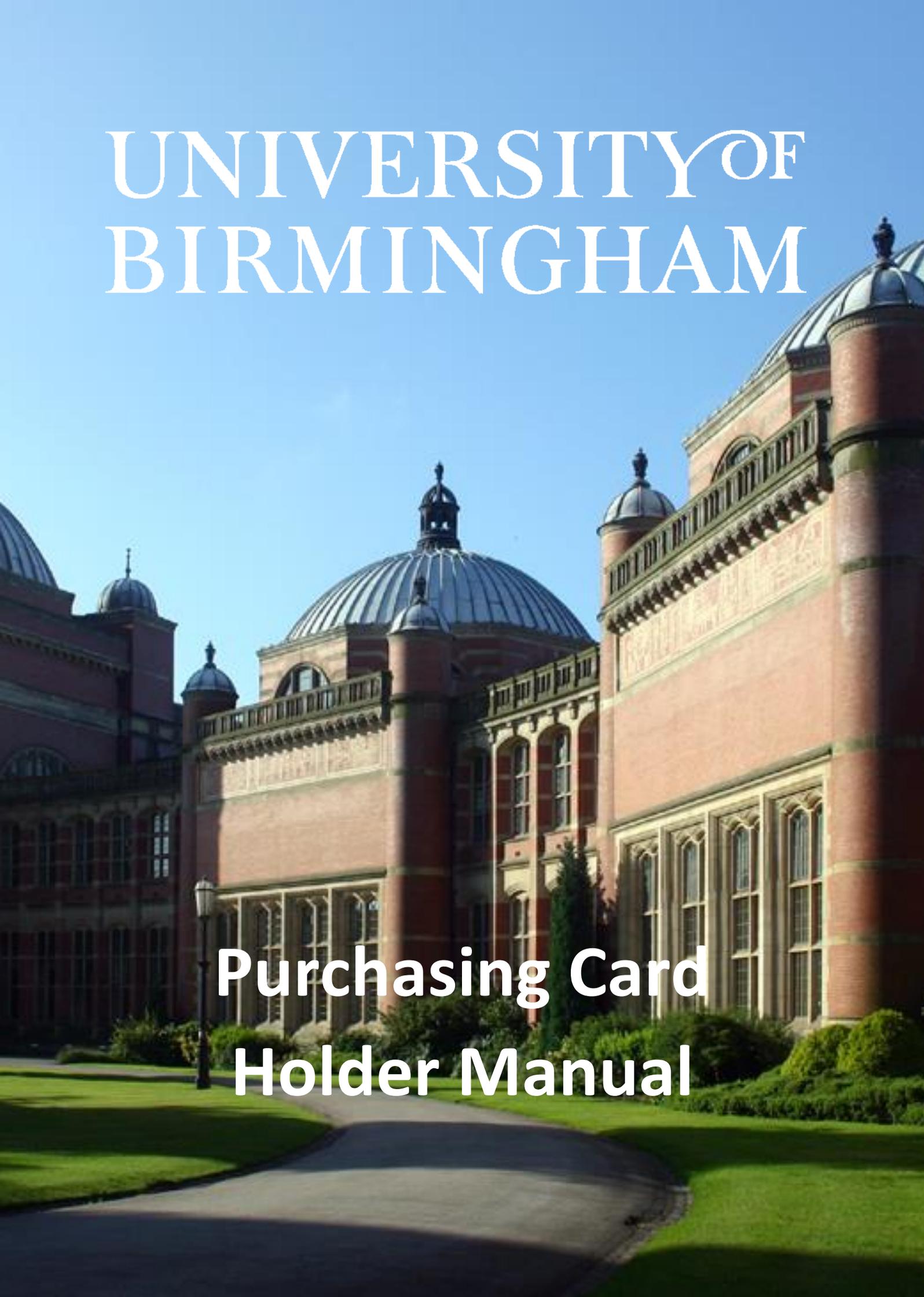


UNIVERSITY OF BIRMINGHAM

A photograph of a grand, red-brick university building with several large, ornate domes and classical architectural details. The building is set against a clear blue sky. In the foreground, there is a paved walkway and green lawns.

Purchasing Card Holder Manual

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(1) Introduction

The Purchasing Card payment system is designed to provide Budget Centres with the ability to purchase items of a low financial value. The costs involved in creating and processing the paperwork associated with small value Orders is disproportionate to the actual cost or value of the goods or services involved. The reduction in volumes or elimination of documentation enables supply chain, but particularly payment, procedures to be administered in a more efficient manner.

In global terms the University processes in excess of 100,000 invoices per year; 80% of which are below £250 in value. Purchasing Cards provide a means of shortening the purchasing cycle, avoiding routines which are more appropriate to high value purchases. However, all of the successful Purchasing Card programmes are supported by appropriate management control and audit procedures, with adequate and suitable recording and reconciliation processes which provide an appropriate audit trail.

The purpose of this Manual is to provide advice and compliance on the use of Purchasing Cards, including information on the appropriate levels of management control, transaction recording and tracking/reconciliation procedures which should be administered at Budget Centre (BC) level in order to support the use of the Purchasing Card. The University has endeavoured to apply mandatory requirements only where it is necessary to do so, including where the University is obliged by the Card Provider (RBS) to observe these requirements (and RBS require that certain levels of transaction recording and reconciliation take place).

If you wish to apply to receive a Purchasing Card you should contact Geoff Williams, the University Purchasing Card Administrator on 45947; e-mail G.N.Williams@bham.ac.uk

(2) The Purchasing Card

The Purchasing Card is a method of payment which eliminates the need to process and pay invoices, and takes the form of a charge card to be used in the purchase of goods and services which have low transaction values.

It is MASTERCARD badged and works in a similar way to a credit card, except charges are applied directly to University nominal accounts. The balance on each Card issued is paid by the University in full by Direct Debit against a Statement at a frequency agreed with the RBS, which is currently each month.

Purchasing Cards are for use only in relation to the business of the University, and must not be used for personal purchases.

Each Card is issued to a single, named Cardholder and has limits on the value of single transactions and monthly expenditure with a base approval position of £520 and £5000 respectively. However this may be lower if the estimated monthly spend on the Cardholders application form is significantly lower than £5,000. The transaction value can be increased to £1,000 with the agreement of the Head of the Budget Centre and the Finance Office, by contacting the University Card Administrator. In certain cases "Super User" Cardholders can be set up with a transaction limit of £2,000 and monthly limit of £20,000 where there are high volume card transaction requirements.

Cards can be used only for purchases within defined merchant category groups applied to each Card. A list of the Merchant Category Groups available is attached to the Cardholder application forms available from the Purchasing Card Administrator on request.

A full list of Merchant Category Groups can be found on the Finance Office web site. Merchant Category Groups not included on the list, or not made available to the Cardholder at first issue, can be added to an individual Purchasing Card by the agreement of the Head of Budget Centre and the Finance Office, by contacting the University Card Administrator. Please note that any permanent MCC opening will only be actioned if the Code does not impact on those MCC's blocked due to the University having approved suppliers for those goods and services.

Purchasing Cards provide a shortened purchasing cycle avoiding routines more appropriate to high value purchases, giving Cardholders and Requisitioners more time to devote to areas of added value and to focus on seeking out purchasing cost savings.

With proper controls and audit trails, Purchasing Cards simplify commercial processes and payment systems and offer a major opportunity to cut costs and improve efficiency.

The ongoing use and development of Purchasing Cards depends on several key areas being effectively managed and administered by the University, its Budget Centre Managers and Cardholders. These areas include:

- The University reviewing and processing the RBS Statement, and identifying any discrepancies promptly
- Ensuring that the Purchasing Card is not used to make personal purchases
- Ensuring that the use of the Purchasing Card is in accordance with the requirements set out in this Manual
- Ensuring that the Purchasing Card is used only by the Cardholder
- The maintenance of an appropriate log of all transactions by Cardholders
- The prompt reconciliation of statements received by Budget Centres subsequent to the receipt and payment of the RBS Statement by the University against transaction logs, and the identification and processing of any discrepancies with the suppliers

(3) Who Should Apply for a Purchasing Card

It is expected that Budget Centre (BC) staff with responsibility for signing (authorising) Purchase Orders for the BC will be the Cardholder(s) for the BC.

Other members of staff may apply, but more details in support of their application will be required. The quantity of Purchasing Cards issued to each BC is restricted and the number of Cards already issued to the BC will be taken into account when considering applications.

(4) How to Apply for a Purchasing Card

Complete the following documents:

- Application Form for the issue of a Purchasing Card

- Purchasing Card User Agreement
- The RBS Purchasing Card, Cardholder Application Form

Please email the Purchasing Card Administrator, Geoff Williams, g.n.williams@bham.ac.uk to request the application forms.

(5) Authorisation of the Application

Heads of Budget Centre (HoBC) or Deputy Heads of Budget Centre (DHoBC) must authorise Cardholder applications and specify the member of staff responsible for completing the BC reconciliation process.

The HoBC or DHoBC must also countersign the Purchasing Card User Agreement. The Director of Finance, or authorised Deputy, authorises the application, based on recommendation of the University's Purchasing Card Administrator.

(6) Where to send the Application Forms

Authorised Application Forms should be sent to:

University Purchasing Card Administrator
Procurement and Insurance
Finance Office
Aston Webb Building (B Block)

(7) Responsibilities of the Head of Budget Centre

The Head of Budget Centre (HoBC) remains ultimately responsible for placing and authorising orders processed using the Purchasing Card as a method of payment in accordance with the provisions of the Manual of Financial Rules (MFR).

The HoBC is responsible under the Purchasing Card scheme for:

- Ensuring that the Cardholder complies with the procedures, in particular those procedures related to recording transactions, and ensuring that the nominated individual undertakes a reconciliation of the Purchasing Card statements to the transaction logs at least fortnightly.
- Ensuring that monthly management reviews are undertaken to ensure that the Cardholder is using the Card only for properly authorised purposes; properly recording transactions, that statements are being reconciled at the specified intervals and that discrepancies are properly pursued. A management review of GBV accounts for each Card should be undertaken monthly and evidenced
- Ensuring that the Cardholder keeps supporting records to ensure that adequate and appropriate management controls and audit trails are maintained

- Ensuring that the Cardholder has read the Purchasing Card Cardholder Manual and Purchasing Card User Agreement and has agreed to comply with the Cardholder responsibilities and obligations set out in these documents
- Ensuring that the Cardholder attends an initial training briefing on the use and application of the Purchasing Card, at the time the Card is issued, and that the Cardholder attends any other training briefing related to the use of the Card as required by the Finance Office or the Card provider, RBS
- Ensuring that the Cardholder is aware, and remains aware of their responsibility to keep the Purchasing Card secure at all times
- Undertaking, or assisting the Finance Office and Human Resources to pursue, any necessary disciplinary or other measures if the Cardholder misuses or abuses the Card
- Ensuring that the Cardholder notifies the University's Card Administrator and the RBS immediately in the event that the Card is lost or stolen
- Providing, if necessary, assistance to the University and the Bank or the Bank's agents in the investigation of any loss, theft or possible misuse of any Purchasing Card(s) issued to Cardholders in their BC and the recovery of any Cards issued to Cardholders in their BC, and will ensure that Cardholders and other members of BC staff provide assistance in these circumstances
- Confirming that the Cardholder is authorised to place orders for goods and services (as set out in the MFR) for their BC and authorises the Cardholder to make payment for goods and services (subject to limits on transaction values or merchant category/group codes) by means of the Purchasing Card
- Ensuring that the Cardholder uses Approved Suppliers wherever possible and wherever they are available, but otherwise uses reputable suppliers
- Ensuring the Cardholder returns the Card to the University's Card Administrator in the event that the Cardholder's job changes such that they are no longer responsible for the purchasing of goods and services for the BC or if the Cardholder leaves the BC to take up a post with another BC or upon the resignation or termination of employment of the Cardholder
- Informing the University Card Administrator if the staff member responsible for undertaking the reconciliation process changes roles or leaves the Budget Centre for any reason, and nominating a replacement.

(8) Cardholder Responsibilities

By signing the Purchasing Card User Agreement and the RBS Cardholder Application Form, and accepting a Purchasing Card from the University under the scheme the Cardholder:-

- Confirms that they have read and understood the responsibilities and obligations set out in these "Rules on how to Apply to become a Purchasing Cardholder"
- Has agreed to receive a Purchasing Card and use it strictly in accordance with the provisions set out in the Purchasing Card User Agreement and the Purchasing Card Manual.

- Will sign the Card bearing the Cardholder's name upon receipt and will not use the Card or release it from their possession before they have signed it
- Will not use the Card before or after the dates for which the Card is valid (as stated on the Card) or after the Cardholder has received any notification of its cancellation or withdrawal from the Card Administrator or the Bank
- Will not use the Card as an agent of the University and will keep the Card secure and in terms of security and use, will treat the Card with adequate, appropriate and proper degrees of due care and diligence
- Will use the Card for University of Birmingham business purchases only and will not under any circumstances use the Card for personal purchases.
- Will provide the Card number only to suppliers having a need to know the Card number for the purpose of processing a transaction(s) and will not provide the Card number to any other person for any reason whatsoever.
- Will not make the Card available to any other person for use by that person for any purpose, including, making the Card available to colleague(s) for the purposes of purchasing goods and services for the University.
- Will make known to the University's Card Administrator and the RBS any breach of security and will notify the University Card Administrator and the RBS immediately if their card is lost or stolen.
- Will return the Card immediately upon request or instruction of the Finance Office, the Card Administrator, their Budget Centre or RBS if the Cardholder changes jobs or Budget Centre within the University, if the Cardholder resigns or upon termination of the employment of the Cardholder for any reason whatsoever (including retirement). In these cases, unless otherwise instructed in writing by any of the above, the Card must, unless the Cardholder is requested to return the Card in its complete form by the Card Administrator (in which case the Card must be delivered by hand to the Card Administrator and a receipt must be obtained by the Cardholder), be cut in two vertically through the magnetic stripe and returned (again delivered by hand, unless otherwise agreed) to the Card Administrator.
- Will, wherever possible, use the Card to make purchases of goods and services from University Approved Suppliers where Approved Suppliers exist for the goods and services. (The University's Approved Suppliers list is available on the Finance Office website).
- Where Approved Suppliers are not available, use the Card to purchase goods or services from reputable suppliers, using an appropriate and proper degree of due diligence and care when proceeding to purchase goods and services using the Purchasing Card.
- Will maintain an appropriate transaction log and audit trail providing details of purchases of goods and services made using the Card in an appropriate format and which fulfils the requirements of the University.

- Where the Cardholder suspects any fraudulent use of the Card, promptly notify the Card Administrator and RBS of the suspected fraud and provide all the necessary assistance to enable the fraud to be investigated.
- Will provide all necessary assistance to the member of BC staff responsible for reconciling the statement.
- Will make all relevant documentation available for periodic audit by Internal Audit, the Card Administrator, Finance Office and RBS immediately upon request, and provide all the necessary assistance to enable the audit to be completed.
- Accept that the University will act on any discrepancies identified in the audit in an appropriate manner.
- Accept that any misuse or abuse of the Card by the Cardholder may lead to revocation of the use of the Purchasing Card and other disciplinary actions, including termination of employment.
- Will assist the University and the Bank or the Bank's agents in the investigation of any loss, theft or possible misuse of the Purchasing Card and the recovery of the Card
- Confirm that they understand that the University is liable for all charges made on the Card.

(9) Reconciliation Responsibilities

The BC must appoint a member of staff other than the Cardholder to undertake the reconciliation of the statements received from the Bank or Finance Office against transaction logs of purchases made using the Card. The Card Administrator must be notified of who will undertake this role before the card is issued. By accepting nomination as the person responsible in the BC for reconciling statements received for Cardholders the person concerned:

- Will not be permitted to make purchases using the Purchasing Card and will not divulge or make known the details of the Purchasing Card which comes into their possession while undertaking the reconciliation to any third party other than the Cardholder, the Card Administrator or a member of the Finance Office. This restriction extends to include providing details to other colleagues and employees and to suppliers.
- Will keep any information related to the Card that comes into their possession secure and confidential.
- Will ensure that the Cardholder maintains an appropriate transaction log and audit trail providing details of goods and services made by the Cardholder using the Card in an appropriate format, which fulfils the requirements set out in the Purchasing Card Cardholders Manual and such that they can complete the reconciliation of the statement.
- Will deal with any discrepancies between the statement, the transaction log and deliveries of goods and services promptly upon identifying discrepancies. Any discrepancies on the statement which the person undertaking the reconciliation or the Cardholder considers is, or maybe, a discrepancy on the Statement received from RBS must be notified to the Card Administrator immediately.

- Will undertake the reconciliation process at least every two weeks to enable discrepancies to be investigated and reported (where necessary) to RBS within the maximum four-week period laid down in the RBS Scheme rules.
- Where, they suspect any fraudulent use of the Card, promptly notify the Card Administrator and RBS of the suspected fraud and provide all the necessary assistance to enable the fraud to be investigated.
- Will make and ensure the Cardholder makes all relevant documentation available for periodic audit by Internal Audit, the Card Administrator, Finance Office and RBS immediately upon request, and provide all the necessary assistance to enable the audit to be completed.
- Will assist the University and the Bank or the Bank's agents in the investigation of any loss, theft or possible misuse of the Purchasing Card and the recovery of the Card
- Accept that the University will act on any discrepancies identified in the audit in an appropriate manner.
- Note that any misuse or abuse of the Card by the Cardholder may lead to revocation of the use of the Purchasing Card and other disciplinary actions, including termination of employment, and accept that they may be subject to disciplinary actions, including termination of employment if they are implicated in any misuse or abuse.
- Confirm that they understand that the University is liable for all charges made on the Card.

(10) Procedures / Using the Purchasing Card

10.1 Requisition and Requisition Authorisation Procedures

Requisitioning and Requisition Authorisation procedures administered by BCs are not affected by the Purchasing Card, other than in regard to the need to use Approved Suppliers where they are available.

10.2 Approved Supplier Lists / Approved Suppliers

Where the University has established a relationship with Approved Suppliers the commercial risk involved in transacting business using the Purchasing Card as a means of payment is reduced as Framework Agreements or Standing Contractual Arrangements will usually have been put in place with these suppliers. If purchases are made with other suppliers, the probability is that the University will be trading subject to the terms and conditions of trade or sale of the Seller. Inevitably this makes dispute or discrepancy resolution more difficult.

Approved Suppliers are not, and will not, be available for all goods and services required by the University or BCs – but where they do exist for specific goods and services, Cardholders should use those suppliers unless there is a good reason for not using them. A list of Approved Suppliers is available on the Finance Office web site: <https://intranet.birmingham.ac.uk/finance/procurement/i-need-to-buy-something/Approved-Suppliers.aspx>

10.3. Using Non-Approved Suppliers

Subject to the requirements to use Approved Suppliers for the purchase of goods and services specified above, the Purchasing Card scheme has been introduced to facilitate the processing of low value transactions and orders with Non-Approved Suppliers. However, Cardholders should note that these transactions carry a greater level of commercial risk for the reasons noted above.

If when undertaking a monthly management review the HoBC or BC Manager notes that a Non-Approved Supplier is being frequently used to make purchases using the Card, or Cardholder identifies that a Non-Approved Supplier is being used frequently for such purchases, it may be appropriate to establish a commercial arrangement with the supplier. The Cardholder should liaise with the Card Administrator to determine the best means of proceeding if such a situation arises.

It is recommended that, if the purchase has contractual implications, a University Purchase Order be faxed to the supplier containing the details of the requirement on the face of the order, with the reverse side setting out the University's Standard Conditions of Purchase also being faxed. The Purchase Card details should then be telephoned through to the supplier after the order has been received.

Although this is by no means eliminates risk, it does at least attempt to establish the University's Standard Conditions of Purchase as the terms governing the transaction and this may help if there is a dispute. A similar process could be used when purchasing off the Internet, directly from supplier's web sites, but this is less likely to be accepted by the supplier.

Under MASTERCARD rules the supplier must not charge to the Card until the goods are despatched or the service performed. In addition there are some insurance provisions arranged and established by the RBS (or any other Card provider). There is therefore some limited protection, but ultimately, while payment by means of the Card for low value transactions is being encouraged, BCs should consider whether this is the best means of payment for critical items.

Cardholders should further note that not all suppliers are "Purchasing Card ready" and there may be limitations in terms of the amount of information provided by suppliers – this could particularly affect purchases where the BC is seeking to re-claim or seek exemption from paying VAT. This can be overcome by obtaining invoices from the supplier (see note below).

10.4. Placing the Order

The use of Purchasing Cards is designed to simplify the purchase of low value goods and services by avoiding wherever possible the generation and handling of paperwork whilst maintaining accountability and audit trails. The procedure to be followed for each transaction with a Purchasing Card should be:-

(a) Cardholder telephones, faxes or uses on-line ordering facilities with suppliers.

Telephone Orders

- It is deemed appropriate practice that telephone orders are confirmed in writing if possible to ensure that both parties have the same information and the transaction is logged
- If telephoning an order to an Approved Supplier where a University Agreement is in place, state the Agreement reference and note this on the transaction log
- State during telephone order that payment method is by Purchasing Card

Fax Orders

- If faxing an order to an Approved Supplier where no Framework Agreement or Standing Contractual Arrangement is in place, or faxing an order to a Non-Approved Supplier, it is recommended that both sides of the order be faxed
- If faxing to an Approved Supplier where a University Agreement is in place, it is recommended that the Agreement reference is stated on the face of the order, but generally there is no need to fax the reverse of the order
- In either event state on the order that payment is to be made by Purchasing Card
- Card details must not be entered anywhere on the order or on any other documentation faxed (or sent) to the supplier
- Telephone Card details to supplier after receipt of fax by supplier has been notified
- If the supplier requires a third party authorisation form to be completed by the Cardholder and faxed to the supplier then RBS have stated that only the relevant Card details such as Cardholder name, Card Number, Card expiry date, CVV code on the back of the Card should be provided. Any request for a copy of the Card must not be provided as the Bank regards this as a breach of security.

Ordering by E-mail

- If placing an order with an Approved Supplier where a University Agreement is in place, it is recommended that the Agreement reference is stated in the e-mail
- Where ordering goods and services by e-mail state that payment will be made by Purchasing Card, sending Card number by e-mail is not recommended
- Telephone Card details to supplier after receipt of e-mail by the supplier has been notified

On-line Ordering

- Most suppliers with on-line ordering facilities will require that the order is transacted over the web, with payment method details completed – where Purchasing Card (or credit card) is specified then the details are usually input at that point. Note that many suppliers, particularly smaller suppliers, will transact a Card purchase as a credit card and will only require Card number
- If placing an order with an Approved Supplier where a University Agreement is in place, recommend that, if it is possible, the Agreement reference is stated on the on-line order screen

Most suppliers with on-line ordering facilities have secure sites that provide some level of protection in terms of the Cardholder's Card details. Secure sites are usually identified by a pop up box which notifies you that you are entering a secure site (you are invited to disable this box after you have entered the site for the first time).

It is not recommended that you do this as you will no longer know if the site is secure). Although there is a degree of risk involved in purchasing goods and services from these sites, there is no specific restriction (other than the general restrictions set out in this Manual) applied to the use of these sites.

Where suppliers have on-line ordering facilities but the sites are not identified as being secure, it is reasonable to assume that these sites do not have any particular levels of security. Cardholders should be aware that ordering on-line through unsecured sites represents an

additional risk in terms of the details of the card becoming known to others, and available for unauthorised use.

Cardholders, if necessary in conjunction with BC Managers, may wish to consider whether unsecured sites should be used for on-line ordering either at all (as a matter of BC policy) or in individual circumstances. The use of unsecured sites for on-line ordering using the Card makes the administration of the transaction and subsequent reconciliation procedures even more essential so that any possible breach of security of the Card details can be quickly identified.

Where a Non-Approved Supplier is used, Cardholders should note that the transaction will be subject to the suppliers terms and conditions of trade or sale. This should not be a problem in most cases, but, where the goods and services are of a critical or important nature the Cardholder should consider whether the order should be placed using the suppliers on-line facility or whether an alternative means, where the University Standard Conditions of Purchase can be applied (e.g. by fax), should be used.

It is reiterated for the benefit of Cardholders that payment for the goods and services will effectively be made within a few days of despatch or provision, and it is expected that many transactions undertaken using the Card will be subject to the Seller's terms and conditions of trade/sale. Hence, in these circumstances if the item that is required is of a critical nature Cardholders are recommended to consider whether the Purchasing Card process is the most appropriate for the purchase concerned, or to proceed on the basis of a faxed order as specified above.

- (b) Full details of the purchase should be agreed, and where purchase documentation is issued (in paper or electronic forms), noted on the documentation. This should include description, quantity, delivery point, delivery date (although note that suppliers cannot accept orders for goods and services where payment is made by the Card if they do not have the goods available for despatch, or until they have provided the services) and price (with carriage either notified as a separate figure or included in the price).
- (c) The following Purchasing Card information has to be given to the supplier:-

- Card Number
- Expiry Date
- Reference Number (customer code).
-

Note that the reference number (customer code) can only be recorded with Purchasing Card VAT capable suppliers therefore when using general MASTERCARD suppliers they may not be able to quote this for inclusion on the RBS Statement.

If the BC places a Purchase Order as part of the transaction, then the Purchase Order number should be quoted as the transaction reference number.

Otherwise a reference number which is unique to that transaction is required in order for the purchase to be reconciled against the RBS Statement and the statement data sent to the BC by the Finance Office. The Reference Number will be logged against the transaction and will appear on the RBS Statement and the statement sent to the BC for reconciliation by Finance.

- (d) The supplier will validate the information given. If an attempt is made to make a purchases outside the Card's £520 (or £1,000 if the card level approval has been raised by Head of Budget Centre) transaction limit or the purchase would take the Cardholder over their monthly aggregate £5,000 transaction limit, or the goods or services which the Cardholder is seeking to purchase is outside their authorised range of merchant categories, the order will not be accepted. If the supplier does accept the order and the transaction exceeds the limits, this will be reported to the University by RBS as an exception report as part of the Statement and may lead to follow up action by the HoBC or Finance Office.
- (e) Procurement Office can increase the Cardholder Limit to £1,000 subject to the Head of Budget Centres authorisation; this will generally be done where there are consistent requirements above the £520 threshold. It is important to also note that "Super User" Cardholders can be set up for transaction limits of £2,000 and monthly limit of £20,000 where there are high volume card transaction requirements.
- (f) The Cardholder is recommended to request the supplier to comply with the following:-
- Despatch the goods with a delivery note clearly marked "Purchasing Card Order".
 - The usual procedures for the receipt of goods, as set out in the MFR should be applied by the BC/Cardholder.
 - Submit, at the request of the Cardholder, and when required, an invoice also marked "Purchasing Card Order". The invoice is not for payment, it is for VAT purposes only and shall be stamped prominently "Purchasing Card Order – Do Not Process" by Cardholder and retained with Purchasing Card Log for any future reference. An invoice will not be required from a supplier which is VAT LID (line item detail) capable. In this case, the Statement from the Bank is accepted by HM Customs and Excise for VAT purposes.
 - Credit Notes shall be dealt with in the same way (but see also item (f) below)
- (g) If the Cardholder agrees with the supplier that goods or services can be cancelled or rejected and (in the case of goods) returned, and a credit is to be issued, the Cardholder will be required to give the same details in regard to the Purchasing Card as set out in (c) above. The Cardholder must request that the supplier issues a refund voucher (or confirm that the supplier has issued a refund voucher) to ensure that the Bank credits the University's account. If a re-stocking charge is to be applied it is recommended that this is treated as a new, separate transaction.

10.5 Transaction Logs / Recording the Transaction

A transaction log must be maintained and all purchases made using the Purchasing Card must be recorded on the transaction log. The transaction log must include as a minimum the following details:-

- A unique identifier / Reference Number for each transaction (where a transaction is defined as the total value of goods and services purchased each time that the Purchase Card number is quoted to a supplier)
- Order date; Supplier Name; brief Description of Goods/Services; Date Received; Net Invoice Amount; VAT and Gross Invoice Amount
- BCs may wish to note on the log the charge code for the purchase

- Space should be allowed for notes and to identify when the transaction has been reconciled by the BC representative responsible for reconciliation against the electronic Smart Data on Line (SDOL) transaction payment statement.
- The Cardholder's name; Budget Centre and contact details should be included on the log and it should be signed and dated by the Cardholder
- The BC should ensure that the log, as part of the monthly management review, is countersigned by the Cardholder's line manager or other BC Manager authorised by the HoBC for the purposes of confirming that the expenditure has been properly made and accounted for, and the transaction log properly reconciled.

A sample transaction log form can be requested from the Purchasing Card Administrator.

Transaction Logs and any supporting documents (e.g. invoices or receipts) received by the BC must be retained for the period stipulated in the Manual of Financial Rules (MFR). This requires retention of documents for six years (plus current year) from the date they are signed-off by the authorised signatory. Other supporting documentation, such as delivery notes, should be attached to the Transaction Log and retained with the invoices or receipts for the same period as noted above.

The Finance Office will retain the electronic Statement(s) received from RBS for the requisite period as stipulated by the University and statutory bodies.

10.6 Reconciliation and Apportionment of Charges

A monthly Statement is received electronically from RBS by the Finance Office and payment is made by the University within 7 days of receipt by direct debit.

The RBS electronic Smart Data on Line System (SDOL) allows all Cardholders and Reconciler/Approvers to access and review and authorise the account code(s) to which the transactions paid by RBS to suppliers relate.

When a new Cardholder receives a Purchasing Card they are automatically set up on SDOL and access through the RBS website is provided and notified to the Cardholder by the Purchasing Card Administrator accompanied with details of how to access SDOL.

At the same time the nominated Reconciler/Approver will be set up to access SDOL to reconcile the Cardholder's transactions and details of how to access SDOL will be provided.

All Cardholders are required to provide a University account code which will be set up on SDOL as the default account code to which all transactions will be recorded. The Cardholder and Reconciler/Approver can change this code through SDOL to the account code within their BC to which the expenditure relates.

All transactions on SDOL will be periodically uploaded to the CODA system by the Finance Office Systems Team and all transactions will be uploaded to the account codes recorded in SDOL provided they are correct and active codes in the CODA system. A schedule of dates when the Systems Team upload from SDOL into CODA is on the Finance Office website.

Any transactions which have gone to the default account code after the upload can only be transferred, if required, manually. These account codes should be reviewed and zeroed monthly ensuring expenditure is allocated to the correct code.

If there are any discrepancies (e.g. a charge has been made, but goods not received) the Budget Centre is responsible for resolving the discrepancy with the supplier. Assistance and advice is available from the University Card Administrator.

The reconciliation must be undertaken promptly and the transaction logs (in whichever format they are maintained by the BC), signed off either against each item as it is completed, or as all of the items on the log are completed. No more than two weeks should elapse between reconciliations to enable discrepancies to be resolved within the four week cut off period.

Any discrepancy on the RBS SDOL transaction statement which the Cardholder considers is, or maybe, due to a discrepancy on the RBS SDOL transaction statement must be notified to the Card Administrator immediately upon identification. The Bank can only investigate queries on the main Statement for a period of up to four weeks from the date of the Statement – any queries registered after this time will not be pursued.

Regular and accurate apportionment of expenditure is undertaken by BC's to enable accurate monitoring of budgets.

The prompt reconciliation of statements against Transaction Logs is however a requirement of the Purchasing Card scheme and must be completed promptly and regularly by the designated member of BC staff, and such that any discrepancies on the RBS SDOL transaction statement can be registered with the Bank within a maximum of 4 weeks from the date of the transaction statement. Cardholders and BC Managers should therefore note that it may not be possible to recover any expenditure which is identified as a discrepancy on the RBS after the expiry of the four week period. This expenditure may not be recoverable and will have to be met from BC funds.

(11) General Information and Troubleshooting

11.1 General

- **If a Cardholder loses their Card or an unauthorised person makes purchases using the Card, it is imperative that such circumstances are reported immediately to the Bank and the Card Administrator. The Bank will accept a maximum liability of £25 for any losses arising before the Bank is notified of any unauthorised use (or loss of the Card). After notification, unless the University or Cardholder has been negligent or has given the unauthorised user possession of, or consent to use the Card, the Bank will meet the costs of any purchases made by the unauthorised person (but the University will have to put in a claim).**
- Should an Approved Supplier not accept payment using the Purchasing Card the matter should be reported to the Purchasing Card Administrator. If a Non-Approved Supplier will not accept payment using the Card, this would probably mean that they are not Purchasing Card ready and therefore an alternative supplier or method of payment will be required.

- If a transaction is declined or not validated by the supplier the Cardholder should refer to the Purchasing Card Administrator. Some potential causes are exceeding the Purchasing Card limits for the transaction or in aggregate or attempting to purchase outside the designated merchant categories.

Requests for adjustments to such limits can be made to the Purchasing Card Administrator, but will require authorisation of the HoBC or where the HoBC has delegated authority to the BC Manager, and may require Finance Office authorisation.

- If goods are to be rejected after delivery, the supplier shall be so informed. The supplier must be instructed to issue a credit note and to credit the Purchasing Card account. The credit will appear on the SDOL transaction payment record and therefore should be entered onto the transaction log to aid reconciliation. There is no need to await the payment appearing on the SDOL transaction payment record before raising the rejection.
- Should the SDOL transaction payment record show an incorrect transaction, the Cardholder should seek an explanation and/or adjustment from the supplier.
- MASTERCARD regulations determine that a transaction must not be billed until the goods are despatched or the service performed. The Purchasing Card Administrator must be informed if this regulation is breached.
- The Cardholder or other member of BC staff responsible for reconciling the Transaction Log against the SDOL transaction payment record should undertake at least a sample check to confirm goods and services have actually been delivered before the transaction is signed off. If delivery has not taken place proof of despatch or delivery should be obtained from the supplier in order to sign over the transaction. Any discrepancies should be notified to the Card Administrator and the Bank immediately as this may represent a breach of the MASTERCARD regulations, by the supplier.
- The monthly management review of the Transaction Logs/reconciliation procedures to be carried out by HoBC or BC Manager should also include sample checking to ensure receipt of goods and services.
- If any transactions do not appear as anticipated it is possible that the supplier has omitted to enter the purchase into the MASTERCARD system. In such circumstances the Cardholder should contact the supplier in the first instance to try to determine the reasons for the omission. If the problem is not resolved by this course of action, the Purchasing Card Administrator should be informed.
- A Cardholder identifying a new supplier who the Cardholder considers should be included on the list of Approved Suppliers should contact the Purchasing Card Administrator to discuss and take matters forward.

11.2 Fraud

The use of a Purchasing Card exposes the University to a degree of risk in terms of the fraudulent use of the Card by unauthorised persons – particularly as the Card details have to be given to suppliers and, in many cases, to make a purchase all that the supplier requires is the Card number and expiry date.

Effective reconciliation procedures by the BC will assist in the early detection of the fraudulent use of a Purchasing Card but if a Cardholder suspects that the Card is being used by an unauthorised person immediate action must be taken as follows:-

- The Cardholder must notify the Card Administrator immediately, confirmed in writing
- The Cardholder and Card Administrator must agree who will notify the Bank and again notify the Bank immediately
- The Bank will then issue instructions which must be followed by the Cardholder and Card Administrator

Note that the suspicion of fraudulent use does not preclude the University from paying the Statement and the charges against the Card subject to such use will still be allocated to the BC / Cardholder by Finance Office.

As noted in general information above, the Bank will indemnify the University for only the first £25 of any expenditure incurred in the event of loss, theft or misuse of the Card before the loss, theft or misuse is reported to them. Any expenditure or losses incurred in excess of the £25 have to be met from BC funds.

After notification, unless the University or the Cardholder has given the Card to the user or given consent to the user to use the Card, or been negligent in the management or handling of the Card, the Bank will usually meet any expenditure or losses. However, a claim will have to be made in order to recover the expenditure unless the Bank automatically credit the Cardholder account.

11.3 Smart Data online

The University uses the RBS Smart Data online (SDOL), further information on this can be obtained from; Geoff Williams at g.n.williams@bham.ac.uk.

(12) Further Information and Contact Points

Further information can be obtained from the Purchasing Card Administrator:-

Geoff Williams
Room LG2A
Finance Office (Procurement and Insurance)
B Block, Aston Webb Building
Internal Extn – 45947 (external – 0121 – 414 – 5947)
Fax – Internal – 43459 (external – 0121 – 414 – 3459)
E-mail – g.n.williams@bham.ac.uk