

MILTON KEYNES COUNCIL

Guidance on Purchase / Charge Cards in Schools

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Guidance on Purchase / Charge Cards in Schools

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1. Introduction

- 1.1. The following information identifies the service available to you and the rules and regulations that schools must adhere to. This information forms part of the LMS Website and links directly with the Financial Procedures for Schools (Treatment of expenditure).

2. Service Available

- 2.1. The LA is recommending that schools use the free Electronic Purchasing Card Solution 'ePCS' card from NatWest Bank *which operates in exactly the same way as the previously used "OneCard" but which does not attract an annual administration fee.* If your bank account is with a different bank you can still have a NatWest ePCS card. Alternatively you may wish to make arrangements with another charge card provider, but the LA does need to approve the chosen account and the direct debit terms and conditions need to be equally competitive.
- 2.2. It is for the governing body of the school, guided by the Headteacher, to determine whether it is appropriate for the school to operate a purchase / charge card facility. Schools considering operating a card should read the whole of this guidance before making a final decision so that they are as well informed as possible prior to making that decision. The decision to proceed should be taken by the governing body and minuted as such.
- 2.3. Schools can have more than one card per school. It will be the Headteacher's responsibility to identify which members of staff need a purchase / charge card (maximum of 2 per small school and 3 for larger schools) and present a case to the governing body for agreement.

3. Opening a Charge Card Account

- 3.1. An application will need to be completed by two signatories, in line with the signatures on your current bank mandate.
- 3.2. The upper card limit is set at **£5,000** for Primary Schools and **£10,000** for Secondary Schools and these amounts cannot be exceeded.

4. How the account will operate

- 4.1. The purchase / charge card must operate by having a monthly direct debit set up to your local bank account to recover the full balance on the account. This will ensure that there are no outstanding amounts on the card at the end of the month.

- 4.2. Due to the direct debit being in operation there will be no charges as there will not be any late payments. There is no annual fee for the ePCS card. This differs from most charge cards where an annual administration fee is normally payable. Schools are discouraged from using the card to withdraw cash as this incurs a 2.95% charge or a £2.95 fee whichever is the higher. It is recommended that you use your local bank account for routine cash withdrawals.
- 4.3. If large amounts are being put on the charge card, schools need to take responsibility of its own cash flow management to ensure they have sufficient funds available to pay of the balance monthly in addition to the normal cost of the school.
- 4.4. If a member of staff leaves the schools employment the card needs to be cut up and the bank advised (by way of an *amendment form 8* for the ePCS card) in order to cancel. A new application will need to be submitted, by way of an *application form 2* for the ePCS card, if it is deemed necessary to issue a card to another member of staff.

5. Monitoring, Security & Fraud

- 5.1. When the purchase / charge card is used a VAT receipt needs to be obtained and passed to the school bursar to enable them to monitor the account. The school bursar should not themselves be a cardholder. Similarly if an order is placed on the Internet, the order needs to be printed off and filed. If a telephone order is placed, a VAT receipt must be requested and a record made of the transaction until the receipt arrives.
- 5.2. It is the schools responsibility to ensure there are adequate security measures in place for the holding of the purchase / charge cards and the prevention of fraud. It is important that adequate arrangements are in place to safeguard against unauthorised use of purchase / charge cards. If the card is only used occasionally it should be kept in a locked drawer, or preferably a safe.

6. Audit

- 6.1. These rules and regulations will be scrutinised by internal audit and Schools Finance will be asking them to ensure that proper controls are in place when they come to do your normal audits.
- 6.2. As with all financial records, they must be retained securely by the school and filed in a manner which allows easy retrieval and which follows a proper audit trail from the accounting records. Financial records are required to be retained for 6 years.
- 6.3. Any misuse of a purchase / charge card will result in the school losing the right to a card and it will be withdrawn. It could also lead to disciplinary action being taken against the officer in question. No

officer should receive any personal benefit from using the Schools charge card e.g. point schemes.

7. Recording Transactions on the School Financial System

- Schools need to keep a record of all transactions for audit purposes
- Only the monthly direct debit needs to be recorded on the school system.
- Schools will need to account for accruals at the year-end, dependant on the date of the direct debit.