

UNIVERSITY OF BIRMINGHAM

Purchasing Card

**Rules on Applying to Become a
Purchasing Cardholder**

**Finance Office
Procurement Division**

Revised November 2015

How to Apply for a Purchasing Card

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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.

These rules explain how to apply for a Purchasing Card.

2. 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.

3. How to Apply for a Purchasing Card

Complete the following documents:

- Head of Budget Centre Application for Budget Centre Purchasing Card
- Purchasing Card User Agreement
- The RBS Purchasing Card, Cardholder Application Form

The forms can be downloaded for completion from the Finance Office web site

4. Authorisation of the Application

Heads of Budget Centre (HoBC) or Deputy Heads of Budget Centre must consider and authorise Cardholder applications.

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.

5. Where to send the Application Forms

Authorised Application Forms should be sent to:

Purchasing Card Administrator
Finance Office (Procurement Division)
B Block, Aston Webb Building

6. Head of Budget Centre Responsibilities

The 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).

By authorising the Purchasing Card Application Form and the Purchasing Card Agreement the HoBC or DHoBC:-

- Recommends that the application for a Purchasing Card should be accepted and a Purchasing Card should be issued to the Applicant.
- Confirms that the application for a Purchasing Card should be accepted and a Purchasing Card should be issued to the Applicant.
- 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 quarterly 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.
- Ensuring that the Cardholder keeps supporting records to ensure that adequate and appropriate management controls and audit trails are maintained.
- Ensuring that the Applicant has read the Purchasing Card User 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 Applicant will attend an initial training briefing on the use and application of the Purchasing Card, before the card is issued and thereafter will attend any other training briefing related to the use of the Card as required by the Finance Office or 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 Applicant is authorised to place orders for goods and services (as set out in the MFR) for their BC and authorises the Applicant to make payment for goods and services (subject to limits on transaction values or merchant category groups) by means of Purchasing Card.
- 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.

7. University Card Administrator Responsibilities

The University's Purchasing Card Administrator will:-

- Receive all applications from BCs for Purchasing Cards to be issued.
- Consider the application and either recommend to the University's authorised signatories that the application be accepted or reject the application.
- In considering the application, review the Merchant Category Groups requested and have the right to remove Groups where the Administrator considers them to be unnecessary.
- Process authorised applications through the necessary RBS Card Provider procedures and obtain the Purchasing Card.
- Notify the HoBC or DHoBC and the Applicant if any amendments are made to the Merchant Category Groups or if the application is rejected giving appropriate supporting information.
- Arrange initial training briefings on the use of Purchasing Cards and management/application of supporting procedures and arrange subsequent training briefings as required by the Finance Office or RBS.
- Arrange for the Purchasing Card to be issued.
- Will assist the University and the Bank or the Bank's agents in the investigation of any loss, theft or possible misuse of any Purchasing Cards and the recovery of the Cards.
- Receive all Cards back from Cardholders when they have time expired, or when the Cardholder ceases to use, and surrenders their Card for any reason, advising the Cardholder on the means by which the Card is to be returned. The Cardholder must generally cut the Card in two vertically across the magnetic stripe before it is returned to the Card Administrator, but if the card Administrator agrees to accept a complete Card, a receipt must be issued to the Cardholder (a receipt will be issued for any Card returned at the request of the Cardholder)
- Maintain adequate, accurate, auditable records in support of the responsibilities as set out above

8. Finance Office Responsibilities

The Finance Office is responsible for authorising the RBS Cardholder Application Form.

The Finance Office is also responsible for providing access to central systems (Coda/Business Objects) and appropriate training to enable Cardholders or other nominated responsible person within the BC to reconcile their transaction logs with Card Statements.

By signing the RBS Cardholder Application Form, the Director of Finance (or authorised deputy) is:

- Accepting the recommendation of the HoBC or DHoBC and the University's Card Administrator that a Purchasing Card should be issued to the Applicant.
- Confirming that the Applicant is authorised to purchase goods and services for the BC and the University, and to make payment for the goods and services using the Purchasing Card.
- Making a legally binding commitment to RBS that Cards will not be misused or abused by University Cardholders and that appropriate procedures, audit trails and review mechanisms will be established and maintained by the University to manage the use of the card and the Purchasing Card programme
- Making a legally binding commitment to RBS that Cards will be issued and used subject to the Bank's terms and conditions of contract. (This includes an obligation to have a suitable procedure for applying for and issuing Purchasing Cards).
- By making these legally binding commitments, confirming that it's BC's and Cardholders will (and that the University will ensure that the BC's and Cardholders will) comply with the RBS terms and conditions of contract related to the issue and care of the card.

The Finance Office has already made a legally binding commitment to RBS to manage the Purchasing Card programme, subject to the provisions of RBS terms and conditions of contract, including a commitment to make payment for purchases made using the Purchasing Cards by direct debit upon receipt of RBS statement claiming payment. This means that payment for goods and services using the card will be made by RBS within 3 working days of the transaction taking place (as with any credit card transaction, suppliers are paid immediately upon the transaction been closed).

9. Applicant Responsibilities

The person within the BC nominated, or wishing to be considered, to become a Cardholder should generally complete the Head of Budget Centre Application for Budget Centre Purchasing Card Form.

The Applicant does not have to sign the Application Form but by completing it and obtaining the authorisation of their HoBC or DHoBC, the applicant:-

- Confirms that they have read these "Rules on Applying to become a Purchasing Cardholder" and understands and accepts the responsibilities and obligations of a Cardholder.
- Confirms that they have read the Purchasing Card User Agreement and understand and accept the terms and conditions set out in the Agreement.
- Will accept the decision of the University if the application is modified or rejected (as intended previously the University's Card Administrator will provide reasons for any modification or rejection to both the HoBC or DHoBC and the Applicant)
- Commits to attend training/briefing sessions, before the card is issued to them and thereafter will attend periodic training/briefing sessions when requested by the Finance Office and Card Administrator.
- Commits to attend training sessions as necessary to enable them to have access to and to use central Universities Systems (Coda/Business Objects) in order to undertake any procedures (primarily card statement/transaction log reconciliation procedures) related to the use of the Purchasing Card.

- Will comply with the responsibilities and obligations of the Cardholder set out in the Purchasing Card User Agreement; the Purchasing Cardholders Manual and these Rule (as generally set out below), particularly in regard to the use and security of the Card and the administration of proper supporting/audit trail procedures.

10. Cardholder Responsibilities

The primary responsibilities and obligations of a Cardholder are set out in the Purchasing Card User Agreement, but, the issue of a Card carries with it other responsibilities set out below.

The Applicant must sign the Purchasing Card User Agreement and obtain the signature of their HoBC or DHoBC in order for a valid application to be made.

The RBS Purchasing Cardholder Application Form must also be completed and signed by the Applicant, note that this will not become an authorised document and sent to RBS until it has been signed by the University's Card Authorised Signatories in the Finance Office.

By signing the Purchasing Card User Agreement and the RBS Cardholder Application Form the Applicant:-

- 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"
- Agrees 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
- Will keep the Card secure and in terms of security and use, will treat the Card with the 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.
- Will notify the University Card Administrator and 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 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.
- 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.
- 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.
- Confirms that they understand that the University is liable for all charges made on the Card.

11. Reconciliation Responsibilities

The officer 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.
- 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 maybe subject to disciplinary actions, including termination of employment if they are implicated in any misuse or abuse.
- Confirms that they understand that the University is liable for all charges made on the Card.

12. Contact Points

Further information on the University Purchasing Card scheme, including applying for and using the Purchasing Card, please contact the University Card Administrator:-

Geoff Williams

Room LG 9

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B Block, Aston Webb Building

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