



London Fields Procurement Policy for Cardholders

1. Introduction

The information contained in this document sets out the operating procedures for the Purchasing Card.

It is important that you are familiar with and understand the contents of this document, if there are any areas which you do not understand or require clarification, please do not hesitate to contact the Bursar/School Business Manager/Finance Lead.

2. What is a Purchasing card?

Natwest Commercial card is an alternative method to your current buying process of paying for low value, high volume goods or services. By simplifying transaction processing it assists purchasing efficiency and will save the school time and money.

Your Purchasing card offers the opportunity to improve both the focus and flexibility of purchasing procedures whilst reducing the volume of purchase orders, expenses forms, invoices and associated paperwork for small value purchases, improving the cost effectiveness of processing these types of transactions.

This is done without compromising the control of London Fields Primary School (LFPS) money and at the same time, delivers high quality management information provided by Natwest Commercial.

The Purchasing card looks like any normal debit/credit card, but is a charge card, which means your total balance on your monthly statement must be settled in full.

Your card is to be used for business expenditure only.

Any establishment displaying the VISA symbol, in the UK and globally, will accept your Purchasing card.

3. Why am I receiving a Purchasing card?

To facilitate the buying process of small and low cost goods and apply the principle of best value.

The use of Natwest Commercial Card will deliver the following benefits:

Organisation

- Comprehensive Management Information
- Can identify key spend/suppliers
- Streamlined Purchasing process
- Settlement with one monthly payment

Cardholder

- Reduces administration
- You know through the purchase of goods process who, when, what you have ordered and more importantly when your goods will arrive
- Direct contact with your suppliers

Suppliers

- Paid within three to four working days

- Improves cash flow

4 Controls

Each card has a maximum monthly expenditure limit and individual transaction limit. You will be advised of the limits applicable to your card.

4.1 Merchant Category Group code blocking

A further control can be applied to your Purchasing card.

Each supplier capable of accepting your VISA Purchasing card will be classified by a certain Merchant Category Group code (of which there are 34). By the way of an additional control, any number of these codes can be blocked or left unblocked to ensure compliance with organisational policies and to mirror each cardholder's buying profile. On LFPS cards the following categories will be barred:

Cash, personal services, vehicles, servicing and spares, fuel, auto rental.

If you try to purchase goods and services that are outside of these limits, your transaction will be declined and could lead to embarrassment.

As detailed above, if you try to use your card with a supplier whose Merchant Category Group code has been blocked on your Purchasing card, this will also lead to your card being declined.

If this occurs, please contact your Solution Administrator immediately to discuss how your card can be updated to reflect your requirements.

4.2 When do I use my Purchasing card?

Your Purchasing card can be used to purchase items:

- Over the phone – have your card at hand; you will have to quote your card number, expiry date, cardholder information and possibly some security details
- Over the counter, face-to-face – just as you would use a personal debit or credit card
- Over the Internet – as an extra security feature we guarantee Internet transactions, meaning your company is not liable for any Internet transactions you did not make.

5 How can I make a purchase using my Purchasing card?

Step 1

Check that your supplier is able to accept VISA.

Step 2

Check that the total value of the purchase is within your Transaction Limit.

Step 3

It is very important that you understand how VAT and Purchasing cards work when you contact a supplier to place an order.

Please familiarise yourself with the section of this document regarding VAT.

This will make it clear as to what evidence you will need to receive from suppliers.

Step 4

Having identified that the supplier can accept VISA, and is within your Transaction and Monthly Expenditure limits and Merchant Category restrictions (if any), you can buy the goods and services.

Order your goods/services quoting your Purchasing card number and expiry date.

Confirm the total amount of the transaction with the supplier.

It is important for any transactions made via the telephone that you also provide supplier with a name and delivery location.

When ordering via the telephone, your supplier may ask for the Security Code shown on the reverse of your card and your Post Code and House Number to verify your address.

This is to help reduce the risk of fraud taking place, as your card is 'not present', i.e. you are not physically in front of the supplier so that they can check your card details and signature.

Step 5

Complete the details on the purchasing card transaction log. An example of the log is shown in appendix 2

Step 6

When you receive the goods, if your supplier was VAT capable, you should have received a priced delivery note "Paid by Purchasing Card"; if the supplier was not able to capture VAT, then you will receive a standard VAT invoice.

Since the 1st July 1998, HM Revenue & Customs (HMRC) have been accepting Natwest Commercial Purchasing card VAT reports as evidence for VAT reclaim.

There are two levels of electronic VAT data reporting. These differ in the amount of detail captured by your supplier at the point of sale – these are known as Summary VAT and Line Item Detail.

In the case of Summary VAT, the VAT data electronically transmitted is sufficient legal evidence for all transactions up to the value of £5,000 (including VAT); there is no cap applied to VAT data supplied by Line Item Detail capable merchants.

Step 7

On the 3rd of every month a statement of your card/s is prepared from Natwest Commercial and it is posted to you at your London Fields Primary School address.

On receipt of your monthly statement, check that the details of each transaction correspond with your Transaction Log.

It is your responsibility to ensure that the details on each monthly statement are correct and that any discrepancies are rectified with the supplier.

If there is an item on your Transaction Log that does not appear on your monthly statement, it should be crossed off the log and transferred into your Transaction Log for the following month, as it will appear on your next statement. This often happens when transactions are made close to the date that your statement is produced.

To help you identify which transactions require you to submit a VAT invoice, if you look at the example of a statement shown below.

Example of a Purchasing card statement

E means VAT was electronically captured. You DO NOT need to submit a VAT invoice

Date	Description	VAT	Amount
11-Dec-03	Cheque Number 002675		1598.00
11-Dec-03	Cheque Handling Fee at 2.00%		19.98
13-Dec-03	Dabs Direct Bolton		163.32
10924600036676	Computer software stores		
13-Dec-03	Refund Icon Business Systems	E	53.37
1092510099140	Computer software stores Your Ref.NT569 Supplier Ref.68752680 Order Date 03 12 02		-358.37
15-Dec-03	Orion Media MARKETING 68378412	N	57.95
14092570121637	Advertising services Your ref. ST132 Supplier ref. 645213 Order date 03 12 11		389.10

Customer Reference Number (CRN) – this will appear when a supplier is able to capture information supplied by the cardholder at the point of sale, for example your Cost Centre

For transactions where there is either an N or a blank, you need to submit a VAT invoice

Credits back onto your card are shown as a minus

Step 8

When you have reconciled your monthly statement against your Transaction Log, attach all relevant VAT invoices to log and monthly statement. Sign and date the monthly statement as “checked” and also sign and date the transaction log after the last transaction. Then submit to two of the signatories on the school bank account. These are: Caroline Tyson, Katherine Betcher and Sindee Bass.

How do I deal with Supply of Goods issues?

If there is a problem with the quality of goods/services supplied, you must contact your supplier immediately to request a refund.

If the supplier agrees to issue a refund, you must update your Transaction Log with the credit (when inserting a credit into Excel put the value within brackets e.g. (£50.00)) and ensure receipt of a VAT credit note. You should also ensure that the credit appears on a subsequent statement.

If agreement cannot be reached with the supplier, you must contact the Bursar/School Business Manager/Finance Lead giving full details of the dispute so that a refund can be pursued via Natwest Commercial.

6 Reconciliation of your Purchasing card

6.1 Your Responsibilities

All purchases made with your Purchasing card should be recorded on your Transaction Log.

On the 3rd or soon after, of every month, you will receive your monthly statement.

The information contained on your Transaction log must match the transactions on your statement.

It is possible that due to timing differences, some purchases made between the 26th and the 28th may not appear until the following month's statement. If this is the case, as detailed previously, simply delete the entries on the transaction log and re-enter them on the following month's log.

It is your responsibility as a cardholder to ensure that all details on each monthly statement are correct and that any discrepancies are rectified with the supplier.

If you do not recognise or are unsure of any transactions, please contact your Solution Administrator immediately.

6.2 What happens if I am absent from work?

If you are absent from work, or know that you will be absent when your statement is due to be reconciled, please inform your manager.

Your Transaction Log must still be processed during the absence period to ensure payment is not delayed and interest is not accrued. However non-payment is unlikely to occur since the Card/s statement balance is paid in full on or around the 12th of each month automatically via Direct Debit.

6.3 How do I complete my Transaction Log

The following sections of the Transaction log must be completed.

Date (Date the Goods/Service was ordered)

Description of Goods Purchased (A brief description of the Goods/Services purchased)

Supplier (Name of the Company that supplied the Goods/Service)

Cost Centre Code (The Cost Code/Budget where the purchase is to be charged to)

Ledger Code (The Expense Code where the purchase is to be charged to)

Net Amount (This is the value of the transaction excluding VAT. If there is no VAT on the purchase, then this should be the total value of the purchase)

VAT Amount (Amount of VAT on the purchase)

Gross Amount (The Gross amount is the Net and VAT added together). There is no requirement to complete this section. This is a check total. The value of the Gross amount must equal the value of the purchase in the Statement. If this is not the case then either the NET or the VAT amount is incorrect and must be reviewed and corrected.

Invoice Attached (Insert 'Y' if the original invoice is attached to your Transaction Log submission. Insert 'N' if the original invoice is not attached to the Transaction Log submission). All Transaction Logs must have invoices and other relevant supporting documentation attached.

Grand Total (Once you have entered all your purchases onto the Transaction Log. The total of this must equal the Grand Total). Where there is a difference between the Grand Total and Total amount on your statement, then you will need to review each line of your entry to ensure that each line has been entered correctly, and amend any incorrect entries.

Once you have completed the Transaction Log correctly, please sign and give this to the Finance Officer who will ensure it is properly authorised for payment by 2 bank signatories.

If you are a cardholder and a bank signatory then the statement will need to be authorised by two other bank signatories.

7 VAT

How does VAT work with Purchasing cards?

Within the Purchasing card scheme, there are two types of suppliers that you will use:

- VISA Capable - those who accept VISA
- VISA VAT Capable - those who accept VISA AND also can supply electronic VAT invoice Summary VAT or Line Item Detail data (as previously mentioned).

VISA Capable

VISA capable means that suppliers will accept your VISA Purchasing card, however, they do not have the facility to transmit VAT data electronically. In this instance you must obtain a VAT invoice.

A VAT receipt must contain the following information to substantiate your organisation's VAT claim:

- Name, address and VAT number of the supplier
- Time of the supply
- A description that identifies the goods or services
- The VAT rate charged and a breakdown of the VAT charge in sterling

Your monthly statement from Natwest Commercial will also help you identify whether or not a supplier is VAT capable or not, as detailed within Step 7 of the 'How can I make a purchase using my Purchasing card' section.

If your monthly statement arrives and you realise a supplier was not VAT capable AND you do not have, or have not requested, a VAT invoice, you will have to call and ask them to send you a VAT invoice for that transaction. This should not be a major concern for your supplier though.

Failure to do this will result in your organisation being unable to claim VAT back from HM Revenue & Customs (HMRC).

VISA VAT Capable

HM Revenue & Customs (HMRC) have accepted that suppliers who are able to transmit electronic VAT data do not need to produce additional hardcopy VAT invoices.

As mentioned earlier, this data is captured by Natwest Commercial and produced in an "Evidence for VAT" report, which is accepted by HM Revenue & Customs (HMRC) as sufficient evidence for VAT re-claim.

Suppliers who are VISA VAT capable will not supply you with a VAT invoice even if you ask for it. However, they should still provide you with a priced delivery note or an itemised receipt, which will help you reconcile your Transaction Log.

8 General Purchasing Card Administration

8.1 Your Bursar/School Business Manager/Finance Lead

The Bursar/SBM/FL will maintain a register of all cardholders and their locations, together with relevant Transaction Limits, Monthly Expenditure limits, Merchant Category Group code blocking details and department/cost centre references.

The Bursar/SBM/FL will liaise on all matters relating to the above with Natwest Commercial.

8.2 Copy Statements

If you require a duplicate copy of your monthly statement, contact your Solution Administrator who will then liaise with Natwest Commercial on your behalf.

There is a cost for copy statements.

8.3 Security

Upon receiving your Purchasing card, you must immediately sign it.

It is your responsibility as a cardholder to ensure that your card is kept in a secure place.

Your Purchasing card MUST only be used to purchase goods and services on behalf of the organisation and only used by you, the named cardholder.

Your Purchasing card must not be used by anyone else in your absence.

Any mis-use of your Purchasing card will be treated as gross misconduct and subject to normal disciplinary procedures.

8.4 Lost/Stolen cards

As the cardholder, you are responsible for ensuring that your card is kept secure at all times.

*If you have lost your Purchasing card or had it stolen, you must contact Natwest Commercial Lost & Stolen immediately on the following number: **03701541192***

This department is open Mon – Fri 8am – 6pm, Saturday 9am – 1pm

After contacting Natwest Commercial, you must inform your Solution Administrator immediately who will liaise with Natwest Commercial. If it is the weekend, please advise them on the next working day.

If your Purchasing card has been lost and is then subsequently found after you have notified Natwest and your Solution Administrator, it must not be used.

You should cut your Purchasing card in half and give it immediately to the Bursar/SBM/FL, as a new card will already be on its way to you.

8.5 Damaged cards

Please contact your Solution Administrator to arrange for a replacement card to be sent to you.

8.6 Fraudulent Transactions

The same procedures as outlined in the above lost/stolen section must be followed:

*In the event of fraudulent use on your Purchasing card, you must contact Natwest Commercial Lost & Stolen immediately on the following number: **03701541192***

This department is open Mon – Fri 8am – 6pm, Saturday 9am – 1pm

To help prevent card fraud we recommend the following advice to our cardholders:

- Never leave your Purchasing card unattended – for example, in a car or your office where thieves can easily find it
- Try not to let your Purchasing card out of your sight when paying for goods and services and ensure that your card is returned to you
- Never discard transaction slips that display the card number - always tear them up/shred them when you have completed the reconciliation process
- Never write down your Purchasing card number
- Check your monthly card statement as soon as it arrives and query unknown purchases immediately
- If you suspect your card has been stolen or lost, always report it
- We recommend programming Natwest's lost and stolen number into your mobile - 0870 6000 459

- Your CV2 number of the reverse of your card (3 digit security code proves you have the physical card) should only ever be quoted to a merchant/supplier. Natwest/VISA would never ask for this number if you are in any doubt always check before giving out any personal information out.

8.7 Disputed/Queried Transactions

If your monthly statement shows a transaction that you know you did not make, you should contact the named supplier direct. Where a credit is due the supplier should be asked to raise a refund voucher, this will then be processed back onto your account, and will appear on your next month's statement.

If you cannot resolve your query with the supplier, then you should contact and give full details of the problem to Natwest Commercial Customer Services on 03701541234.

8.8 Damaged Cards

Please contact the Bursar/SBM/FL who will arrange for a replacement card to be issued.

8.9 Replacement Cards

A new Purchasing card will be re-issued automatically a few weeks before the expiry date of your current card.

Once your new card becomes valid, your old one must be cut in two and destroyed.

In the event that a replacement Purchasing card does not arrive by the time your current card expires, contact Natwest Commercial Customer Services on the following number:

03701541234

This department is open:

Monday – Friday 08:00 - 18:00

Saturday 08:00 - 13:00

8.10 Change of Situation

Change of details

If there are any changes in your details – for example you move to a different role, department, location or change your name - you must contact your Solution Administrator immediately.

They will liaise with Natwest Commercial to effect the necessary changes.

8.11 Leaving

If you are going to leave the organisation, it is your responsibility to contact your Solution Administrator and inform them that you have given notice and return your Purchasing card to them immediately upon notice of resignation.

Your transaction log should be completed up to date and passed to your line manager for authorisation. They will then arrange for your card to be cancelled.

Appendix 1

London Fields Primary School

Purchasing Card User Agreement

I, [FULLNAME] hereby request a Purchasing Card. As A Cardholder I agree to comply with the following terms and conditions regarding the use of the card.

1. I understand that I am being entrusted with a corporate charge card and will be making financial commitments on behalf of the School. Where applicable I will be using designated suppliers as identified by the business manager/bursar/finance lead.
2. I may only use the card to generate spend against the agreed cost-codes.
3. I understand that the School is liable to the card provider for all charges made on the card.
4. I agree to use this card for appropriate School business purchases **only** and agree **not** to charge personal purchases. I understand that the School will audit the use of this card and report and take appropriate action on any discrepancies.
5. I will follow the established procedure for the use of this card. Failure to do so may result in either revocation of my user privileges or other disciplinary actions, including termination of employment.
6. I have been given a copy of the Purchasing Card User Guide and understand and accept the requirements for the card's use.
7. I agree to return the card immediately upon request or upon termination of my employment (including retirement). Should there be any organisational change which causes my cost centre to likewise change I agree to return my card and arrange for a new one if appropriate.
8. If the card is lost or stolen I agree to notify Natwest and the Solution Administrator immediately.
9. I agree to make arrangements to have the Transaction Log completed for each purchase made with the card and a hard copy, with invoices or delivery notes and the Natwest statement to Senior Managers monthly in order for the statement to be verified and signed by appropriate authorised signatures.

Employee's signature & date

